



**General Manager**  
334 Front Street  
Ketchikan, AK 99901

Phone (907) 228-5603  
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM
------------------------

**TO:** The Honorable Mayor and City Council

**FROM:** Karl R. Amylon, City Manager

**DATE:** June 23, 2020

**RE:** **Approving Contract No. 20-12, Water Meters Design/Build - Business & Commercial Customers, Ketchikan Mechanical, Inc.**

In adopting the 2020 Ketchikan Public Utilities and General Government Operating and Capital Budgets, the City Council appropriated \$1,034,678 and \$1,034,678 respectively to the Water and Wastewater Divisions to fund the ongoing installation of business and commercial water meters. As indicated in the attached memorandum from Water Division Manager John Kleinegger, the City has advertised for and received sealed bids for Contract No. 20-12, Water Meters Design/Build – Business & Commercial Customers. Two bids were received and publicly opened on Thursday, June 18, 2020 at 3:00 p.m. in the City Clerk's Office. The Water Division Manager's report contains a summary of the bids that were received.

Ketchikan Mechanical, Inc. submitted the apparent low bid in the amount of \$224,505.13. Mr. Kleinegger is recommending a ten percent contingency in the amount of \$22,450.51, bringing the total project cost to \$246,955.64.

A Notice of Intent to Award was issued on June 19, 2020. As of the date of this report, no appeals have been filed.

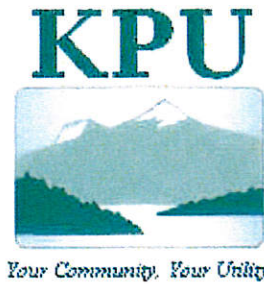
The Water Division Manager and Public Works Director Mark Hilson will be attending the City Council meeting of July 2, 2020, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

It is recommended the City Council adopt the motion accepting the bid of Ketchikan Mechanical, Inc. in the amount of \$224,505.13 for Contract No. 20-13, Water Meters Design/Build – Business & Commercial Customers; establishing a ten percent contingency in the amount of \$22,450.51, bringing the total project cost to \$246,955.64; authorizing funding from the Water Division's and Wastewater Division's 2020 Water Meters – Business and Commercial Customers capital accounts; and directing the General Manager to execute the contract documents on behalf of the City Council.

**Recommended Motion:** I move the City Council accept the bid of Ketchikan Mechanical, Inc. in the amount of \$224,505.13 for Contract No. 20-12, Water Meters Design/Build – Business & Commercial Customers; establish a ten percent contingency in the amount of \$22,450.51, bringing the total project cost to \$246,955.64; authorize funding from the Water Division's and Wastewater Division's 2020 Water Meters – Business and Commercial Customers capital accounts; and direct the General Manager to execute the contract documents on behalf of the City Council.



Water  
2930 Tongass Avenue  
Ketchikan, AK 99901

Phone (907) 228-2441  
Fax (907) 247-3232

---

## Memorandum

**TO:** Karl R. Amylon, General Manager

**FROM:** John C. Kleinegger, Water Division Manager/Project Engineer  
Mark Hilson, P. E., Public Works Director & Engineering Manager

**DATE:** June 22, 2020

**SUBJECT:** **Contract 20-12 - Water Meters Design / Build –  
Business & Commercial Customers**

The earlier Contract 19-06 for water meter installation was prepared using individual audits completed by KPU employees and was completed by Ketchikan Mechanical, Inc. (KMI) who installed new water meters in 70 of Ketchikan's businesses. This contract was limited in size to allow everyone involved to both gain experience and to obtain better knowledge of the difficulties that are encountered while installing individual meters. After each water meter was installed by KMI, an Eaton Cooper Power water node was then installed and activated by KPU employees and is now monitoring water flow consumption at that business. KPU now has a total of 115 meters operating with the ability to communicate directly with their counterpart "smart" Eaton Cooper Power electric meters who then convey the water consumption information to KPU Electric and the City's Finance Department which can be used for monthly utility billing purposes.

Before the next construction contract could be issued, audits of each of the approximately 315 remaining unmetered business and commercial buildings and large residential apartment complexes are required to identify the specific parameters that are needed to complete each meter installation. Contract 19-37 was advertised seeking additional audit assistance from qualified professional firms that are familiar with meter installation techniques and Plumbing Codes. Each audit was to determine the property owner, their water service size, the optimum new meter location, their responsible contact person and telephone number, and to identify any additional complications that the meter contractor may encounter while installing each new water meter.

