

## AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission  
From: Jeremy Howard, City Manager  
Date: June 15, 2023  
Regarding: Approval of Construction Contract – Michigan Economic Development Corporation (MEDC) Community Development Block Grant (CDBG) Water Resources Infrastructure (WRI) Grant Project

For the Agenda of June 19, 2023

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**Background.** In October of 2022, the City of Clare was awarded a \$2.77 million dollar grant (2 million in grant funds and 770,000 in city matching funds (match amount was increased earlier this year to \$954,490 with the price changes to the project related to SCADA)) from the MEDC CDBG WRI program for the construction of a new water well, water treatment facility improvements, new chemical feed system, electrical updates, lab updates, new backwash and retention tanks, new and integrated SCADA system, replacement of high service pumps and other water-related infrastructure improvements.

In consultation with the engineering staff of Gourdie-Fraser, the construction component of the project was bid out with bids received on April 27, 2023. As reflected in the memo and bid tabs (*att'd*) from the City's Engineer Gordie-Fraser, the city received bids from only one vendor. The original bid estimate for the construction costs for this project based on cost estimates gathered in 2022 was a little over 2 million. The bid received for the project was just under 3.55 million from RCL Construction, Inc. based out of Sanford, MI. GFA and staff completed an extensive review of the bid documents submitted and as explained in detail in the GFA memo undertook the process of value engineering the project. That work resulted in a reduction in the cost of just under \$600,000. RCL is in agreement to reduce their bid based on the value engineering changes and GFA and staff are now making a recommendation to award the bid to RCL Construction, Inc. in the amount of \$2,953,281.

The City Commission is asked to approve the bid and authorize the expenditure of funds for the project, to authorize the City Manager and/or Mayor to sign any and all documents necessary to complete this project, and authorize the City Treasurer/Finance Director to make any and all necessary budget amendments.

The City Commission is also asked to approve a revised resolution (*att'd*) with the new updated matching fund amount for the grant and the source of funding for that match.

***Issues & Questions Specified.*** Should the City Commission approve the bids and authorize the expenditure of funds related to the Construction Contract for the Michigan Economic Development Corporation (MEDC) Community Development Block Grant (CDBG) Water Resources Infrastructure (WRI) Grant Project?

***Alternatives.***

1. Approve the bids and authorize the expenditure of funds in the amount of the bid offered by RCL Construction, Inc.
2. Approve the bids and authorize the expenditure of funds in an amount commensurate with one of the other bidders.
3. Direct the solicitation of new bids.
4. Direct this project not be completed.
5. Set aside decision regarding this matter to a subsequently scheduled public meeting.

***Financial Impact.*** The City Treasurer has verified that the City has funds for this project in the in the water fund in combination with some additional funds from the General Fund and funds that should be received by the PRP's for their portion of the cost of the project.

Recommendation. I recommend that the City Commission approve the bid and authorize the expenditure of funds in the amount of \$2,953,281, and award the work to RCL Construction, Inc. for this project by adoption of Resolution 2023-045 (*copy att'd*). I would also recommend that the City Commission approve a new resolution (*att'd*) with the updated matching fund amounts for the grant and the source of funding for that match by adoption of Resolution 2023-046.

Attachments.

1. Bid Tab.
2. Memo from City Engineer.
3. Resolution 2023-045.
4. Resolution 2023-046.



June 13, 2023

City Commission  
City of Clare  
202 W. Fifth Street  
Clare, MI 48617

Re: City of Clare  
Letter of Recommendation for the 2023 Water Treatment Facility Upgrades  
GFA #22253

Dear Commissioners:

We have reviewed the bids received on April 27, 2023 for the above referenced project. The sole responsive bidder to the project and their base bid price is summarized as follows:

	<i><b>Bid</b></i>
1. RCL	<b>\$3,545,240.00</b>

Upon review of the bid prices, the total project came in exceptionally higher than anticipated as the original engineer estimate was \$2,078,790. The cost estimate was originally generated in March 2022 and was based upon quotes from the specified equipment manufacturers along with multipliers to account for installation at that time.

