

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2020-48

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH INDUSTRIAL RESOURCES, INC. FOR THE CONSTRUCTION OF THE PYRAMID WATER TREATMENT PLANT MICRO TURBINES PROJECT IN THE AMOUNT OF \$1,394,497

WHEREAS, the Pyramid Water Treatment Plant Micro Turbines Project is an approved component of the City of Unalaska Capital & Major Maintenance Program; and

WHEREAS, the City of Unalaska has determined that it is in the best interests of the residents of the City of Unalaska to have such a Project; and

WHEREAS, the City of Unalaska has provided funding for such a Project; and

WHEREAS, the City of Unalaska awarded the design and preparation of bid-ready documents to construct the Project to Rentricity, Inc.; and

WHEREAS, the Invitation to Bid was publicly advertised for at least 30 days and four (4) sealed bids were received in response; and

WHEREAS, Industrial Resources, Inc., a construction firm with extensive experience working within and with the City of Unalaska, has been deemed the lowest responsive, responsible bidder for the proposed work; and

WHEREAS, funding is available in the Capital Project budget to award the work.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to enter into an Agreement with Industrial Resources, Inc. to perform the construction of the Pyramid Water Treatment Plant Micro Turbines Project for \$1,394,497.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on July 28, 2020.



Dennis M. Robinson
Vice Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Thomas Cohenour, Director of Public Works
Through: Erin Reinders, City Manager
Date: July 28, 2020
Re: Resolution 2020-48: Authorizing the City Manager to enter into an agreement with Industrial Resources, Inc. for the construction of the Pyramid Water Treatment Plant Micro Turbines Project in the amount of \$1,394,497

SUMMARY: Resolution 2020-48 will authorize the City Manager to enter into an agreement with Industrial Resources, Inc. (IRI) for the construction of the Pyramid Water Treatment Plant Micro Turbines Project (MUNIS Project code WA17C) for a total of \$1,394,497. There is adequate funding in the Project budget to support the award. Staff recommends approval.

PREVIOUS COUNCIL ACTION: Council funded the Pyramid Water Treatment Plant design and construction in 2010-2014, which included additional space in the process bay to eventually accommodate the Pyramid Water Treatment Plant Inline Micro Turbine Project. Council provided \$50,000 from Water Proprietary Revenue to create the current project in FY2017 CMMP Ordinance 2016-12, adopted on May 24, 2016. On March 12, 2019 by Resolution 2019-12 Council approved the award of the Phase II (scoping, 15% design, and equipment manufacturer selection) to Rentricity, Inc. Subsequently, Council approved funding phase III (complete bid package preparation, permitting, and construction) and phase IV (hydro turbine generator installation and commissioning) of this project with additional funds totaling \$2,002,284 through Ordinance 2019-09 on September 10, 2019. On July 28, 2020, Council will consider the second reading of Ordinance 2020-13, appropriating an additional \$159,753 for construction of the Project. This item will be considered by Council in the same meeting if this Budget Amendment is approved.

BACKGROUND: Upon completion of this project, two hydro turbine generators (micro turbines) will be installed in the Pyramid Water Treatment Plant which will utilize available excess water pressure provided by the difference in elevation of Icy Creek Reservoir and the Pyramid Water Treatment Plant to produce electricity. Currently pressure reducing valves are required to dissipate this excess energy allowing for proper water treatment. The electricity generated through this project is planned to be utilized to offset electricity demand within the Pyramid Water Treatment Plant as well as to provide excess electricity to the City of Unalaska electrical grid. This project has an estimated payback period of 10.5 years and four-fold investment return over the expected life of the hydro turbine generators.

Staff let a Request for Qualifications to perform the Phase II work of Scoping, 15% Design, and Equipment Manufacturer Selection. Rentricity, Inc. was selected to perform these services. Rentricity, Inc. was also selected to prepare the project bid package and assist in equipment procurement and permitting in Phase III. The essential equipment for this project (hydro turbine generators and electrical control panels) has been ordered and is currently being manufactured. Bids were solicited and on May 28, 2020 five bids were opened. Industrial Resources Inc. (IRI) had the low bid in the amount of \$1,394,497.

