

ITEM #: 45
DATE: 03-10-26
DEPT: PW

COUNCIL ACTION FORM

SUBJECT: RESOURCE RECOVERY AND RECYCLING CAMPUS CONSTRUCTION CONTRACTS

BACKGROUND:

On January 27, 2026, the City Council approved preliminary plans and specifications for construction of the Resource Recovery & Recycling Campus (R3C). Bids were due March 3, 2026 for a base bid package and three alternates, which are described briefly below:

- The **Base Bid** includes the majority of the work necessary to construct the R3C, including the main building containing a tipping floor, process equipment, office, and maintenance areas, a scalehouse and scale equipment, fueling, parking, and maneuvering areas, and all other supporting site components.
- **Alternate Number 1** is the added work to construct a canopy over the customer convenience area, where roll-off boxes will be located for drop-off of separated recyclables, household hazardous waste, and other materials.
- **Alternate Number 2** is the added work to purchase and install a baler that can be used to consolidate cardboard or paper into dense bales to reduce transportation costs.
- **Alternate Number 3** is the removal of the infeed conveyor for the shredder. Without the infeed conveyor, the shredder hopper will be modified to allow materials to be loaded directly using a wheel-loader. The removal of the infeed conveyor is being contemplated due to higher than anticipated cost estimates for this equipment.

The City is utilizing a construction manager as advisor (CM) approach for this project. Therefore, the plans and specifications were prepared by HDR Engineering, Inc., and through consultation with the CM, Story Construction, Co. the work has been divided into 11 separate bid packages. As a reminder, this approach is different than a traditional general contractor model, where a single contract is awarded to one prime contractor who performs work and retains sub-contractors for specialty work. In the CM approach, the City will hold 11 separate contracts with 11 separate contractors.

HDR developed an estimate of probable construction costs of \$16,821,527, which was reported to the City Council on January 27, 2026. Story Construction then assigned a portion of this amount to each of the 11 bid packages to develop a rough estimate for each.

BID PACKAGE INFORMATION

Bids were received from 28 separate contractors. Depending on the selected combination of base bid and alternate(s), some of the contracts may be awarded to different bidders based on the lowest bid for the selected combination of alternates.

Please note that each bid package is highlighted below, followed by additional information specific to that package. **The listing below reflects the base bid only, as City staff has not yet determined whether to recommend the inclusion of any or all of the alternates.** Not all packages contained alternates, as some of the packages were unaffected by the inclusion or exclusion of the alternates. The information below also indicates the value of the overall project that was estimated by Story Construction for each package, and the difference between the base bid and that estimate for each package. Attachment A contains a complete listing of all bids received for each package.

Bid Package 01-1 – General Construction Work

Number of Bids Received: 1

Affected by Alternates?: No

Low Bidder: RH Grabau Construction, Inc., Boone, IA

Base Bid: \$1,601,000

Story Construction estimate: \$1,400,000

Base bid less estimate: \$201,000

Bid Package 03-1 – Concrete and Steel Work

Number of Bids Received: 2

Affected by Alternates?: Yes - Alternates 1, 2, & 3

Low Bidder: Jensen Builders, Ltd, Des Moines, IA

Base Bid Range: \$4,675,500 - \$5,200,000

Story Construction estimate: \$3,600,000

Base bid less estimate: \$1,075,500

% difference of low bid to second low bid: 11.2%

09-1 – Gypsum Board Assembly Work

Number of Bids Received: 2

Affected by Alternates?: No

Low Bidder: Heartland Finishes, Inc., Des Moines, IA

Base Bid Range: \$430,675 - \$437,300

Story Construction estimate: \$400,000

Base bid less estimate: \$30,675

% difference of low bid to second low bid: 1.5%

14-1 – Elevator/Lift Work

Number of Bids Received: 1

Affected by Alternates?: No

Low Bidder: TK Elevator Corporation, Urbandale, IA

Base Bid: \$109,800

Story Construction estimate: \$150,000

Base bid less estimate: (\$40,200)

21-1 – Fire Suppression Systems Work

Number of Bids Received: 2

Affected by Alternates?: No

Low Bidder: Tri-City Fire Protection LLC, Davenport, IA
Base Bid Range: \$169,284 - \$222,990
Story Construction estimate: \$200,000
Base bid less estimate: (\$30,716)
% difference of low bid to second low bid: 31.7%

22-1 – Plumbing & HVAC Work

Number of Bids Received: 6
Affected by Alternates?: No

Low Bidder: ACI Mechanical, Inc., Ames, IA
Base Bid Range: \$1,180,000 - \$1,523,946
Story Construction estimate: \$1,300,000
Base bid less estimate: (\$120,000)
% difference of low bid to second low bid: 16.4%

26-1 – Electrical, Communications, & Electronic Safety and Security Work

Number of Bids Received: 6
Affected by Alternates?: Yes - Alternates 1, 2, & 3

Low Bidder: Enterprise Electric, Inc., Boone, IA
Base Bid Range: \$1,329,000 - \$1,927,860
Story Construction estimate: \$1,300,000
Base bid less estimate: \$29,000
% difference of low bid to second low bid: 1.0%

