

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 2022-44

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH INDUSTRIAL RESOURCES, INC. TO CONSTRUCT THE CHLORINE UPGRADES PROJECT FOR \$661,200

WHEREAS, the Chlorine Upgrades Project is a component of the approved Capital and 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 to construct the Project; and

WHEREAS, Staff solicited for sealed bids as prescribed by UCO §6.24.020 and the City of Unalaska Purchasing Policy 14-0803; 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

NOW THEREFORE BE IT RESOLVED that that the City Council of the City of Unalaska, Alaska, authorizes the City Manager to execute an Agreement with INDUSTRIAL RESOURCES, INC. to construct the Chlorine Upgrades Project for \$661,200.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on November 22, 2022.

  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
Marjie Veeder, CMC  
City Clerk



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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Tom Cohenour, Director of Public Works  
Bob Cummings, P.E., City Engineer  
Lori Gregory, DPW/DPU Administrative Operations Manager  
Through: Chris Hladick, Interim City Manager  
Date: November 22, 2022  
Re: Resolution 2022-44: A Resolution of the Unalaska City Council Authorizing the City Manager to Enter into an Agreement with Industrial Resources, Inc. to Construct the Pyramid Water Treatment Plant Chlorine Upgrades Project for \$661,200

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**SUMMARY:** Resolution 2022-44 will award the Chlorine Upgrades Project construction, which consists of integrating the Owner (City) - Furnished On-Site Sodium Hypochlorite Generation System into the Water Treatment Plant process controls, to Industrial Resources, Inc. (IRI). The cost of the work is \$661,200, and funding will come from the Project's budget, MUNIS Project WA21A, which contains \$845,161, of which \$661,200 is allocated to the Construction Services line item. Staff recommends approval.

**PREVIOUS COUNCIL ACTION:** The Chlorine Upgrades Project was funded at \$100,000 for Engineering Services via the FY2021 Capital Budget Ordinance No. 2020-10, passed and adopted on June 9, 2020. Ordinance 2021-09, a Budget Amendment passed on May 11, 2021, appropriated \$300,000 towards the procurement of the Owner-Furnished On-Site Sodium Hypochlorite Generation System. Resolution 2021-37, passed on May 25, 2021, approved the Procurement Agreement for the Owner-Furnished Equipment from PSI Water Technologies for \$288,000. Council awarded the construction of the Pyramid Water Treatment Plant Micro Turbines Project to Industrial Resources, Inc. via Resolution 2020-48, adopted July 28, 2020. On December 18, 2021, Council approved Resolution 2021-80, awarding the construction of the Project to Industrial Resources, Inc. for \$441,474.73. On September 27, 2022, Council approved Budget Amendment Ordinance 2022-17, providing another \$526,447 to fund the re-bid to construct the Project.

**BACKGROUND:** This project was funded in order to move the Water Utility away from the hazardous and costly purchasing and shipping the chlorine gas used for potable water disinfection to on-site generation of liquid sodium hypochlorite (bleach), a much safer and cost-effective means.

**DISCUSSION:** As stated above, in December of 2021, Council awarded the construction of the Project to Industrial Resources, Inc. for \$441,474.73, however, due to supply chain, travel, and inflation issues, IRI informed the City on April 14, 2022, two weeks before mobilization, they expected an additional \$288,000 in costs associated with completing the project. The amount exceeded the available budget at the time so the City instructed the contractor to stop work on the Project. The Project was rebid on June 21, 2022, and one bid was received on July 21, 2022, from IRI for \$661,200. On September 27, 2022, Staff moved forward with a Budget Amendment request to provide \$526,447 to fund the updated bid and associated engineering and inspection costs.

**ALTERNATIVES:** Council may elect to again advertise for bids to perform the construction of the Chlorine Upgrades Project, however, Staff believes this will most likely increase the cost of the work.

**FINANCIAL IMPLICATIONS:** The Project's budget is able to fund this work, including engineering and inspection costs including contingency.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends approval of this Resolution. Contracting with IRI to integrate the Chlorine Generation equipment into the process controls is the most efficient and cost effective way to complete this Project.