However, only one proposal was received from Ketchikan Mechanical, Inc. (KMI), the same firm who had already completed the prior Contract 19-06. After review, the Municipal Attorney advised that allowing the same firm to conduct these audits would also provide them with an unfair competitive advantage when the next meter construction contracts were advertised for bid. Accordingly, Contract 19-37 was not recommended for award.

Instead, a new Contract 20-12 was prepared, more along the lines of a design-build contract. In this case, the contractor will conduct individual audits of each of the 50 businesses that are identified in the Bid Documents. From these audits, the contractor will prepare a simplified design for each individual meter installation for review and approval by KPU. After KPU's approval is issued, the contractor will begin installation of the new meter. As before, this contract is limited in size to allow everyone involved to both gain experience and to obtain better knowledge of the difficulties that are encountered while installing individual meters.

If this proves to be a satisfactory method to install water meters, subsequent design-build contracts will be advertised well before the planned December completion date of Contract 20-12. Achieving the goal of having all of these business and commercial buildings and large residential apartment complexes buildings fully metered before the end of 2021 will require significant effort as there are still approximately 265 unmetered businesses and large apartment complexes. In addition, the 2016 Water/ Wastewater Rate Study will need to be updated.

Two bids for this contract were received from Ketchikan Mechanical Inc. and Schmolck Mechanical Contractors, Inc. in the amounts of \$224,505.13 and \$224,507.47 respectively. Schmolck Mechanical Contractors did make a minor calculation error multiplying the quantity of an item times the unit price such that their stated total price was \$0.52 less than it should have been. The Contract Documents state in the Bid Proposal itself that whenever a discrepancy exists between any such unit prices and totals so given, the unit prices shall prevail. After review by the Municipal Attorney, although this clerical error does slightly increase Schmolck Mechanical Contractor Inc.'s bid to \$224,507.99, it is not less than the amount bid by Ketchikan Mechanical Inc. of \$224,505.13 and can be disregarded. The Notice of Intent to Award for Contract 20-12 was issued to all bidders on June 19, 2020.

#### Recommendation:

It is recommended that the City Council adopt a motion accepting the proposal of Ketchikan Mechanical Inc. in the amount of \$224,505.13 for Contract No. Contract 20-12 - Water Meters Design / Build – Business & Commercial; establish a ten percent contingency of the Bid amount of \$22,450.51; bringing the total project cost to \$246,955.64; from the Water Division's Project No. Comb 2018 001-5400 (Water Meter – Business Commercial Customers, Water) authorize funding from the Water Division's Capital Projects Infrastructure & Plant Account 730.00 in the amount of \$123,477.82; from the Wastewater Division's Project No. Comb 2018 001-3000 (Water Meter – Business Commercial Customers, Sewer) authorize funding from the Wastewater Division's Capital Projects Infrastructure & Plant Account 730.00 in the amount of \$123,477.82; and direct the General Manager to execute the contract documents on behalf of the City Council.



# KETCHIKAN PUBLIC UTILITIES

Contract 20-10 - Design/Build Commercial Water Meters

## Bid Results

Bid Item	Description	Quantity	Type	Ketchikan Mechanical			Schmolck			Engineers Estimate		
				Unit Price from bid	Total Cost based on Unit Price	Total Cost from Bid	Unit Price from bid	Total Cost based on Unit Price	Total Cost from BID	Unit Price	Total Cost	
1	Mobilization	1	LS	\$45,000.00	\$45,000.00	\$45,000.00	\$7,612.51	\$7,612.51	\$7,612.51	\$ 24,320	\$ 24,320	
2	.75 inch meter	17	EA	\$1,283.25	\$21,815.25	\$21,815.25	\$1,139.30	\$19,368.10	\$19,368.04	\$ 1,400	\$ 23,800	
2a	.75" tube after 15'	300	LF	\$15.00	\$4,500.00	\$4,500.00	\$43.70	\$13,110.00	\$13,110.93	\$ 45	\$ 13,500	
2b	.75" ball valve	34	EA	\$21.79	\$740.86	\$740.86	\$107.65	\$3,660.10	\$3,660.04	\$ 250	\$ 8,500	
3	1" meter	13	EA	\$1,850.00	\$24,050.00	\$24,050.00	\$1,350.82	\$17,560.66	\$17,560.61	\$ 2,200	\$ 28,600	
3a	1" tube after 15'	250	LF	\$20.00	\$5,000.00	\$5,000.00	\$51.72	\$12,930.00	\$12,928.97	\$ 50	\$ 12,500	
3b	1" ball valve	26	EA	\$31.73	\$824.98	\$824.98	\$132.11	\$3,434.86	\$3,434.86	\$ 275	\$ 7,150	
4	1.5" meter	8	EA	\$2,587.00	\$20,696.00	\$20,696.00	\$2,495.10	\$19,960.80	\$19,960.84	\$ 2,600	\$ 20,800	
4a	1.5" tube after 15'	100	LF	\$30.00	\$3,000.00	\$3,000.00	\$56.41	\$5,641.00	\$5,641.07	\$ 55	\$ 5,500	
4b	1.5" ball valve	16	EA	\$68.48	\$1,095.68	\$1,095.68	\$284.34	\$4,549.44	\$4,549.50	\$ 300	\$ 4,800	
5	2" meter	12	EA	\$2,825.95	\$33,911.40	\$33,911.40	\$3,288.78	\$39,465.36	\$39,465.31	\$ 3,000	\$ 36,000	
5a	2" tube after 15'	290	LF	\$40.00	\$11,600.00	\$11,600.00	\$67.97	\$19,710.30	\$19,710.54	\$ 60	\$ 17,400	
5b	2" ball valve	24	EA	\$105.04	\$2,520.96	\$2,520.96	\$385.89	\$9,261.36	\$9,261.39	\$ 350	\$ 8,400	
6	Engineer Directed Work	250	Hrs	\$199.00	\$49,750.00	\$49,750.00	\$192.97	\$48,242.50	\$48,242.86	\$ 225	\$ 56,250	
				TOTAL	\$224,505.13	\$224,505.13	TOTAL	\$224,507.99	\$224,507.47	TOTAL	\$267,520	