DISCUSSION: Staff worked with Rentricity, Inc. to produce bid-ready documents for this project. The Project scope includes installing two water turbine generators to utilize the excess pressure provided by the elevation of Icy Creek reservoir to generate hydroelectric power. This work also includes the associated piping, pumps, and appurtenances; electrical equipment, conductors, and raceways; SCADA control system modifications; and equipment anchors and pipe supports. The bid package for the work was advertised beginning April 27, 2020, on the City Website, in the Anchorage Daily News, and the Seattle Daily Journal of Commerce. The Invitation to Bid was also emailed directly to potentially interested parties. Two Addenda were issued, and four bids were received before the bid deadline and were opened on May 28, 2020. One bid was received after the deadline and was not considered. Industrial Resources, Inc. provided the lowest cost bid for the work at \$1,394,497. The Engineer's Estimate was between \$1M and \$2.5M; a copy of it as well as the Bid Tabulation is attached to this Memo as Exhibits A and B, respectively. A budget amendment was requested in order to ensure sufficient funding through final completion.

ALTERNATIVES: As always, Council could chose to not award the work. Staff believes it makes good business sense to move forward with the award as this Project is anticipated to pay for itself within 10.5 years.

FINANCIAL IMPLICATIONS: Due to the additional funds approved in Ordinance 2020-13, the Project's budget is able to support the award. The Project retains \$50,463 for contingency purposes.

LEGAL: Not Applicable

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution 2020-48 and award the construction to Industrial Resources, Inc. for \$1,394,497.

PROPOSED MOTION: I move to adopt Resolution 2020-48.

CITY MANAGER COMMENTS: I support staff's recommendation.

ATTACHMENTS:

Attachment 1: Engineer's Estimate

Attachment 2: Bid Tabulation

Attachment 3: Standard Form of Agreement

**Unalaska
Water Treatment Plant Turbines
Design and Construction Cost Estimate**

Description	Rentricity Estimate	Regan Estimate	
		Design/Engineering	Construction
Rentricity Permitting and Design (15% to 100%)	\$188,000	\$188,000	
Mechanical Labor	\$389,040		\$389,040
Mechanical Equipment	\$29,400		\$29,400
Mechanical Material and Components	\$229,200		\$229,200
Electrical Labor	\$77,500		\$77,500
RentricityTaku Construction Support	\$186,700	\$186,700	
Rentricity Engineering Support	\$35,000	\$35,000	
SCADA	\$30,000	\$30,000	\$30,000
Hydropower System and Support	\$300,000		\$300,000
Subtotal	\$1,464,840	\$439,700	\$1,055,140
Contingency 15%	\$219,726	deleted contingency on Engrg	\$158,271
TOTAL	\$1,684,566	\$439,700	\$1,213,411
Mobilization/Demobilization (20%)			\$242,682
Overhead and Profit (10%)			\$121,341
Administration		\$30,000	
TOTAL		\$469,700	\$1,577,434
		Engineering	Construction
GRAND TOTAL		\$2,047,134	

CITY OF UNALASKA
Department of Public Works
&
Department of Public Utilities
1035 East Broadway
P.O. Box 610
Unalaska, Alaska 99685
TEL (907) 581-1260 FAX (907) 581-2187



April 20, 2020

Re: Pyramid Water Treatment Plant Microturbines Project

The Engineer's Estimate is expected to match US DOT FHA Project Classification E.

