Contact: Nick Hernandez
Phone: (620) 441-4415
Fax: (620) 441-0869
nhernandez@arkansascityks.gov

City Manager's Office
City of Arkansas City
118 W. Central Ave.
Arkansas City, KS 67005

Press Release

City Commission considers bids for new Water Treatment Facility

Contract for $16.816M could be awarded Tuesday night to Walters-Morgan

ARKANSAS CITY, Kan. (March 21, 2016) — The City Commission of Arkansas City during a special meeting Tuesday night will consider entering into a contract with Walters-Morgan Construction, Inc., of Manhattan, to construct a new water treatment facility at 400 W. Madison Ave.

The meeting will be in the commission room at City Hall, 118 W. Central Ave. It is open to the public.

The contract would be for an amount not to exceed $16,815,905 for construction and equipment.

Citizen concerns regarding the project have revolved around the loan of up to $22 million needed to pay for the project, in light of recent financial difficulties at South Central Kansas Medical Center.

But City officials are concerned that delaying the project any further — especially when current construction prices are some of the lowest in recent memory, making this an ideal climate for a large construction project, as evidenced by the competitive bids that were received — exposes the City to risk.

The existing Water Treatment Facility at 513 W. Washington Ave. already has been extended past its useful life, which is becoming increasingly evident with each new breakdown.

Last week, an electrical failure at the facility's high-service pump station knocked out power to that part of the distribution system for nearly four hours. The risk of water shortages and production disruption was highlighted by the event, but such an outcome would be considerably less likely with the addition of backup power generation, which is a planned feature of the new water treatment facility.

Also last week, a drive and gearbox on the recently repaired primary clarifier broke down. This is one of the least disruptive failures the current plant can experience, because the secondary clarifier is capable of picking up most of the load. But it emphasizes the need for continued maintenance of the current facility until a new plant can be activated in late 2017.

For immediate release

more

Public Works Department staff will present more information at Tuesday's meeting about critical repairs that potentially could be needed to sustain the current plant until that time.

Most concerning to City officials is the prospect of an equipment failure where the existing plant does not have redundancy or a catastrophic failure at the plant that halts the City's ability to provide clean, healthy water to customers.

Paying for such contingencies also would become much more difficult if the project is delayed, because the City has expended $3,634,750 to date on the new plant project and is expecting a reimbursement out of the loan once the first draw of funds is made.

If the opportunity to reimburse the reserves with loan funds is lost, it would diminish the City's ability to respond to any critical failures at the current plant or replace aging water lines that are the cause of ongoing "red water" complaints throughout Arkansas City.

History of project

The City of Arkansas City began looking seriously at the possibility of rehabilitating or replacing its current water treatment plant — parts of which were constructed in the 1950s and 1970s, while its clearwell dates to more than 100 years ago — in the early part of the last decade.

In 2006, MKEC was contracted to study what it would take to rehabilitate the existing plant. This study, which estimated the cost at $13.669 million, did not take into account non-component and non-construction costs. It is estimated that the same project would cost $17.697 million in today's dollars.

PEC was contracted in 2012 to update the MKEC study and take those added costs into account. It determined the new cost of rehab would be $20.775 million (or $21.748 million in today's dollars). PEC also was asked to price the costs of a new conventional treatment plant and a new membrane plant.

The new conventional lime-softening plant was priced at $24.352 million ($25.492 million today), while the new membrane plant was estimated at $29.44 million ($30.819 million today). Based on the overall findings of the study, the City Commission directed staff to pursue a design-build option for a new membrane plant, but also instructed staff to do whatever was needed to reduce its cost.

CDM Smith and Burns & McDonnell

more

The addition of CDM Smith to the project in 2013 helped to reduce the cost of a new membrane plant to an estimated $26.202 million ($26.944 million in today's dollars), thanks to switching to a design-bid-build process and evaluating other aspects of the overall water system, such as source water.

But the City Commission only approved applying for a loan from the State of Kansas for $22 million, which meant more efficiencies needed to be identified before the project could proceed any further.

Burns & McDonnell was brought on board in 2014 to find cost savings in the project. It found ways to eliminate the deep injection of waste, separate the bid packages for the new clearwell and waste disposal line to save some mobilization dollars, and reclassify the City's source water.

This last step allowed for a savings of $1.449 million by switching from microfiltration to Greensand filters, plus added savings from removing a de-gasifier, chlorine contact basin and transfer pump station.

All told, Burns & McDonnell identified approximately $4.1 million in savings from CDM's estimate.

Project overview

The new water treatment facility will use new technology to produce a higher quality of water more efficiently, effectively reducing operating costs by approximately 20 percent over the existing plant.

This project was split into four phases to save on general contractor markup costs.

The first phase, construction of a 1.5-million-gallon pre-stressed concrete tank for an amount not to exceed $1.672 million, is expected to be completed within the next month. Construction time on the new clearwell was less than a year total.

The second phase, pre-procurement and piloting of the plant's reverse osmosis and Greensand equipment, was completed late last summer, with contracts awarded to Hungerford & Terry for the Greensand and H_2O Innovation for the RO filters, for a total amount not to exceed $3.374 million.

This cost will be added to Walters-Morgan's base bid for plant construction, Phase 3, which was $13.5 million. The total cost of plant and equipment would be $16,815,905. An alternate bid of $58,380 would have to be added to the total base bid to include fluoridation of water in the new plant's operations.

Walters-Morgan was the low bidder on the project. Wichita-based Utility Contractors, Inc. was the next lowest, at $17.297 million, while Columbus-based Crossland Heavy Contractors, Inc. bid at $17.447 million and Wildcat Construction Co., Inc., also of Wichita, projected its cost at $18.125 million.

more

The final phase of the project, construction of a $1.243 million waste-stream pipeline from the new plant to the Wastewater Treatment Facility, is scheduled to have bids opened in August.

If Walters-Morgan is awarded the construction contract, work would begin in May, with substantial completion by August 2017. Final completion and startup would be September or October 2017.

In other business Tuesday, the City Commission will consider:

- Mayor Chad Giles' appointments to several City advisory boards. Staff has recommended tabling any appointment decisions until the commission's regular meeting April 5.
- A resolution authorizing the City to enter into a voluntary annexation agreement with Arkansas City Industries, Inc. for parcels at 101 and 102 Goff Industrial Park Road. The agreement allows for immediate annexation, but phases in the City's additional taxes over a 10-year period. If approved, the voluntary annexation would go to the Planning Commission for a public hearing.