Gourdie-Fraser evaluated the received bid and inquired with the bidder to provide some explanation for price discrepancy and high prices. From our experience the current bidding market is volatile with rising equipment prices. Secondly, the lack of available labor and materials in addition to fuel price increases also are contributing to the increased bid price received. To further compound, the project has multiple facets and unfortunately the funding source for this project, CDBG MEDC required it to be bid and managed as one (1) contract rather than broken up into divisions. This consolidation required the prime General Contractor to utilize multiple subcontractors thus adding additional complexity and markups to the project bid prices and excluded smaller qualified contractors from bidding. This was supported by the lack of bids submitted for this project. Typically, the City receives on average two (2) to three (3) competitive bids from local contractors whereas this project there was one (1).



Despite the unanticipated high costs, this project represents a unique opportunity for the City to pursue much needed improvements to the existing treatment facility and increase water supply capacity in the system with the aid of grant funds. Therefore, GFA along with City staff began to evaluate the project and work with the sole bidder on Value Engineering. This process identified essential and non-essential components of the project. The essential components of the project were those identified in that are crucial to ensure long term operations of critical infrastructure including upgrades, rehabilitation and/ or replacement to remain in compliance with EGLE and ensure quality / quantity water supply to your customers. Non-essential components of the project were those deemed desirable but not mandatory and/or could be completed by staff at a later date. Attached for your review is the original bid tab and revised bid tab reflecting the Value Engineering and cost reductions as coordinated with RCL Construction. The major components eliminated and/or amended to provide the cost savings are identified below:

- Re-use of the existing conductors for the Motor Control Centers
- Elimination of the removal the abandoned Filter #4 (To be completed at later date)
- Elimination of the Gravel Access to proposed Well #10 (To be completed at later date)
- Elimination of Traffic Control for the watermain (To be provided by the City Staff)
- Upgrades and Rehabilitation of High Service Pumps rather than complete replacement
- Reduction of Wellhouse sizing and piping configuration changes for proposed Well #10
- Elimination of built in contingencies of watermain line for Proposed Well #10

Overall, this process of review and Value Engineering generated a cost reduction to the overall base bid of \$591,959.

GFA has extensive past working experience with RCL and can attest they provide an exceptional quality project for the City. Therefore, considering the information presented above and the continually rising prices coupled with the need for this project, it is our recommendation that the City accept the amended bid of \$2,953,281 to complete the project. GFA will be providing all construction administration and oversight to ensure compliance with City standards and evaluate for cost saving measures as the project progresses.

Please contact me if you have any questions.

Very truly yours,  
Gourdie-Fraser, Inc.

A handwritten signature in blue ink, appearing to read 'Jennifer A. Graham'.

