



1202 Musser Street  
Muscatine, IA 52761-1645  
(563) 263-2752  
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**WATER & RESOURCE RECOVERY FACILITY**

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director  
Cinda Hilger, Secretary

From: Jon Koch, WRRF Director

Date: April 1, 2019

Re: Resolution for HSW Project 2<sup>nd</sup> Bid Rejection

**INTRODUCTION:** Staff has prepared a resolution for the rejection of all bids for the High Strength Waste Receiving Station Project (HSW Project) received March 19<sup>th</sup>, 2019. The bids have come in over budget by a significant amount. Staff has determined that cost reductions alone to current bids will not allow the project to move forward and requests approval of the resolution to reject all submitted bids.

**BACKGROUND:** The HSW Project has expanded due to anticipated volume increases and has put the cost over what was budgeted from reserves. It is not the desire of staff to use financing to fund this project at this time and all efforts are being made to reduce the cost to current approved budget levels. The approved budget for the construction contract was \$2.5 million and the three bids opened on March 19<sup>th</sup> came in between \$3.365 million and \$3.892 million. The bids were reviewed by staff and Stanley Consultants and found to be valid.

The HSW Receiving Station Project has been bid twice with bids coming in over projected cost estimates. After discussions with the lowest bidder on the last bid, staff and Stanley Consultants have agreed that a new direction should be taken to ensure the project moves forward within budgetary constraints. The latest round was closer but still not at an acceptable level to City staff. Reductions within the current design are anticipated to be well over \$1 million. It is staff's opinion that this is too great an amount to be done with the current low bidder and the concept of the project has been altered too much for a fair bid process with the current bidders.

While value engineering and reductions of scope were explored with the submitted bids, the total project cost (engineering, construction, equipment) can be brought within the \$3 million only by removing the liquid receiving portion. Other reductions to the solid waste receiving area were not acceptable as this is the primary focus for revenue generation and project pay-back. It is

believed that a bare-bones prototype design for the liquid receiving portion of the project is the best course to accommodate all anticipated waste loads at a reasonable project cost. Most of the modifications will be done by staff in-house with very minimal or no cost from Stanley Consultants and hired contractors.

It is the strong belief of staff and consultants that this course will still be a vast improvement to current liquid receiving procedures while remaining flexible for future modifications based on use and customer feedback. While we are removing 24/7 availability of the liquid receiving station, staffing costs will be greatly reduced and efficiency is improved through multiple truck discharge capability. This also greatly increases cost payback for the receiving portion of the project.

**RECOMMENDATION/RATIONALE:** Staff recommends approval of the resolution to reject all three bids received March 19<sup>th</sup> for the HSW Project construction phase.

**BACKGROUND:**

1. Bid tab sheets

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION REJECTING ALL BIDS RECEIVED FOR THE  
HIGH STRENGTH WASTE RECEIVING STATION PROJECT  
AT THE WATER & RESOURCE RECOVERY FACILITY**

**WHEREAS**, the City Council of the City of Muscatine, Iowa at the January 17, 2019, City Council meeting approved the plans, specifications, form of contract, and set the bid opening date for the High Strength Waste Receiving Station project at the Water & Resource Recovery Facility, and;

**WHEREAS**, bids for this project were opened on March 19, 2019; and

**WHEREAS**, three bids were received for this project and all bids received exceeded the engineer's estimate and the budget for this project; and

**WHEREAS**, an alternate liquid receiving station location and design has now been chosen for this facility;

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA**, that all bids received for this project are hereby rejected.

