

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 2021-80

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE AN ADDENDUM TO THE PYRAMID WATER TREATMENT PLANT MICRO TURBINES PROJECT CONSTRUCTION AGREEMENT WITH INDUSTRIAL RESOURCES, INC. TO ADD THE CONSTRUCTION OF THE CHLORINE UPGRADES PROJECT TO THE SCOPE OF WORK AT A COST OF \$441,474.73

WHEREAS, the Chlorine Upgrades Project is a component of the approved Capital and Major Maintenance Program; and

WHEREAS, the City of Unalaska has provided funding to construct the Project; and

WHEREAS, the City Council has determined, per Purchasing Policy 14-0803 Paragraph 1.e.i.2, that the use of competitive sealed bidding is neither practicable nor advantageous to the City with respect to the award of the Chlorine Upgrades Project; and

WHEREAS, Industrial Resources, Inc., an experienced and reputable contractor currently under contract with the City to construct the Pyramid Water Treatment Plant Micro Turbines Project, has submitted a quote to perform the construction of the Chlorine Upgrades Project; and

WHEREAS, the City Council has determined that awarding the construction of the Chlorine Upgrades Project to Industrial Resources, Inc. meets the criteria of Sole-Source Procurement per Purchasing Policy 14-0803 Paragraphs 1.h.1 through 1.h.3; and

WHEREAS, Industrial Resources, Inc. meets the criteria for contract award as established in UCO §6.24.060 AWARD OF CONTRACT TO LOWEST BIDDER; EXCEPTION.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to execute an Addendum to the Agreement with Industrial Resources, Inc. to add the construction of the Chlorine Upgrades Project to the scope of work at a cost of \$441,474.73.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December, 28, 2021.

---

Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

---

Marjie Veeder, CMC  
City Clerk

---

---

## MEMORANDUM TO COUNCIL

---

---

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: Erin Reinders, City Manager  
Date: December 28, 2021  
Re: Resolution 2021-80: A Resolution of the Unalaska City Council Authorizing the City Manager to Execute an Addendum to the Pyramid Water Treatment Plant Micro Turbines Project Construction Agreement with Industrial Resources, Inc. to add the Construction of the Chlorine Upgrades Project to the Scope of Work at a Cost of \$441,474.73

---

---

**SUMMARY:** Resolution 2021-80 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") via Contract Addendum #01. The cost of the work is \$441,474.73 and funding will come from the Project's budget, MUNIS Project WA21A, which contains \$606,478.21 as of this writing. Staff recommends approval.

**PREVIOUS COUNCIL ACTION:** The Chlorine Upgrades Project was funded at \$100,000 for Engineering Services via the FY2021 Capital Budget Ordinance 2020-10, passed and adopted on June 9, 2020. Ordinance 2021-09, a Budget Amendment passed on May 11, 2021, appropriated \$300,000 toward 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 IRI via Resolution 2020-48, adopted July 28, 2020.

**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. As part of the discussion surrounding the award of the Procurement Agreement for Owner Furnished Equipment, Staff pointed out the potential for not only achieving a cost savings by adding the installation work to IRI's Micro Turbine Project contract scope of work, but also the benefit of mitigating interruptions to Water Utility operations and bringing the equipment on-line earlier than if installed as a stand-alone project.

**DISCUSSION:** The use of competitive sealed bidding to award the construction of the Chlorine Upgrades Project is neither practicable nor advantageous to the City. IRI is already mobilized to the site for the PWTP Micro Turbines Project while any other contractor would incur, and pass these costs on to the City. Awarding the work to IRI will eliminate another layer of construction administration and inspection costs, and eliminate bid support and bid selection costs, saving the City tens of thousands of dollars. In addition to cost savings, there will be less interruption to Water Division operations and the advantage of more immediate improved water quality if the

work is performed by IRI. This rationale meets the criteria for Sole-Source Procurement as set out in Purchasing Policy 14-0803 Paragraphs 1.h.1 through 1.h.3.

