



Request for Board Action

Attachment 6.5

Agenda Item: Request approval of the US SiteWork Inc bid and a Capital Grant Increase for the Southern Regional Treatment & Common Reuse Systems at Upper Harbor

Presenter: D. Kalmon

Meeting Date: March 12, 2024

Flexibility: ☐ Yes ☒ No

Estimated Time: ☐ Consent Agenda ☐ 10 Min. ☒ 15 Min. ☐ 30 Min. ☐ 45 Min. ☐ 1 Hour

Action Request: ☐ Information/Review ☒ Motion to approve ☐ Budget Change ☐ Other

Board Action: ☐ Approved ☐ Denied ☐ Tabled ☐ Accepted Report ☐ Other

Date of Action: March 12, 2024

Background

The Upper Harbor District System Reciprocal Easement Operating Agreement (REOA) was approved at the Board's special meeting in February 2023. The agreement includes \$10,711,931 in grant funding for capital projects, operations, maintenance, and professional services at the Upper Harbor site. This agreement was put in place to assure successful implementation of a District System that supports connected habitat, public places and surface stormwater throughout the 14 redevelopment projects that encompass the 50-acre site. Included in the REOA were funding commitments from the MWMO and Public Works for the Southern Regional Treatment and Common Reuse System.

The Southern Regional Treatment System and the Common Reuse Systems noted above are central to MWMO's ability to generate and cycle water through a system of connected habitat, public places, stormwater basins, and living streams which all exist at various design and completion levels throughout the site.

MWMO staff, Barr Engineering, Minneapolis Public Works, First Avenue, and United Properties started working together on the Southern Regional Treatment System design in May 2023. Final designs and bid

documents were completed and released for bid on February 16, 2024. Barr Engineering sent staff a recommended responsive bid from U.S. SiteWork, Inc., on Friday, March 8.

As noted at the January Board meeting, staff are anticipating the bids for MWMO's construction projects in 2024 and 2025 will come in 10 percent or greater than MWMO's current funding commitments in the REOA, resulting in an estimated total funding shortfall of **\$(3,202,512)**.

The table below, which includes the recent responsive bid for the Southern Regional Treatment System — Common Reuse System, is less than January's estimated total funding shortfall by \$75,660.

Recommended Responsive Bids & Proposed Revisions MWMO's REOA Funding Commitments						
	Engineer's Estimates			Recommended Responsive Bids		
Project Components	2022 60% Cost (Inflated by ENR Mpls Construction Index to December 2023, 0.3%)	Jan 2024 90% Opinion of Probable Cost	Difference	MWMO's Current REOA Funding Commitments	(Proposed) MWMO's Revised REOA Funding Commitments	Funding Shortfalls
Southern Regional Treatment System & Common Reuse System (Green Graphic)	\$2,788,340	\$3,975,000	\$(1,186,660)	\$2,000,000	\$3,416,000	\$(1,416,000)
Park Board Common Reuse System (Blue Graphic)	\$1,021,054	\$2,336,906	\$(1,315,852)	\$1,021,054	\$2,336,906	\$(1,315,852)
Estimate & Bid Subtotals	\$3,809,394	\$6,311,906	\$(2,502,512)	\$3,021,054	\$5,752,906	\$(2,731,852)
Additional Project Costs						
6% Contingency				\$0	\$345,000	\$(345,000)
Xcel Energy hook up				\$0	\$50,000	\$(50,000)
Additional Project Costs Subtotal				\$0	\$395,000	\$(395,000)
Grand Totals				\$3,021,054	\$6,147,906	\$(3,126,852)

The \$3,126,852 in cost overages in the table above exceeded MWMO's previously approved REOA funding by more than 10 percent, thus triggering the requirement for MWMO Board approval of the requested additional \$3,126,852 in funding for the Southern Regional Treatment System and the Common Reuse System projects.

Increased costs for the Southern Regional Treatment System (SRTS) resulted from:

- Additional 90 percent design system components, which were not present in the preliminary 30 percent design. These components include a diversion structure, pretreatment structures, upstream storage, and a storm sewer return line.
- The addition of pretreatment structures, required the underground storage to be pushed deeper, resulting in higher costs for construction.
- Even though the overall Minneapolis construction inflation costs have been low, the vendor prices for prefabricated concrete structures are significantly higher, in some cases we're seeing costs increase by 10% or more.

