City of Missoula, Montana
Item to be Referred to City Council Committee

Committee:	**Public Works**
Item:	**Bid Award with Prospect Construction Inc., for the Lincoln Hills Water Tank Improvements**
Date:	November 29, 2021
Sponsor(s):	**Andrew Schultz**
Prepared by:	Ashley Stayer

Ward(s) Affected:

☐ Ward 1 ☐ Ward 4
☐ Ward 2 ☐ Ward 5
☐ Ward 3 ☐ Ward 6

☐ All Wards ☐ N/A

Action Required:
Award bit to Prospect Construction, Inc. for the Lincoln Hills Water Storage Tank Improvements Project

Recommended Motion(s):
I move the City Council: Award the bid for the Lincoln Hills Water Storage Tank Improvements Project to Prospect Construction, Inc. for an amount not to exceed $2,154,490.18 and authorize the return of bid bonds.

Timeline:

Referral to committee:	December 6, 2021
Committee discussion:	December 8, 2021
Council action (or sets hearing):	December 13, 2021
Public Hearing (if required):	N/A
Deadline:	N/A

Background and Alternatives Explored:
The Lincoln Hills Water Storage Tank Improvement Project is a water system improvement project that replaces two undersized aging metal tanks in the Lincoln Hills neighborhood. The existing water tanks include a fully buried metal tank and a freestanding metal tank. Preliminary engineering for this project in 2019 reviewed several construction methods including cast in place concrete, prestressed concrete and a hybrid bolted steel and concrete option. Based on capital construction cost estimates the cast in place concrete tank alternative was selected.

The cast in place concrete water storage tanks were bid in May of 2021. The low bid was provided by Prospect Construction for $2,101,217. The two bid prices that we received were significantly above the preliminary budget estimate of $1,367,171, and alternatives were again reviewed with prestressed concrete construction. Based on revised budgets from a vendor it appeared that construction costs for the prestressed concrete tank construction could be viable for a similar cost to that of the cast in place concrete. Prestressed concrete can have advantages for seismic resilience and minor cracking due the prestressed nature of construction. Based on the revised project construction cost estimates, the project design was modified and the project was rebid as prestressed concrete construction in October 2021. Two bids were received and

were again significantly higher than engineer estimates and the original May 2021 bid. DN Tanks had the low bid at $3,037,469.

Following receipt of bids on October 21, 2021 the City of Missoula was contacted by the apparent low bidder from the May 2021 bid, Prospect Construction. They stated a willingness to honor the original bid values if material, fuel and labor escalations from May 2021 to November of 2021 were honored. These escalation costs come to $53,273.18 which places the full contract amount for the cast in place tank at $2,154,490.18. Even with this increase this bid is still the low bid from the May 2021 bid. Due to material product inflation and lack of local/regional contractor interest in the project it is not likely that rebidding the project would result in lower bid prices over the next year. Further if the City elects to rebid the project, additional expense will be applied to the project for advertisements and bid administration.

It is in the best interest of the City of Missoula and the Missoula Water rate payers to award the construction contract of the cast in place concrete tank to Prospect Construction in the amount of $2,154,490.18 which is also the recommendation from the City's consultant engineer on the project, Morrison-Maierle.

Financial Implications:
$2,154,490.18 from the Water Enterprise fund via a State Revolving Fund (SRF) Loan

Links to external websites: N/A