UCO § 6.24.060 (A) sets out other considerations for contract award besides price. They include taking into account the ability, capacity and skill of the contractor, whether they can perform the contract within the time specified, without delay or interference, and the character, integrity, reputation, judgment, experience and efficiency of the contractor. Staff is confident that, by using a contractor intimately familiar with plant operations, any potential issues with the chlorination system, which could have vast repercussions to the community if the delivery of potable water is disrupted, will be diminished as much as possible.

IRI has provided a proposal for the work to be performed as a Time and Materials contract, setting out exactly what tasks will be performed and the cost for each, which provides full transparency. Contracting with IRI to construct the Chlorine Upgrades in tandem with the Micro Turbines will allow both Projects to progress seamlessly, without having two work crews sharing the space.

**ALTERNATIVES:** Council may elect to advertise for contractor bids to perform the construction of the Chlorine Upgrades Project.

**FINANCIAL IMPLICATIONS:** The Project's budget is able to fund this work with a surplus of over \$150,000 remaining after award.

**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:** I move to adopt Resolution 2021-80.

**CITY MANAGER COMMENTS:** I support staff's recommendation. This is a cost effective and time efficient way to complete the project and is in keeping with city code and policy.

**ATTACHMENTS:**

- Proposal from Industrial Resources, Inc.
- Addendum No. 01 Standard Form of Agreement
- Construction Agreement with IRI for the WTP Micro Turbines Project



12842 Highway 9  
Clearlake, WA 98235

**October 28, 2021**

Mr. Thomas Regan  
City of Unalaska  
P.O. Box 610  
Unalaska, AK 99685

DPW Project No. 17401  
PWTP Project  
Letter #: **IRI-003**

**Subject: CCO #3 On Site Chlorine Generation – Pricing Proposal**

Dear Mr. Regan:

Per the City's request, IRI has reviewed the 95% design package for the On-Site Sodium Hypochlorite Generation system. Our price proposal to perform the work as outline in the 95% design is \$441,474.73. Attached is an itemized cost breakdown for your use and consideration.

Please note, procurement of requirement equipment after NTP will be 13 to 15 weeks for pumps and 6 weeks for the expansion tank.

Please feel free to call me if you would like to discuss further.

Sincerely,

Fritz Lausier  
Industrial Resources

CC: Bob Cummings, Glenn Samms, Peter Rasco, Thomas Jordan  
File: PWTP SharePoint Site (Serial Letters)