Jennifer A. Graham, P.E.  
Project Manager

enclosures

**Bid Results**  
**CITY OF CLARE**  
**2023 Water Treatment Facility Upgrades**  
**GFA Project No. 22253**

Item No.	Description	Unit	Estimated Quantity	RCL	
				Bid Unit Price	Bid Price
<b>WELL AND WELL HOUSE</b>					
1	Mobilization	LS	1	\$ 90,800.00	\$ 90,800.00
2	Type I Production Well # 10	LS	1	\$ 139,800.00	\$ 139,800.00
3	Monitoring Well, 5"	EA	2	\$ 19,000.00	\$ 38,000.00
4	Performance Testing	LS	1	\$ 23,000.00	\$ 23,000.00
5	Well House Building	SF	250	\$ 366.00	\$ 91,500.00
6	Well House Piping, Valves, & Fittings	LS	1	\$ 109,400.00	\$ 109,400.00
7	Production Well #10 Equipment	LS	1	\$ 48,900.00	\$ 48,900.00
8	Site Electrical Service Allowance	LS	1	\$ 70,000.00	\$ 70,000.00
9	Wellhouse Instrumentation	LS	1	\$ 23,700.00	\$ 23,700.00
10	Well House Electrical/HVAC	LS	1	\$ 98,000.00	\$ 98,000.00
11	Well House Access Drive	SY	450	\$ 115.00	\$ 51,750.00
12	Well House Security Fence & Gates, 8' High	LS	1	\$ 20,700.00	\$ 20,700.00
13	Site Restoration	LS	1	\$ 8,600.00	\$ 8,600.00
<b>WATER MAIN</b>					
1	Mobilization	LF	1	\$ 193,000.00	\$ 193,000.00
2	8" Water Main, C900 DR 18	LF	3,700	\$ 160.00	\$ 592,000.00
3	8" Water Main, HDPE, Directional Drill	LF	900	\$ 240.00	\$ 216,000.00
4	8" Gate Valves & Boxes	EA	5	\$ 3,450.00	\$ 17,250.00
5	Tapping Sleeves & Valve, 10"	EA	1	\$ 8,600.00	\$ 8,600.00
6	Asphalt, Road Replacement	SY	1,600	\$ 64.00	\$ 102,400.00
7	Asphalt, Drive Replacement	SY	400	\$ 66.00	\$ 26,400.00
8	Gravel, Road Replacement	SY	2,700	\$ 16.50	\$ 44,550.00
9	Gravel, Drive Replacement	SY	400	\$ 12.50	\$ 5,000.00
10	Curb & Gutter Replacement	LF	900	\$ 51.00	\$ 45,900.00
11	5" Concrete Sidewalk Replacement	SF	3,300	\$ 10.30	\$ 33,990.00
12	Concrete, Driveway Restoration	SF	2,200	\$ 11.50	\$ 25,300.00
13	Tree Replacement	EA	10	\$ 3,450.00	\$ 34,500.00
14	Traffic Control	LS	1	\$ 34,500.00	\$ 34,500.00
15	Site Restoration	LS	1	\$ 57,500.00	\$ 57,500.00
<b>WATER TREATMENT FACILITY</b>					
1	Mobilization	LS	1	\$ 63,000.00	\$ 63,000.00
2	Main Motor Control Center Removal and Replacement	LS	1	\$ 283,000.00	\$ 283,000.00
3	Main Circuit Breaker Removal and Replacement	LS	1	N/A - Included	N/A - Included
4	Chlorine Feed Equipment Removal and Replacement	LS	1	\$ 65,200.00	\$ 65,200.00
5	Fluoride Feed Equipment Replacement	LS	1	\$ 62,000.00	\$ 62,000.00
6	Phosphate Feed Equipment Replacement	LS	1	\$ 70,500.00	\$ 70,500.00
7	High Service Pump & Motor Replacement	EA	2	\$ 203,000.00	\$ 406,000.00
8	High Service Pump Variable Frequency Drive	EA	2	N/A - Included	N/A - Included
9	WTF Instrumentation	LS	1	\$ 23,000.00	\$ 23,000.00
10	Backwash Tank Improvements	LS	1	\$ 56,800.00	\$ 56,800.00
11	Pressure Filter #4 Removal	LS	1	\$ 38,000.00	\$ 38,000.00
12	Overflow Discharge Piping Restraint and Bury	LS	1	\$ 11,500.00	\$ 11,500.00
13	Retention Tank Improvements	LS	1	\$ 99,800.00	\$ 99,800.00
14	Chemical Feed Room HVAC, Electrical Plumbing Improvements	LS	1	\$ 39,500.00	\$ 39,500.00
15	Chlorine Room HVAC, Electrical and Plumbing Improvements	LS	1	\$ 24,700.00	\$ 24,700.00
16	Lab Furniture Replacement	LS	1	\$ 24,800.00	\$ 24,800.00
17	Lab Equipment Allowance	LS	1	\$ 2,000.00	\$ 2,000.00
18	WTF SCADA – Controls & Programming Upgrade Coordination	LS	1	\$ 11,300.00	\$ 11,300.00
19	Well No. 8 Security Fence & Gates, 8' High	LS	1	\$ 11,100.00	\$ 11,100.00
20	Site Restoration	LS	1	\$ 2,000.00	\$ 2,000.00
				<b>TOTAL OF BID</b>	<b>\$ 3,545,240.00</b>