Increased costs for the Common Reuse System resulted from:

- A portion of cost represents increase on Parcel 2 from MPRB bids received in 2023. (*\$1,172,135 previously Board approval May 2023*).
- The piping, wet wells, and pumps needed to bring water from the SRTS into the recirculating system on the MPRB's Parcel 2 (Park).
- Additional structures along force mains for blow out valves.
- Electrical hook-up to Parcel 5 coming from 33rd.
- Pumping costs increased.
- Significant material cost changes since 2022 (greater than what inflation suggests).

By the end of 2025, expenditures to date, including this current request for \$3,126,852 will exceed the current capital grant limit of \$7,884,151 but not the overall \$10,711,931 grant limit which includes grants for professional services and operations and maintenance. We are currently on course to spend \$8,352,906 by end of 2025 (see table below). These costs may be eased a bit depending the final cost of these projects or if future bids come in lower. For example, to date some projects have come in lower than the initial engineers estimate, which will offset these current overages by \$300,000.

Estimated Upper Harbor expenditures by the end of 2025:

\$2,600,000 MPRB Riverbank & Overlook (under construction and within budget)
\$3,416,000 SRTS & Reuse (bid over \$1,416,000)
\$2,336,906 Common Reuse System (bid over \$1,315,852)
\$ 8,352,906

Given the circumstances at this time, staff is requesting for the Board to increase MWMO's grant commitment in the REOA for the Southern Regional Treatment System from \$2,000,000 to \$3,416,000 and for the Common Reuse System from \$1,021,054 to \$2,336,906 while maintaining the current *not to exceed* for Upper Harbor at \$10,711,931.

Mississippi Watershed Management Organization

RESOLUTION 2024-012

A RESOLUTION APPROVING AN INCREASE IN THE REOA'S GRANT COMMITMENT FOR THE COMMON REUSE SYSTEM AND THE SOUTHERN REGIONAL TREATMENT SYSTEM

WHEREAS, The MWMO's 10-Year Plan has established a goal to protect and improve the Mississippi River with implementation actions that improve habitat structure and ecosystem function within highly urban settings; and

WHEREAS, The Southern Regional Treatment System and the Common Reuse System will improve habitat in the Mississippi River Corridor Critical Area; and

WHEREAS, The Southern Regional Treatment System and the Common Reuse System will improve the quality of 75 acres of untreated stormwater before reaching the Mississippi River; and

WHEREAS, The Southern Regional Treatment System and the Common Reuse System will provide additional water to the downstream District System, improving the habitat on site and the aquatic ecosystem entering the Mississippi River; and

WHEREAS, MWMO staff are recommending U.S. SiteWork, Inc., as the successful responsive bidder with a bid of \$3,416,000 to construct the Southern Regional Treatment System and the Common Reuse System; and

WHEREAS, Sufficient cash will be available to the 2023–2025 expenses being requested for the Upper Harbor project; and

WHEREAS, Staff recommends the Board of Commissioners approve the following increases to grant commitments within the Upper Harbor District System Reciprocal Easement and Operating Agreement (REOA): raising the Common Reuse System grant commitment to \$2,336,906 and raising the Southern Regional Treatment System grant commitment to \$3,416,000 while maintaining the current not-to-exceed for Upper Harbor at \$10,711,931.

NOW THEREFORE BE IT RESOLVED, the MWMO Board of Commissioners approves U.S. SiteWork, Inc., as the successful responsive bidder with a bid of \$3,416,000 to construct the Southern Regional Treatment System and the Common Reuse System and approves the following increases to grant commitments within the Upper Harbor District System Reciprocal Easement and Operating Agreement (REOA): raising the Common Reuse System grant commitment to \$2,336,906 and raising the Southern Regional Treatment System grant commitment to \$3,416,000 while maintaining the current *not-to-exceed* for Upper Harbor at \$10,711,931.

Adopted this 12th day of March, 2024.

Review for the Board: _____

Randy Stille, Chair

Review for Administration: _____

Kevin Reich, Executive Director