**PROPOSED MOTION:** This item is included on the consent agenda and can be approved in the motion to adopt the consent agenda. If this item is moved to the regular agenda for discussion, the proposed motion is "I move to adopt Resolution 2022-44".

**CITY MANAGER COMMENTS:** I concur with the Staff Recommendation.

**ATTACHMENTS:**

- Bid Tab
- Standard form of Agreement

**CITY OF UNALASKA, ALASKA**  
**Department of Public Works**  
**PWTP Chlorine Upgrades Project - Equipment Installation Bid**  
**July 21, 2022**  
**2:00 PM - Council Chambers**

| Contractor / Business Name | Bid Form Used & Signed | Bid Bond | Licenses         |                | Signed Bidder's Declaration & Understanding | Item 1        | Item 2        | Total Bid     |
|----------------------------|------------------------|----------|------------------|----------------|---|---------------|---------------|---------------|
|                            |                        |          | State Contractor | State Business |   |               |               |               |
| Industrial Resources, Inc. | X                      | X        | X                | X              | X   | \$ 536,200.00 | \$ 125,000.00 | \$ 661,200.00 |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ -          |
|                            |                        |          |                  |                |   |               |               | \$ 661,200.00 |

\_\_\_\_\_  
Lori Gregory  
Witness

\_\_\_\_\_  
Heather Bell  
Witness

\_\_\_\_\_  
Witness

## STANDARD FORM OF AGREEMENT BETWEEN THE OWNER AND CONTRACTOR

THIS AGREEMENT is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, in the year 2022, 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 labor, tools, select materials and performing all operations in connection with the Pyramid Water Treatment Plant - SODIUM HYPOCHLORITE ON-SITE GENERATION. The project replaces the existing gaseous chlorine dosing system with a new hypochlorite generation equipment. The City is providing the hypochlorite generation equipment, air blowers, water softener systems, brine tanks, hypochlorite tanks, dosing pumps, piping, instrumentation, electrical and other materials. The contractor is to supply select materials and install the hypochlorite generation equipment with all the interconnecting piping, tanks, valves, wires, and miscellaneous fittings necessary for a fully functioning system.

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 consists of the following:

- Technical Documents, Pyramid Water Treatment Plant Sodium Hypochlorite On-Site Generation, 100% IFC (Issued for Construction) Re-Issue, dated 06/2022, Prepared by Taku Engineering
- Specifications
- Agreement
- State of Alaska Title 36 Wage Rate Requirements
- Instructions to Bidders
- Bid Forms
- Performance Bond
- Payment Bond
- General Conditions
- Supplementary Conditions
- Appendices
- Addenda numbers 1 to 2, inclusive.
- Change Orders which may be delivered or issued after Effective Date of the Agreement and not attached hereto.

### Article 2. CONTRACT TIME

- 2.1 All construction must be accomplished between fish processing seasons during periods of low domestic water demand and flow. The allowable window is after October 1, 2022 and before December 1, 2022 (Substantial Completion) to correspond with the low flow period. All Work

shall be completed by December 15, 2022 (Final Completion). Besides staging and preparations, actual field Work is limited to the window defined above.

- 2.2 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 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 Dollars (\$1,000.00) for each day that expires after the time specified above for Final Completion and readiness for final payment.

### **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 sum of the established unit prices for each separately identified item of unit price work multiplied by the measured quantity of actual items installed plus 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.

### **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 Federal and 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 not 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 \_\_\_\_\_.



CONTRACTOR

CITY OF UNALASKA, ALASKA

By: \_\_\_\_\_  
\_\_\_\_\_, Its \_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_ City Manager

State of Alaska        )  
                                  ) ss.  
Third Judicial District )

State of Alaska        )  
                                  ) ss.  
Third Judicial District )

The foregoing instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, the \_\_\_\_\_ of Industrial Resources, Inc., a Washington Corporation, on behalf of the corporation.

The foregoing instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, \_\_\_\_\_ 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 \_\_\_\_\_