**PASSED, APPROVED, AND ADOPTED** this 4<sup>th</sup> day of April, 2019.

\_\_\_\_\_  
Diana Broderson, Mayor

ATTEST:

\_\_\_\_\_  
Gregg Mandsager, City Clerk



**BID TABULATION SHEET**  
**High Strength Waste Facilities Project**  
**Water & Resources Recovery Facility**  
**City of Muscatine, Iowa**

BID NUMBER	1	2	3	4	
NAME OF BIDDER	Myers	Nelson	Leander		Engineer
BID SECURITY (5% Bond)	✓	✓	✓		
ADDENDA (1-4)	✓	✓	✓		
<b>BASIS OF BID</b>					
Lump Sum	3,892,100	3,515,540	3,365,000		2,490,000
Alternate 1 Storage Tnk Rehab Deduct	654,400	330,834	247,000		
Alternate 2 Vacuum Pad Deduct	49,100	86,170	89,300		
Alternate 3 Bar Scn Deduct	176,500	131,817	76,000		
<b>Unit Adjustment Prices</b>					
1. Additional Asphalt Paving up to 4000 SF					
2. Concrete Repair up to 1.5" Depth					
3. Concrete Repair – Rebar Replace					
<b>ATTACHMENTS TO BID</b>					
Statement of no Exceptions and Clarifications					
Exceptions and Clarifications to Contract Documents					
Iowa Bidder Status Form					
Evidence of Authority					
Contractor's License No.					
DUNS Number					
<b>Remarks:</b>	TABULATED <u>M Hoag</u>		DATE	<u>3/19/2019</u>	
	CHECKED <u>J Brady</u>		DATE	<u>3/19/2019</u>	
I hereby certify that this is a true and correct tabulation of the bids received at <u>Muscatine City Hall</u> On _____ by _____					



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**WATER & RESOURCE RECOVERY FACILITY**

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director

From: Jon Koch, WRRF Director

Date: April 1, 2019

Re: Status of HSW Receiving Project

While we seem to have another setback in the HSW Project, I always like to look at bumps in the road not as problems but as opportunities. We obviously have a disconnect with engineers and contractors and I am attaching a letter from Stanley Consultants here for their explanation of what they believe has happened.

While the latest bids did come in over budget and Stanley has an alternate plan that would get us under budget again, I feel it is not targeting the correct portion of the project. In order for me to feel good about proceeding and bringing this back to Council for rebidding, we have to have a dramatic decrease in the price without sacrificing function. My plan to remove the liquid receiving portion of the project and build it in-house accomplishes this with little change to the larger solid waste portion. The food receiving aspect of this project has proved to be much larger with much greater revenue potential. This is coming not from me but from those who are looking for a facility like this in our region.

There is a risk here that we won't receive any bids for this scaled back project. It is late in the season and many contractors have everything set. If so we can look at doing each portion of the project separately by hiring them out to smaller contractors. This is mostly work for plumbers and electricians at this point. I am hopeful this will open the project to smaller contractors that can come in and finish quickly since there is little site work to be delayed by weather.

I apologize for not being available at the April 4<sup>th</sup> Council meeting. I am in DC representing Iowa at the Water Week National Policy Fly-In. My trip is sponsored by the Iowa Water Environment Association of which I am the current President. The largest water groups from around the country meet every year to hear from top EPA administrators and meet directly legislators in their DC offices to talk about water quality and water infrastructure. I will have more details about the HSW project and how I see it playing out at the in-depth meeting April 11<sup>th</sup>.

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

April 1, 2019

Mr. Jon Koch  
WRRF Director  
City of Muscatine  
1202 Musser Street  
Muscatine, IA 52761-1645

Dear Mr. Koch:

Subject: High Strength Receiving Project Rebid  
City of Muscatine  
Muscatine, Iowa

This letter provides our report on results of the bid opening for the subject project, which was held in City Hall on March 19, 2019, and offers our evaluation of the bids for City consideration.

The following three (3) contractors submitted bids. The bids are considered responsive bids. The bid tab is attached to this letter.

- Myers Construction of Mediapolis, Iowa with a bid amount of \$3,892,100.
- Carl A. Nelson & Company of Burlington, Iowa with a bid amount of \$3,515,540.
- Leander Construction, Inc. of Canton, Illinois with a bid amount of \$3,365,000.