Project Classification	Project Cost
A	\$ 0 - \$100,000
B	\$100,000 - \$250,000
C	\$250,000 - \$500,000
D	\$500,000 - \$1,000,000
E	\$1,000,000 - \$2,500,000
F	\$2,500,000 - \$5,000,000
G	\$5,000,000 - \$10,000,000
H	\$10,000,000 - \$15,000,000
I	\$15,000,000 - \$25,000,000
J	\$25,000,000 or greater

CITY OF UNALASKA, ALASKA
Department of Public Works
PYRAMID WATER TREATMENT PLANT MICROTURBINE PROJECT
5/28/2020
2:00 P.M. - COUNCIL CHAMBERS

Contractor / Business Name	Bid Form Used?	Addenda Acknowledgement		Bid Bond	Licenses		BID TOTAL
		No. 1	No. 2		State Contractor	State Business	
Northern Alaska Contractors	Yes	Yes	Yes	Yes	Yes	Yes	1,658,850.00
CON AM CONSTRUCTION CO.	Yes	Yes	Yes	Yes	Yes	Yes	1,431,000.00
Industrial Resources Inc.	Yes	Yes	Yes	Yes	Yes	Yes	1,394,497.00
STG Incorporated	Yes	Yes	Yes	Yes	Yes	Yes	2,360,750.00

plus.



 Witness

 Witness



 Witness

**STANDARD FORM OF AGREEMENT
BETWEEN THE OWNER AND CONTRACTOR**

THIS AGREEMENT is dated as of the _____ day of _____ in the year 2020, by and between the **CITY OF UNALASKA** (hereinafter called "OWNER") and **INDUSTRIAL RESOURCES, INC.** (hereinafter called "CONTRACTOR").

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. WORK

CONTRACTOR shall complete all work as specified or indicated in the Contract Documents. The work is generally described as follows:

The work will include, but not be limited to, furnishing all plant, labor, tools, equipment, and materials and performing all operations in connection with the **Pyramid Water Treatment Plant Micro Turbines Project**. The work includes installing two water turbine generators to utilize the excess head pressure provided by the elevation of Icy Creek reservoir to create usable electricity. The existing Pyramid Water Treatment Plant (PWTP) will be reconfigured to allow hydroelectric power generation; which will be tied into the existing water plant main distribution panel (MDP) to allow for distribution to the water plant's electric power system. This work includes the associated piping, pumps, and appurtenances; electrical equipment, conductors, and raceways; SCADA control system modifications; equipment anchors and pipe supports; and all work necessary for a complete and operable hydropower system as detailed in the plan sheets issued for bid.

1. Project Location: Pyramid Water Treatment Plant, Unalaska, Alaska 99685
2. Owner: City of Unalaska, Department of Public Utilities

The Contract Documents, which comprise the entire agreement between OWNER and CONTRACTOR concerning the WORK, consist of the following:

- Construction Drawings (Plan Sheets)
- Technical Specifications
- Agreement
- State of Alaska Title 36 Wage Rate Requirements
- Instructions to Bidders
- Bid Forms
- Performance Bond
- Payment Bond
- General Conditions
- Supplementary Conditions
- Permits
- Addenda 1 through 2, inclusive.

- Change Orders which may be delivered or issued after the Effective Date of the Agreement and not attached hereto.