**Bid Results**  
**CITY OF CLARE**  
**2023 Water Treatment Facility Upgrades - RCL VE**  
**GFA Project No. 22253**

Item No.	Description	Unit	Estimated Quantity	RCL	
				Bid Unit Price	Bid Price
<b>WELL AND WELL HOUSE</b>					
1	Mobilization	LS	1	\$ 90,800.00	\$ 90,800.00
2	Type I Production Well # 10	LS	1	\$ 139,800.00	\$ 139,800.00
3	Monitoring Well, 5"	EA	2	\$ 19,000.00	\$ 38,000.00
4	Performance Testing	LS	1	\$ 23,000.00	\$ 23,000.00
5	Well House Building -SIZE ADJUSTMENT	SF	200	\$ 366.00	\$ 73,200.00
6	Well House Piping, Valves, & Fittings - REARRANGE / ELMINATE	LS	1	\$ 86,611.00	\$ 86,611.00
7	Production Well #10 Equipment	LS	1	\$ 48,900.00	\$ 48,900.00
8	Site Electrical Service Allowance	LS	1	\$ 70,000.00	\$ 70,000.00
9	Wellhouse Instrumentation - REMOVE TRANSDUCERS	LS	1	\$ 21,000.00	\$ 21,000.00
10	Well House Electrical/HVAC	LS	1	\$ 98,000.00	\$ 98,000.00
11	Well House Access Drive - REMOVE	SY	0		\$ -
12	Well House Security Fence & Gates, 8' High	LS	1	\$ 20,700.00	\$ 20,700.00
13	Site Restoration	LS	1	\$ 8,600.00	\$ 8,600.00
<b>REDUCTION</b>					<b>\$ 397,711.00</b>
<b>WATER MAIN</b>					
1	Mobilization	LF	1	\$ 193,000.00	\$ 193,000.00
2	8" Water Main, C900 DR 18 - 10% OVERAGE	LF	3,400	\$ 160.00	\$ 544,000.00
3	8" Water Main, HDPE, Directional Drill	LF	900	\$ 240.00	\$ 216,000.00
4	8" Gate Valves & Boxes	EA	5	\$ 3,450.00	\$ 17,250.00
5	Tapping Sleeves & Valve, 10"	EA	1	\$ 8,600.00	\$ 8,600.00
6	Asphalt, Road Replacement - 10% Overage	SY	1,450	\$ 64.00	\$ 92,800.00
7	Asphalt, Drive Replacement - 10 % Overage	SY	360	\$ 66.00	\$ 23,760.00
8	Gravel, Road Replacement - 10% overage	SY	2,450	\$ 16.50	\$ 40,425.00
9	Gravel, Drive Replacement - 10% overage	SY	360	\$ 12.50	\$ 4,500.00
10	Curb & Gutter Replacement - 10% overage	LF	810	\$ 51.00	\$ 41,310.00
11	5" Concrete Sidewalk Replacement - 10% overage	SF	3,000	\$ 10.30	\$ 30,900.00
12	Concrete, Driveway Restoration - 10% overage	SF	2,000	\$ 11.50	\$ 23,000.00
13	Tree Replacement - remove	EA	0	\$ 3,450.00	\$ -
14	Traffic Control - Reduce	LS	1	\$ 10,000.00	\$ 10,000.00
15	Site Restoration	LS	1	\$ 57,500.00	\$ 57,500.00
<b>REDUCTION</b>					<b>\$ 1,042,545.00</b>
<b>WATER TREATMENT FACILITY</b>					
1	Mobilization	LS	1	\$ 63,000.00	\$ 63,000.00
2	Main Motor Control Center Removal and Replacement - REUSE CONDUCTORS	LS	1	\$ 280,000.00	\$ 280,000.00
3	Main Circuit Breaker Removal and Replacement	LS	1	Included	included
4	Chlorine Feed Equipment Removal and Replacement	LS	1	\$ 65,200.00	\$ 65,200.00
5	Fluoride Feed Equipment Replacement	LS	1	\$ 62,000.00	\$ 62,000.00
6	Phosphate Feed Equipment Replacement	LS	1	\$ 70,500.00	\$ 70,500.00
7	High Service Pump & Motor Replacement - USE ALT PUMP	EA	2	\$ 47,200.00	\$ 94,400.00
8	High Service Pump Variable Frequency Drive	EA	2	Included	included
9	WTF Instrumentation - REMOVE	LS	1	\$ 13,025.00	\$ 13,025.00
10	Backwash Tank Improvements	LS	1	\$ 56,800.00	\$ 56,800.00
11	Pressure Filter #4 Removal - REMOVE	LS	0		\$ -
12	Overflow Discharge Piping Restraint and Bury	LS	1	\$ 11,500.00	\$ 11,500.00
13	Retention Tank Improvements	LS	1	\$ 99,800.00	\$ 99,800.00
14	Chemical Feed Room HVAC, Electrical Plumbing Improvements	LS	1	\$ 39,500.00	\$ 39,500.00
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16	Lab Furniture Replacement	LS	1	\$ 24,800.00	\$ 24,800.00
17	Lab Equipment Allowance	LS	1	\$ 2,000.00	\$ 2,000.00
18	WTF SCADA – Controls & Programming Upgrade Coordination	LS	1	\$ 11,300.00	\$ 11,300.00
19	Well No. 8 Security Fence & Gates, 8' High	LS	1	\$ 11,100.00	\$ 11,100.00
20	Site Restoration	LS	1	\$ 2,000.00	\$ 2,000.00
<b>TOTAL OF BID</b>					<b>\$ 2,953,281.00</b>