The difference between the high and low bids is \$527,100 or about 16% apart. However, the two lowest bids are only \$150,540 apart (4.5%). Engineer's opinion of probable cost was \$2,490,000.

The bids are considered to represent the value of the work at this time in the marketplace. Comparison of the engineer's estimate with the apparent low bidder's schedule of values indicates that there are multiple categories where the engineer's estimate is 1 to 3% low. There are several categories in the engineer's estimate that are significantly lower (15 to 25%) including site work, concrete, painting/coatings, process piping/valves, and electrical. These differences may be attributable to the overall bid climate, material pricing, overall inefficiency of the project due to numerous small quantity items, and use of lower unit prices in engineer's estimate that did not completely account for small quantities.

We have direct experience with Leander Construction and have checked references for other project bids. Leander is considered a capable contractor that performs reasonably and addresses problems. Our experience is that they do tend to go long on schedule and sometimes do not staff projects to extent needed to meet schedule.

We note what are likely considered minor irregularities in Leander's Bid as follows:

1. Bid included a mechanical bar screen by a supplier not previously approved. The bar screen pricing is apparently substantially different than the presumably named supplier as evidenced by the Alternate 3 deductive pricing of \$76,000 from Leander versus \$131,817 and \$176,500 respectively for Carl A. Nelson Company and Myers Construction.
2. Bidder Status Form – Part C (to be completed by non-resident bidders) – Leander indicated on the form that the Company's home state (Illinois) does offer preferences to bidders if other states offer preferences and attached citation of Illinois law 30 ILCS 500. Leander did not provide citation for State of Illinois requirement to use 90% Illinois works for projects on border counties when state unemployment rate is 5%

This document was sent electronically.

Mr. Jon Koch  
 April 1, 2019  
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or higher (30 ILCS 570 Employment of Illinois Workers on Public Works Act). Latest data available indicates Illinois unemployment rate for February 2019 is 4.7%. Whether this requirement is a preference to resident bidders is subject to interpretation as the Illinois statute would in theory require all bidders meet the same requirements not just Illinois or out of state bidders. The Iowa Department of Labor did not provide any further clarification upon a prior request for clarification. This response is arguably subject to interpretation.

The City of Muscatine should confer with its legal counsel on interpreting and waiving the irregularities.

We analyzed the various combinations of base bid with deductive alternates. In all combinations, Leander Construction's pricing was lowest. We also performed an analysis of an adjusted basis of bids based on the mechanical bar screen pricing. In all combinations using the adjusted basis with exception of the case that includes executing Alternatives 1 and 3, Leander Construction's pricing was lowest. The following table summarizes the pricing.

	Myers Construction	Carl A. Nelson Co	Leander Construction
Bid	\$ 3,892,100	\$ 3,515,540	\$ 3,365,000
Alt 1	\$ 654,400	\$ 330,834	\$ 247,000
Alt 2	\$ 49,100	\$ 86,170	\$ 86,300
Alt 3	\$ 176,500	\$ 131,817	\$ 76,000
w/ Alt 1	\$ 3,237,700	\$ 3,184,706	\$ 3,118,000
w/ Alt 1 & 2	\$ 3,188,600	\$ 3,098,536	\$ 3,031,700
w/ Alt 1-3	\$ 3,012,100	\$ 2,966,719	\$ 2,955,700
w/ Alt 1 & 3	\$ 3,061,200	\$ 3,052,889	\$ 3,042,000
Adjusted Bid	\$ 3,892,100	\$ 3,515,540	\$ 3,420,817
Alt 1	\$ 654,400	\$ 330,834	\$ 247,000
Alt 2	\$ 49,100	\$ 86,170	\$ 86,300
Alt 3	\$ 176,500	\$ 131,817	\$ 76,000
w/ Alt 1	\$ 3,237,700	\$ 3,184,706	\$ 3,173,817
w/ Alt 1 & 2	\$ 3,188,600	\$ 3,098,536	\$ 3,087,517
w/ Alt 1-3	\$ 3,012,100	\$ 2,966,719	\$ 3,011,517
w/ Alt 1 & 3	\$ 3,061,200	\$ 3,052,889	\$ 3,097,817

Leander Construction, Inc. is a qualified contractor who has performed similar wastewater treatment work. While the bids are significantly higher than the engineer's estimate of construction cost, we feel the low bid represents fair value for this project at this time.