Article 2. CONTRACT TIME

- 2.1 All construction must be accomplished in one of two discrete, defined windows of time between processing seasons during periods of low domestic water demand and flow. Two options are provided. The first allowable window is after October 1, 2020 and before December 1, 2020 (Substantial Completion) to correspond with a low flow period. With this scenario, all WORK shall be completed by December 15, 2020 (Final Completion). The second allowable window is after April 15, 2021, and before June 1, 2021 (Substantial Completion). With this scenario, all WORK shall be completed by June 15, 2021 (Final Completion). Contingent on successful submission of the Performance Bond, Payment Bond, and a Certificate of Insurance, the Owner will provide a Notice to Proceed no later than July 15, 2020. Besides staging and preparations, actual field Work is limited to only one of the windows defined above. Full shutdowns or outages are only allowed for limited periods in these construction windows as described below. Select work can be performed prior to the construction window if the CONTRACTOR'S work does not interfere with the operations of the Pyramid Water Treatment Plant and the City of Unalaska Departments of Public Works and Public Utilities are informed and agree to the scope.
- 2.2 The CONTRACTOR is allowed a maximum duration of five days (120 hours) per each shutdown (*Outage*) to the Plant. Notice of Outages must be presented to the OWNER forty-eight (48) hours prior and in writing. Outages must not exceed the maximum duration unless the OWNER extends the period in writing. A maximum of three (3) shutdowns or Outages is allowed.
- 2.3 The CONTRACTOR is allowed to leave the Water Treatment Plant in temporary duty configuration (*Temporary Configuration*) for a maximum duration of twenty-one (21) days (504 hours) inside of the selected WORK window. Temporary Configuration must not exceed the maximum duration unless the OWNER extends the period in writing.
- 2.4 Liquidated Damages. The OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that the OWNER will suffer financial loss if the WORK is not completed within the times specified above, plus any extensions thereof allowed in accordance with Article 11 of the General Conditions. These losses include inconvenience to the City, administration and inspection costs, loss of efficiency, pumping costs, chemical costs, added operation and maintenance costs, and general inconvenience to the public. They also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by the OWNER if the WORK is not completed on time. Accordingly, instead of requiring any such proof, the OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay the OWNER One Thousand, Five Hundred Dollars (\$1,500.00) for each day that expires after the time specified for *Final Completion* and readiness for final payment. In addition, the CONTRACTOR shall pay the

OWNER One Thousand, Five Hundred Dollars (\$1,500.00) for each day that expires after the allowable time specified above for *Outages, or Temporary Configuration*.

Article 3. CONTRACT PRICE

- 3.1 The OWNER shall pay CONTRACTOR for completion of the work in accordance with the Contract Documents an amount equal to the sum of the Lump Sum prices for each separately identified and selected bid item (herein referred to as the "Contract Sum"). The Contract sum is based upon the Bid Items which are set forth in the Contract Documents and which are hereby accepted by the OWNER. T
- 3.2 The Contract Sum is agreed to be \$1,394,497 (One Million, Three Hundred Ninety Four Thousand, Four Hundred Ninety Seven Dollars).

Article 4. PAYMENT PROCEDURES

CONTRACTOR shall submit Applications for Payment in accordance with Article 13 of the General Conditions. Applications for Payment will be processed by the OWNER as provided in the General Conditions.

- 4.1 Progress Payments. The OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR's Applications for Payment on or about a day of the month mutually agreeable to the OWNER and CONTRACTOR as agreed to at the preconstruction conference. All progress payments will be on the basis of the progress of the work measured by the actual installed quantity of items, plus allowances for stockpiled materials.
 - 4.1.1 Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below, but, in each case, less the aggregate of payments previously made and less such amounts as the OWNER shall determine, or the OWNER may withhold, in accordance with Article 13 (paragraph 13.8) of the General Conditions and the Supplemental Conditions.
 - a. Ninety percent of work completed.
 - b. Once 50 percent of the work is complete as determined by the OWNER, and if the character and progress of the work have been satisfactory to the OWNER, the OWNER, may determine that, as long as the character and progress of the work remain satisfactory to them, there will be no additional retainage on account of work completed; in which case, the remaining progress payments prior to Substantial Completion will be in an amount equal to 100 percent of the work completed.
 - 4.1.2 Upon Substantial Completion, in an amount sufficient to increase total payments to CONTRACTOR to 95 percent of the Contract Price, less such amounts as the OWNER shall determine, or the OWNER may withhold, in accordance with Article 13 of the General Conditions.

4.2 Final Payment. Upon final completion and acceptance of the work in accordance with the General Conditions; Affidavit of Payment of Debts and Claims; Affidavit of Release of Liens; and Receipt of Consent of Surety Company to Final Payment, the OWNER shall pay the remainder of the Contract Price as provided in said Article 13.

