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**WATER POLLUTION CONTROL****MEMORANDUM**

To: Gregg Mandsager, City Administrator

Cc: Nancy Lueck, Finance Director  
Fran Donelson, Secretary

From: Jon Koch, Director WPCP

Date: November 14<sup>th</sup>, 2013

Re: Lab Annex Change Order #2

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**INTRODUCTION:** Heat recovery coils, piping, pumps and controls are needed for efficient function of the new HVAC system being installed for the new Laboratory Annex.

**BACKGROUND:** The Lab Annex Project was bid with the heat recovery system as an alternate to help reduce costs. Upon further investigation, it has been determined that over the lifetime of the system, installing this unit will save energy costs above the cost of the unit. The system was originally removed from the bid in hopes of finding a less expensive alternative but none was found. Due to the large air turn-over required to vent noxious chemicals, the heat recovery system needs to be part of the HVAC system. The cost for the system to be installed is \$23,472.

Several items were left out of the bidding for the project due to the specialized nature of lab equipment and to avoid contractor mark-ups of 15%. These items include lab testing equipment, casework and furniture. All of these items fall under the purview of the project and will be brought to council in the near future.

The estimate for all additional items is approximately \$123,926. Total cost of the project is coming in under the \$744,000 engineering estimate for the entire project. This project is being funded from the WPCP Replacement Reserve.

**RECOMMENDATION/RATIONALE:** Staff recommends approval of change order #2 to purchase a heat recovery system for the Laboratory Annex Project in the amount of \$23,472.

**BACKUP INFORMATION:**

1. Additional costs narrative
2. Notes from Finance Director Nancy Lueck

1. Additional Cost narrative:

November 14<sup>th</sup>, 2013

**Additional Anticipated Costs Narrative  
Lab Annex Project**

**Engineering:** The supplemental contract with Stanley estimates an additional \$10,000 for engineering costs for final inspections and any structural verifications. We have currently spent \$75,000 in engineering and design.

**Construction:** The contract for construction is \$483,108. With the two change orders the total is \$508,720. No other significant change orders are anticipated as the foundation is in and all equipment is on order with the contractor.

**Equipment:** The casework for the lab has been approved and ordered for \$84,126. Additional furniture including an office desk system for the chemist office, lab chairs, lab stools, storage fixtures and safety mats is approximately \$8,000. The distillation unit to reduce noxious fumes is approximately \$7,500. The new lab muffle furnace has been purchased for \$6,300. A BOD bottle dishwasher is \$12,000 but will eliminate the need to buy disposable BOD bottles at a cost of \$10,000 a year. Running fiber optic communications to the new lab means moving a great deal of equipment. Re-locating all plant IT equipment to the new clean IT Room (a vacated storage closet in the old lab) now would be prudent. If we wait, all connections will have to be re-done when equipment is moved to the new IT Room. We are receiving a bid from the electricians working on the Lab Annex Project but estimates are around \$6,000.

Engineering	\$85,000
Construction	\$508,720
Equipment	\$123,926
Total Cost	\$717,646 (projected)
Estimate	\$744,000

Original bid estimates ranged from \$680,000 to \$1.5 million. Low original estimate for \$680,000 was raised to \$900,000 once the first engineering firm (Snyder) was hired. Working with Stanley we have reduced this to the current \$744,000 estimate.

2. Notes from Finance Director Nancy Lueck:

Attached is the WPCP Lab actual and estimated cost summary. In my notes from last year I didn't have a breakout other than contract and engineering, but had a total of \$614,500 excluding the Snyder & Assoc. payments. Jon's project cost estimate at the time the contract was awarded was \$687,000. I concur with his re-estimate of \$717,600 IF the equipment he requests is added. I'm not sure all those items though were in the original project budget - distillation unit, muffle furnace, BOD bottle washer for a total of \$25,727.

This project is funded from the WPCP Replacement Reserve. With the added cost that reserve fund balance would be \$1,482,152 on 6-30-15 compared to the \$1,552,303 in the original budget. This is \$70,151 lower than the budgeted balance.