

Town of Oakesdale
TOWN COUNCIL SPECIAL MEETING MINUTES
For
May 11, 2021

- I. **CALL TO ORDER:** Mayor Dennis Palmer called the council meeting to order at 7:00 p.m.
- II. **ROLL CALL:** Mayor Dennis Palmer, Randy Robinson, Tom Crooks and Bill Auvil. Councilmen Al Evans and Tom Johnson were not in attendance. Also present was Mary DeGon, Clerk/Treasurer.
- III. **INTRODUCTION OF GUESTS:** Steve Marsh, TD&H Engineering
- IV. **WATER PROJECT:** On May 5th for the water project bid opening, we received two bids: NNAC in the amount of \$2,196,958.61 and S&L Underground in the amount of \$2,669,256.28. We have approximately \$2.1 million for construction. Ideally, we were hoping bids would come in around \$1.9 million which would leave about \$200,000 (10%) for change orders during construction. But that did not happen in this case. The cost of almost everything related to construction costs have gone up substantially this past year due to the pandemic. The price of plastic pipe has increased by 33% in the past three months. There is a nationwide shortage of plastic pipe and that is what is specified in our construction plans. This is one of the many reasons the bids came in higher than expected. The next issue is availability of plastic pipe for our water project. Pipe suppliers simply cannot obtain it. This project has approximately 11,000 feet of plastic pipe which is a sizeable amount. The low bidder, NNAC's pipe supplier provided them a bid price for pipe on May 4th and they could only hold that price for seven days. After today, their pipe costs will change. They had to order the pipe today to get delivery of the pipe by June 20th. NNAC has to hold their bid price to the Town for 45 days.

We have four options due to the minimum bid being higher than projected by the engineers and DOH:

- 1) **Cost Reduction** – NNAC looked at reducing some of the cost of the project including removing the bollards around the fire hydrants, remove water sampling stations, re-use all current water meters and reduce the size of the casing underneath the railroad and creek crossings. The total savings would equal \$40,915 (1.9% of bid). This does not justify the removal of those items.
- 2) **Award the contract and ask DOH for a \$400,000 loan** – Loan fee could be around 1% of the loan with an interest rate of 1.75%. The term of the loan would be 20 years. No water rate increase would be needed to cover the expense of the loan since rates were just increase by \$15 per connection per month. The results would be a total cost of the water project \$3,038,600 of which 87% is grant and 13% is loan.

- 3) Reduce scope of work to match construction funding – We would need DOH approval and we would have to re-bid the project and advertise the bidding process again. This would likely take 3 months and we would be opening bids in August for construction later this year. We would likely get even higher bids than what we have right now.
- 4) Reject all bids and re-advertise in the fall of 2021 for spring construction – This option comes as a risk to the Town. Per DOH contract documents, the Town has 18 months from time of the contract being signed with DOH to the time the Town must issue a Notice-To-Proceed (NTP) to the contractor. The effective date of the agreement is 12/1/20 which means the Town must issue the NTP by 06/01/22. We do have time to re-advertise.

Steve reminded the council that the risk for Option #4 could end up with higher bids compared to what we received this first go around. The general, long term trend is prices go up over time with short peaks and valleys along the way. They have been asking pipe suppliers what the forecast holds and they say in the short term, pipe prices will continue to escalate but nobody will dare to forecast what next year will look like. Council members had several questions for Steve and a discussion about the four options. Randy Robinson made the motion to choose Option #2 asking DOH for a \$400,000 loan for the water project to be completed in the scope as it was engineered. Bill Auvil seconded the motion, all council members voted yes – **motion passed.**

- V. **ADJOURNMENT:** Bill Auvil made the motion to adjourn the council meeting at 7:45 p.m. Tom Crooks seconded the motion, all council members voted yes – **motion passed.**

MAYOR DENNIS PALMER

ATTEST:

MARY DEGON, CLERK/TREASURER