**PYRAMID HYPOCHLORITE PROJECT**  
**CCO #3 - ON-SITE CHLORINE GENERATION**

	DESCRIPTION	QUANTITY UNIT		LABOR			MATERIAL		EQUIPMENT		SUBS		\$ TOTAL
				MH'S	\$/MH	L/COST	\$/UNIT	M/COST	\$/UNIT	E/COST	\$/UNIT	\$/COST	
1	Site demolition - 3people @ 10hr days 3 days			120	\$95.00	11,400.00	0.00	0.00	0.00	0.00	0.00	0.00	11,400.00
2	concrete curb wall 18"x 4" 64" - 1.5 yds 4 people @ 10 hr/dy x 6 days (80 EA - 80 LBS BAGS)			240	\$95.00	22,800.00	0.00	0.00	0.00	0.00	0.00	0.00	22,800.00
3	set equipment 4 people @ 10hr days 5 days			200.0	\$95.00	19,000.00	0.00	0.00	0.00	0.00	0.00	0.00	19,000.00
4	pipe equipment - set pumps 4 people @ 10hr days 5 day			200	\$95.00	19,000.00	0.00	0.00	0.00	0.00	0.00	0.00	19,000.00
5	Travel Time 4 X 24			96	\$95.00	9,120.00	0.00	0.00	0.00	0.00	0.00	0.00	9,120.00
6	1 at 10 days project superintendent			80	\$95.00	7,600.00	0.00	0.00	0.00	0.00	0.00	0.00	7,600.00
7	Update O&M Manuals			15	\$95.00	1,425.00	0.00	0.00	0.00	0.00	0.00	0.00	1,425.00
	<b>MATERIALS</b>												
8	Tickets 4X	4	EA			0.00	1,500.00	6,000.00	0.00	0.00	0.00	0.00	6,000.00
9	1 Hotel Each Anchorage 4x 150 for travel delay	4	EA			0.00	150.00	600.00	0.00	0.00	0.00	0.00	600.00
10	1 ea AMTROL ASME 106 gal tank	1	EA			0.00	5,025.00	5,025.00	0.00	0.00	0.00	0.00	5,025.00
11	2ea GOULDS SV 120V TEFC # 1SV8FA3A60 pumps	2	EA			0.00	2,021.25	4,042.50	0.00	0.00	0.00	0.00	4,042.50
12	Concrete 80 bags	80	Bag			0.00	7.50	600.00	0.00	0.00	0.00	0.00	600.00
13	Wood for Forms	1	LS			0.00	1,500.00	1,500.00	0.00	0.00	0.00	0.00	1,500.00
14	misc. paint, fasteners, pipe and valves	1	LS			0.00	2,500.00	2,500.00	0.00	0.00	0.00	0.00	2,500.00
15	shipping 1 40' container Seattle to Dutch	1	LS			0.00	18,000.00	18,000.00	0.00	0.00	0.00	0.00	18,000.00
21	Misc Shipping	1	LS			0.00	1,500.00	1,500.00	0.00	0.00	0.00	0.00	1,500.00
12	housing for 4 people for 20 days 10% mkup	80	DAY			0.00	75.00	6,000.00	0.00	0.00	0.00	0.00	6,000.00
13	Per Diem 50 day each 4 x 20 days	80	DAY			0.00	50.00	4,000.00	0.00	0.00	0.00	0.00	4,000.00
14	Small Tools & Supplies	951	MHR			0.00	10.00	9,510.00	0.00	0.00	0.00	0.00	9,510.00
15	Minor Expensies (Cell, Expressage, Petty Cash)	951	MHR			0.00	4.00	3,804.00	0.00	0.00	0.00	0.00	3,804.00
	<b>EQUIPMENT</b>												
16	equipment - 1ea large extend all - 10days 2 weeks at 1000 O	2	wks			0.00	0.00	0.00	1,000.00	2,000.00	0.00	0.00	2,000.00
17	1ea small extendall - 10 days 2 weeks 2 weeks at 600 Owned	2	wks			0.00	0.00	0.00	600.00	1,200.00	0.00	0.00	1,200.00
18	1 ea scissor lift - 10 days 2 weeks 2 weeks at 400 each Own	2	wks			0.00	0.00	0.00	400.00	800.00	0.00	0.00	800.00
19	2 Pickup Truck 2 weeks at 300 week each Owned	4	wks			0.00	0.00	0.00	300.00	1,200.00	0.00	0.00	1,200.00
20	Jackhammer, tools Owned	1	LS			0.00	0.00	0.00	500.00	500.00	0.00	0.00	500.00
	<b>SUBCONTRACTOR</b>												
21	CETS	1	LS			0.00	0.00	0.00			204,900.00	204,900.00	204,900.00
22	Lausier Infrastructure	25	HR			0.00	0.00	0.00			175.00	4,375.00	4,375.00
23	KBA	1.0	LS			0.00	0.00	0.00			2,000.00	2,000.00	2,000.00
24	Mistras	1	LS			0.00	0.00	0.00			1,000.00	1,000.00	1,000.00
25	Bond	0.015	LS								371,401.50	5,571.02	5,571.02
	<b>NOTES</b>												
	Pumps are 13 to 15 weeks out once ordered												
	Expansion tank is 6 weeks out												
	Existing tooling left on site												
	<b>SUBTOTAL: DIRECT COST</b>			951		90,345.00		63,081.50		5,700.00		217,846.02	376,972.52
	FEE %					20%		20%		20%		15%	
	<b>SUBTOTAL: FEE</b>					18,069.00		12,616.30		1,140.00		32,676.90	64,502.20
	<b>TOTAL PRICE PROPOSAL</b>					108,414.00		75,697.80		6,840.00		250,522.93	441,474.73



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

THIS AGREEMENT is dated as of the 6<sup>th</sup> day of August 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 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 August 6, 2020.