\$ 718,611.00

\$ 1,303,045.00

\$ 931,625.00

**RESOLUTION 2023-045**

**A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING PROPOSED CONTRACT FOR A CONSTRUCTION CONTRACT FOR THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC) COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) WATER RESOURCES INFRASTRUCTURE (WRI) GRANT PROJECT WITH RCL CONSTRUCTION, INC.**

**WHEREAS**, the City of Clare applied to the Michigan Economic Development Corporation (MEDC) for a \$2.77 million-dollar (original application amount) Community Development Block Grant (CDBG) Water Resource Infrastructure (WRI) grant; and

**WHEREAS**, the City solicited bids for the construction portion of the project; and

**WHEREAS**, the City received one bid; and

**WHEREAS**, City Staff have reviewed said bid for compliance with bid specifications and City requirements and has subsequently recommended that the City Commission approve the bid and award the construction project to RCL Construction Inc.; and

**WHEREAS**, the City Commission has reviewed and considered said recommendation and deemed it reasonable, appropriate, prudent, and in the best interests of the City.

**NOW THEREFORE BE IT RESOLVED THAT** the Clare City Commission hereby approves the bid of RCL Construction Inc. and authorizes the expenditure of \$2,953,281 in City funds for the construction portion of the WRI project of which \$2,000,000 is being funded by a Michigan Economic Development Corporation (MEDC) Community Development Block Grant (CDBG) Water Resource Infrastructure (WRI) grant.

**BE IT FURTHER RESOLVED THAT** the Clare City Commission authorizes the City Treasurer to complete all necessary budget amendments and the Mayor and/or the City Manager to execute any and all documents related to said contractual agreements on behalf of the City of Clare.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:

**YEAS:**

**NAYS:**

**ABSENT:**

**Resolution approved for adoption on this 19<sup>th</sup> day of June, 2023.**

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**Diane Lyon, City Clerk**

**RESOLUTION 2023-046**

**AN AUTHORIZING RESOLUTION OF THE CLARE CITY COMMISSION IN RELATION TO A MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC) COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) WATER RESOURCES INFRASTRUCTURE (WRI) GRANT PROJECT.**

**WHEREAS**, the Michigan Strategic Fund has invited Units of General Local Government to apply for its Water-Related Infrastructure (WRI) Competitive Funding Round; and

**WHEREAS**, the City of Clare desires to request two million dollars (\$2,000,000) in CDBG funds for a Water-Related Infrastructure (WRI) Grant for water system improvements including the installation of a Type I Water Well (Well No. 10) and transmission lines, upgrades to the Water Treatment Plant including electrical, high service pumps, SCADA, and Asset Management / Record drawings; and

**WHEREAS**, the (UGLG) commits additional local funds from its water fund and general fund in the amount of \$1,867,626; and

**WHEREAS**, the proposed project is consistent with the local Community Development Plan as described in the Application; and

**WHEREAS**, the proposed project will benefit all residents of the project area and 51% percent of the residents of the City of Clare are low and moderate-income persons as determined by the Census Data provided by the US Department of Housing and Urban Development; and

**WHEREAS**, local funds and any other funds to be invested in the project will not be obligated/incurred prior to a formal grant award, completion of the environmental review procedures, and/or a formal written authorization to obligate/incur costs from the Michigan Economic Development Corporation.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Clare hereby designates the City Manager as the Environmental Review Certifying Officer, the person authorized to certify the Michigan CDBG Application, the person authorized to sign the Grant Agreement and payment requests, and the person authorized to execute any additional documents required to carry out and complete the grant.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**

**ABSENT:**

**Resolution approved for adoption on this 19th day of June, 2023.**

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**Diane Lyon, City Clerk**