



General Manager
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Ketchikan, AK 99901

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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 26, 2021

RE: **Accepting Bid for Contract No. 20-25 - Continuation of Water Meter Design/Build - Business & Commercial Customers, Ketchikan Mechanical, Inc.**

In adopting the 2021 Ketchikan Public Utilities and General Government Operating and Capital Budgets, the City Council appropriated \$756,178 and \$756,178 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 Assistant Water Division Manager Seth Brakke and Acting Port & Harbors Director Mark Hilson, the utility has advertised for and received sealed bids for Contract No. 20-25, Continuation of Water Meter Design/Build - Business & Commercial Customers. Two bids were received and publicly opened on Monday, January 25, 2021 at 2:00 p.m. in the City Clerk's Office. Mr. Hilson and Mr. Brakke's memorandum contains a summary of the bids received. Ketchikan Mechanical, Inc. submitted the low bid in the amount of \$169,053.74. The Assistant Water Division Manager and Acting Port & Harbors Director are recommending a ten percent contingency in the amount of \$16,906.28, bringing the total project cost to \$185,960.

A Notice of Intent to Award was issued on January 25, 2021. As of the date of this report, no appeals have been received.

Mr. Brakke and Mr. Hilson will attend the City Council meeting of February 4, 2021, 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 \$169,053.74 for Contract No. 20-25, Continuation of Water Meter Design/Build - Business & Commercial Customers; establishing a ten percent contingency in the amount of \$16,906.26, bringing the total project cost to \$185,960; approving funding the amounts of \$92,980 and \$92,980 respectively from the Water and Wastewater Divisions' 2021 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 \$169,053.74 for Contract No. 20-25, Continuation of Water Meter Design/Build - Business & Commercial Customers; establish a ten percent contingency in the amount of \$16,906.26, bringing the total project cost to \$185,960; approve funding the amounts of \$92,980 and \$92,980 respectively from the Water and Wastewater Divisions' 2021 Water Meters – Business and Commercial Customers capital accounts; and direct the General Manager to execute the contract documents on behalf of the City Council.

KPU



Your Community, Your Utility

Water
2930 Tongass Avenue
Ketchikan, AK 99901

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

Memorandum

TO: Karl R. Amylon, General Manager

FROM: Seth Brakke, Assistant Water Division Manager
Mark Hilson, Public Works Director & Acting Port & Harbors Director

DATE: January 26, 2021

SUBJECT: Award of Contract 20-25 – Continuation of Water Meters – Design/Build

As a continuation of the ongoing water meter installation project primarily funded by State of Alaska Drinking Water and Clean water loans, we have advertised for and received bids for Contract No. 20-25, Continuation of Water Meters – Design/Build. At its meeting of July 18, 2019, the City Council adopted a motion approving contract 19-06 for the installation of water meters for business and commercial customers. That project installed 73 new water meters with \$361,597.74 as the final cost. Furthermore, at its meeting of July 2, 2020, the City Council adopted a motion approving contract 20-12 for the installation of additional water meters. That project installed 56 new water meters with \$170,816.52 as the final cost.

Contract 20-12 proved to be a successful method of installing water meters, utilizing the design/build method. As such, an additional project, Contract 20-25, was compiled utilizing that method. The majority of these 50 locations are in the downtown core. The intent is to have the majority installed before the summer cruise ship season in order to limit impact on businesses during whatever meager cruise ship season materializes. Upon completion of this project, 176 water meters will be installed of the approximately 400 total necessary to meter all commercial customers. Our intention is to continue with installation contracts with the goal of having all commercial water meters installed by the end of 2022. At that point, it will be necessary to update the 2016 Water/ Wastewater Rate Study in order to transition to a metered rate for water and wastewater.

Two bids for this contract were received and publicly opened on January 25th: Ketchikan Mechanical Inc. in the amount of \$169,053.74 and Schmolck Mechanical in the amount of \$197,397.37. Schmolck Mechanical did make multiple minor calculation errors multiplying the quantity of an item times the unit price such that their stated total price was \$0.85 more 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 decrease Schmolck Mechanical Contractor Inc.'s bid to \$197,396.51, it is not less than the amount bid by

Ketchikan Mechanical Inc., so the error does not change the apparent low bidder. The Notice of Intent to Award, indicating an intent to award the contract to the apparent responsive low bidder, Ketchikan Mechanical, was issued to all bidders on January 25th.

Recommendation:

It is recommended that the City Council adopt a motion accepting the proposal of Ketchikan Mechanical in the amount of \$169,053.74 for Contract No. 20-25 - Continuation of Water Meters – Design/Build; establish a ten percent contingency of the Bid amount of \$16,906.26, bringing the total cost to \$185,960; approve funding from the Water Division’s Project No. Comb 2018 001-5400 (Water Meter – Business Commercial Customers, Water) Capital Projects Infrastructure & Plant Account 730.00 in the amount of \$92,980; approve funding from the Wastewater Division’s Project No. Comb 2018 001-3000 (Water Meter – Business Commercial Customers, Sewer) Capital Projects Infrastructure & Plant Account 730.00 in the amount of \$92,980; and direct the General Manager to execute the contract documents on behalf of the City Council.

BIDDER'S LIST	Contract No. 20-25	Bid Open Date: 1/25/2021
Bid Name: Continuation of Water Meter Design/Build – Business & Commercial Customers		Bid Open Time: 2:00 p.m.