4.2.1 Deductions. The City may deduct from the amount of any payment made to Contractor any sums owed to City by Contractor including, but not limited to, past due sales tax, port and harbor fees, property tax, or rent. Before making any such deduction the City shall have provided Contractor written notice of the amount claimed by City to be due and owing from Contractor.

Article 5. INTEREST ON RETAINAGE

All retainage shall bear interest at the rate required by AS 36.90.250, if applicable.

Article 6. CONTRACTOR'S REPRESENTATIONS

In order to induce the OWNER to enter into this agreement, CONTRACTOR makes the following representations:

6.1 CONTRACTOR has familiarized itself with the nature and extent of the Contract Documents, work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance, or furnishing of the work.

6.2 CONTRACTOR has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests, reports, and studies which pertain to the subsurface or physical conditions at or contiguous to the site or which otherwise may affect the cost, progress, performance, or furnishing of the work as CONTRACTOR considers necessary for the performance or furnishing of the work at the Contract Price, within the Contract Time, and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 4.2 of the General Conditions; and no additional examinations, investigations, explorations, tests, reports, studies, or similar information or data are or will be required by CONTRACTOR for such purposes.

6.3 CONTRACTOR has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumes responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports, studies, or similar information or data in respect of said Underground Facilities are or will be required by CONTRACTOR in order to perform and furnish the work at the Contract Price, within the Contract Time, and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 4.4 of the General Conditions.

6.4 CONTRACTOR has correlated the results of all such observations, examinations, investigations, explorations, tests, reports, and studies with the terms and conditions of the Contract Documents.

6.5 CONTRACTOR has given the OWNER written notice of all conflicts, errors, or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by the OWNER is acceptable to CONTRACTOR.

Article 7. MISCELLANEOUS

7.1 Terms used in this Agreement which are defined in Article 1 of the General Conditions will have the meanings indicated in the General Conditions.

7.2 The CONTRACTOR shall submit the Performance Bond, Labor and Material Payment Bonds, and Certification of Insurance and City of Unalaska business licenses and all Subcontractor City of Unalaska business licenses as required by the Contract Documents, prior to commencement of the Work. The Performance and Material Payment Bonds shall be in the amount of 100% of the contract bid price. **CONTRACTOR shall comply with all applicable State labor regulations, including State of Alaska Title 36, Public Contracts, otherwise known as the Little Davis-Bacon Act, and all labor regulations and minimum rates of pay contained therein.**

7.3 No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and specifically but without limitation monies that may become due and monies that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

7.4 OWNER and CONTRACTOR each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect of all covenants, agreements, and obligations contained in the Contract Documents.

7.5 Until CONTRACTOR receives notice from the City that Project records need to be preserved, CONTRACTOR shall preserve all non-identical copies of all documents, records, or other information (including documents, records, or other information in electronic form) in its or its subcontractors' or agents' possession or control, or that come into its or its subcontractors' or agents' possession or control that relate to the WORK.

IN WITNESS WHEREOF, The OWNER and CONTRACTOR have signed all counterparts of this Agreement. All portions of the Contract Documents have been signed or identified by the OWNER and CONTRACTOR.

This Agreement will be effective on _____, 2020.

INDUSTRIAL RESOURCES, INC.

CITY OF UNALASKA, ALASKA

By: _____
Peter Rasco
Vice President/General Manager

By: _____
Erin Reinders, City Manager

State of Washington)
) ss.
Skagit County)

State of Alaska)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me on the ____ day of _____, 2020, by Peter Rasco, the Vice President / General Manager of Industrial Resources, Inc., a Washington Corporation, on behalf of the corporation.

The foregoing instrument was acknowledged before me on the ____ day of January, 2020, by Erin Reinders, City Manager for the City of Unalaska, a First Class Alaska Municipal Corporation, on behalf of the City of Unalaska.

Notary Public, State of Washington
My Commission Expires _____

Notary Public, State of Alaska
My Commission Expires _____