As the bids were higher than our estimate and the City's budget, we explored cost reduction measures that could be implemented if awarded to Leander Construction. Approximately, \$600,000 in additional savings was identified after acceptance of deductive alternates 1 and 2 that could be implemented and retain the necessary project functionality. The estimated reduced price is \$2,400,000 which is approximately the same as the construction cost estimate of \$2,490,000 and about a 22% reduction from the low bid including deductive alternates 1 and 2.

Mr. Jon Koch  
April 1, 2019  
Page 3

We believe the City could award to apparent low bidder, reduce the cost by about 20-23% and proceed with the project. However, there is some concern that the 20+% reduction would represent a substantial change in scope and requiring rebidding. If City would like to proceed with award and cost reduction, legal guidance should be obtained to confirm re-bidding is not required.

City staff has a preference to re-package the project by eliminating the HSW Receiving Building and instead provide a low cost manual screen adjacent to the HSW Storage Tanks. This would reduce the overall cost by \$1 to \$1.3 million bringing the project cost closer to \$2 million. The drawback to this approach is that the project would need to be re-bid later in the prime bid season. Leander Construction and at least one of the subcontractors indicate that they are not sure they will bid the project again.

Sincerely,

Stanley Consultants, Inc.

A handwritten signature in black ink that reads "Jay M. Brady, P.E." in a cursive script.

Jay M. Brady, P.E.  
Project Manager

Attachment – Bid Tab



**BID TABULATION SHEET**  
**High Strength Waste Facilities Project**  
**Water & Resources Recovery Facility**  
**City of Muscatine, Iowa**

BID NUMBER	1	2	3	4	
NAME OF BIDDER	Myers Construction	Carl A Nelson Co	Leander Construction		Engineer
BID SECURITY (5% Bond)	x	x	x		
ADDENDA (1-4)	x	x	x		
BASIS OF BID					
Lump Sum	\$3,892,100	\$3,515,540	\$3,365,000		\$2,490,000
Alternate 1 Storage Tnk Rehab Deduct	\$654,400	\$330,834	\$247,000		
Alternate 2 Vacuum Pad Deduct	\$49,100	\$86,170	\$89,300		
Alternate 3 Bar Scn Deduct	\$176,500	\$131,817	\$76,000		
Unit Adjustment Prices					
1. Additional Asphalt Paving up to 4000 SF	\$5.35	\$5.23	\$9.00		
2. Concrete Repair up to 1.5" Depth	\$180.00	\$38.00	\$16.00		
3. Concrete Repair > 1.5" Depth	\$182.00	\$100.00	\$45.00		
4. Concrete Repair – Rebar Replace	\$9.00	\$26.00	\$10.00		
ATTACHMENTS TO BID					
Statement of no Exceptions and Clarifications	Yes	Yes	Yes		
Exceptions and Clarifications to Contract Documents	No	No	No		
Iowa Bidder Status Form	Yes	Yes	Yes		
Evidence of Authority	Yes	Yes	Yes		
Contractor's License No.	C087748	C000227			
DUNS Number	105500644	04-462-2983	604547471		
Remarks:	<p style="text-align: center;"><b>TABULATED</b> <u>M Hoag</u> <b>DATE</b> <u>3/19/2019</u></p> <p style="text-align: center;"><b>CHECKED</b> <u>J Brady</u> <b>DATE</b> <u>3/19/2019</u></p> <p><b>I hereby certify that this is a true and correct tabulation of the bids received at</b> <u>Muscatine City Hall</u> <b>On</b> <u>3/19/2019</u> <b>by</b> <u>JM Brady</u></p>				