	COMPANY NAME	Local Bidder	Non-Collusion	Bid Bond	Ack. Addend	Local Empl	BID AMOUNT (USD)
1	Schmolck Mechanical Contractors, Inc.			Cashier's Check	X		\$197,397.37
2	Ketchikan Mechanical, Inc.			X	X		\$169,053.74
3							
4.							
5							
6							
7							
8							
9							
10							

Prepared by: Kim Stanker
 Opened in: Clerk's Department

KETCHIKAN PUBLIC UTILITIES

Contract 20-25 - Continuation of Water Meters Design/Build

Bid Results

Bid Item	Description	Quantity	Type	Ketchikan Mechanical			Schmolk				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	Difference	Unit Price	Total Cost
1	Mobilization	1	LS	\$31,000.00	\$31,000.00	\$31,000.00	\$12,660.22	\$12,660.22	\$12,660.22	\$0.00	\$ 35,000	\$ 35,000
2	.75 inch meter	25	EA	\$1,125.00	\$28,125.00	\$28,125.00	\$1,386.62	\$34,665.50	\$34,665.41	(\$0.09)	\$ 1,400	\$ 35,000
2a	.75" tube after 10'	250	LF	\$15.00	\$3,750.00	\$3,750.00	\$36.07	\$9,017.50	\$9,017.81	\$0.31	\$ 20	\$ 5,000
2b	.75" ball valve	50	EA	\$25.79	\$1,289.50	\$1,289.50	\$108.82	\$5,441.00	\$5,441.10	\$0.10	\$ 50	\$ 2,500
3	1" meter	12	EA	\$1,550.00	\$18,600.00	\$18,600.00	\$1,585.31	\$19,023.72	\$19,023.74	\$0.02	\$ 2,000	\$ 24,000
3a	1" tube after 10'	120	LF	\$20.00	\$2,400.00	\$2,400.00	\$43.87	\$5,264.40	\$5,263.83	(\$0.57)	\$ 50	\$ 6,000
3b	1" ball valve	24	EA	\$35.73	\$857.52	\$857.52	\$133.53	\$3,204.72	\$3,204.66	(\$0.06)	\$ 75	\$ 1,800
4	1.5" meter	6	EA	\$2,725.00	\$16,350.00	\$16,350.00	\$2,611.72	\$15,670.32	\$15,670.33	\$0.01	\$ 2,600	\$ 15,600
4a	1.5" tube after 10'	60	LF	\$30.00	\$1,800.00	\$1,800.00	\$54.69	\$3,281.40	\$3,281.48	\$0.08	\$ 55	\$ 3,300
4b	1.5" ball valve	12	EA	\$74.68	\$896.16	\$896.16	\$287.73	\$3,452.76	\$3,452.78	\$0.02	\$ 150	\$ 1,800
5	2" meter	7	EA	\$2,625.00	\$18,375.00	\$18,375.00	\$3,460.41	\$24,222.87	\$24,222.85	(\$0.02)	\$ 3,000	\$ 21,000
5a	2" tube after 10'	100	LF	\$40.00	\$4,000.00	\$4,000.00	\$74.79	\$7,479.00	\$7,479.33	\$0.33	\$ 60	\$ 6,000
5b	2" ball valve	14	EA	\$115.04	\$1,610.56	\$1,610.56	\$390.40	\$5,465.60	\$5,465.54	(\$0.06)	\$ 250	\$ 3,500
6	Engineer Directed Work	250	Hrs	\$160.00	\$40,000.00	\$40,000.00	\$194.19	\$48,547.50	\$48,548.28	\$0.78	\$ 200	\$ 50,000
				TOTAL	\$169,053.74	\$169,053.74	TOTAL	\$197,396.51	\$197,397.36	\$0.85	TOTAL	\$210,500

On face of KMI's bid
\$169,053.74

On face of Schmolk's bid:
\$197,397.37 **\$0.01**

Department: Water	Project Priority: 3	Project Number: Comb 2018 001
Project Title: Water Meters - Business & Commercial Customers	Start Date: 01/18 End Date: 12/22	Estimated Project Cost:
Description: Metering commercial water and wastewater customers should be fully operational in 2022. 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. Approximately 125 meters are already installed and another design/build contract to install another 50 meters is in progress. 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. 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 and the new metered rates adopted. A capital investment of \$2,150,000 is needed and will be shared equally by the Water and Wastewater Divisions and is being accounted for in their respective enterprise funds.	Design 75,000 Land/Right-of-Way Construction Management Construction 1,194,018 Equipment Other Project Total 1,269,018	

Source of Funds	Prior Years	Adopted 2021			Projected Requirements				Total Project
		Reappropriated	New Funding	Total	2022	2023	2024	2025	
Revenue Generating Fund Revenue Bonds - ADWF Loan	75,000 437,840	756,178		756,178					75,000 1,194,018
Total	512,840	756,178		756,178					1,269,018

Department: Public Works - Wastewater	Project Priority: 6	Project Number:
Project Title: Water Meters - Business and Commercial	Start Date: 01/18	Estimated Project Cost:
Description:	End Date: 12/21	Design 75,000
<p>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.</p>		Land/Right-of-Way
		Construction Management
		Construction 1,250,000
		Equipment
		Other
		Project Total 1,325,000

Source of Funds	Fund No.	Prior Years	Adopted 2021			Projected Requirements				Total Project
			Reapprop-riated	New Funding	Total	2022	2023	2024	2025	
Wastewater Service Fund	505	75,000								75,000
Revenue Bond - ADEC Clean Water Loan Program		493,822	756,178		756,178					1,250,000
Total		568,822	756,178		756,178					1,325,000