Department: Water		Project Priority: 3		Project Number:						
Project Title: Water Meters - Business & Commercial Customers		Start Date: 01/18 End Date: 12/21		Estimated Project Cost:						
Description:		Metering commercial water and wastewater customers will begin in January 2021. In 2019 following a loan offer from the Alaska Department of Environmental Conservation, a bond has been issued to finance the purchase and installation of water meters on the premises of Ketchikan's approximately 450 commercial & business customers. The initial contract to purchase and install 70 of these meters was issued in July 2019 and will be completed by the end of the year. A capital investment of \$2,150,000 is needed and will be shared equally by the Water and Wastewater Divisions and will be accounted for in their respective enterprise funds. In addition, annual appropriations to the Water Division's operating budget will be requested beginning in 2021 to fund the contracted repairs, maintenance and testing of these meters. Annual debt service for the Water Division's share of purchasing and installing the meters is projected to be \$72,807. This will necessitate an additional 8.6% increase in water rates if assessed solely against commercial customers. This increase can be reduced to 3.9% if assessed against all customers of the Water Division.			Design	75,000				
					Land/Right-of-Way					
					Construction Management	1,250,000				
					Equipment					
					Other	1,325,000				
		Project Total								
Source of Funds		Prior Years	Adopted 2020		Projected Requirements		Total Project			
			Reappro- priated	New Funding	Total	2021	2022	2023	2024	
Revenue Generating Fund		75,000								75,000
Revenue Bonds - ADWF Loan		215,322	1,034,678		1,034,678					1,250,000
Total		290,322	1,034,678		1,034,678					1,325,000

<b>Department:</b> Public Works - Wastewater		<b>Project Priority:</b> 6		<b>Project Number:</b>					
<b>Project Title:</b> Water Meters - Business and Commercial		<b>Start Date:</b> 01/18 <b>End Date:</b> 12/20		<b>Estimated Project Cost:</b>					
<b>Description:</b>		Metering commercial water and wastewater customers will begin in January 2021. In 2019 following a loan offer from the Alaska Department of Environmental Conservation, a bond was issued to finance the purchase and installation of water meters on the premises of Ketchikan's approximately 450 commercial & business customers. The initial contract to purchase and install 70 of these meters was issued in July 2019 and will be completed by the end of the year. A capital investment of \$2,150,000 is needed and will be shared equally by the Water and Wastewater Divisions and will be accounted for in their respective enterprise funds. In addition, annual appropriations to the Water Division's operating budget will be requested in 2021 to fund the contracted repairs, maintenance and testing of these meters.		Design					
				Land/Right-of-Way					
				Construction Management					
				Construction Equipment	1,325,000				
				Other					
		Project Total		1,325,000					
Source of Funds	Fund No.	Prior Years	Adopted 2020			Projected Requirements			Total Project
			Reappropriated	New Funding	Total	2021	2022	2023	
Wastewater Service Fund	505	75,000							75,000
Revenue Bond - ADEC Clean Water Loan Program		215,322	1,034,678		1,034,678				1,250,000
<b>Total</b>		290,322	1,034,678		1,034,678				1,325,000