31-1 – Site Demolition & Earthwork

Number of Bids Received: 1
Affected by Alternates?: No

Low Bidder: Con-Struct, Inc., Ames, IA
Base Bid: \$575,000
Story Construction estimate: \$500,000
Base bid less estimate: \$75,000

32-1 – Paving & Sidewalk Work

Number of Bids Received: 5
Affected by Alternates?: Yes - Alternate 1

Low Bidder: Jordison Construction, Inc., Urbandale, IA
Base Bid Range: \$1,025,000 - \$1,138,440
Story Construction estimate: \$700,000
Base bid less estimate: \$325,000
% difference of low bid to second low bid: 0.3%

33-1 – Site Utility Work

Number of Bids Received: 1
Affected by Alternates?: No

Low Bidder: On Track Construction LLC, Nevada, IA
 Base Bid: \$723,370
 Story Construction estimate: \$250,000
 Base bid less estimate: \$473,370

40-1 – Millwright/Process Integration Work

Number of Bids Received: 1
 Affected by Alternates?: Yes - Alternates 1, 2, & 3

Low Bidder: RRT Design & Construction, Melville, NY
 Base Bid: \$7,798,009
 Story Construction estimate: \$7,021,527
 Base bid less estimate: \$776,482

CONSTRUCTION AND PROJECT COSTS:

Based on the above information, the table below shows the total construction costs:

BID ITEM	CONTRACTOR	TOTAL - BASE BID ONLY
01-1 – General Construction Work	RH Grabau Construction, Inc., Boone, IA	\$1,601,000
03-1 – Concrete and Steel Work	Jensen Builders, Ltd., Des Moines, IA	\$4,675,500
09-1 – Gypsum Board Assembly Work	Heartland Finishes, Inc., Des Moines, IA	\$430,675
14-1 – Elevator/Lift Work	TK Elevator Corporation, Urbandale, IA	\$109,800
21-1 – Fire Suppression Systems Work	Tri-City Fire Protection LLC, Davenport, IA	\$169,284
22-1 – Plumbing & HVAC Work	ACI Mechanical, Inc., Ames, IA	\$1,180,000
26-1 – Electrical, Communications, & Electronic Safety and Security Work	Enterprise Electric, Inc., Boone, IA	\$1,329,000
31-1 – Site Demolition & Earthwork	Con-Struct, Inc., Ames, IA	\$575,000
32-1 – Paving & Sidewalk Work	Jordison Construction, Inc., Urbandale, IA	\$1,025,000
33-1 – Site Utility Work	On Track Construction LLC, Nevada, IA	\$723,370
40-1 – Millwright/Process Integration Work	RRT Design & Construction, Melville, NY	\$7,798,009
GRAND TOTAL		\$19,616,638

The combined base bid total of \$19,616,638 exceeds the engineer's estimate of \$16,821,527 by \$2,795,111. Following the bid opening, City staff, Story Construction, and HDR Engineering identified three key bid packages where further conversations with the bidders were warranted. These are: 03-1 – Concrete and Steel Work, 33-1 –

Site Utility Work, and 40-1 – Millwright/Process Integration Work.

In preliminary conversations with the contractors for these three packages, the team has identified a number of clarifications, alterations, and deducts that will reduce the scope of the project and bring the cost closer to the project budget. Additionally, staff is working with the City's financial consultants to finalize the strategy for the issuance of the debt for the project. Both these efforts are focused on delivering the project in a manner that both: 1) completes the project in the timely manner required for this critical facility, and 2) keeps the initial tipping fee within the amount previously reported (~\$95.11 per ton in July 2027).

Staff is requesting additional time to evaluate the bids and negotiate with key contractors to develop change orders that can be approved immediately following the award of contracts. This approach has been used in other City projects where the lowest bids substantially exceeded the available funding.

Therefore, Council is being asked to accept the report of bids and delay the award to the March 24, 2026 City Council meeting.

The most recent project budget table is provided below for reference. Adjustments to contingency amounts and permitting fees have been made in the table below to closer align project expenses and revenues.

TOTAL PROJECT COSTS:

Budgeted Revenues		Budgeted Expenses	
Revenue Abated G.O. Bonds	\$22,006,730	Land Acquisition (220, 306, 312, 318, 400 Freel Drive)	\$1,077,500
		Due Diligence prior to closing	15,465
		Conceptual Design and Financial Modeling	50,000
		Final Design	965,715
		Final Design Contingency (reduced)	75,000
		Permitting (reduced)	38,000
		Construction Costs (This Action)	\$19,616,638
		Construction Incentives	100,000
		Items by Owner (FFE/Cameras/Fiber Network/Tree Clearing)	252,700
		Construction Contingency (reduced)	435,020
		Construction Inspection (est.)	450,950
		Construction Manager Fee (Fixed fees plus 2.25% of contract amounts)	989,414

		Construction Manager General Conditions Costs (est.)	448,000
R3C Construction Revenue Subtotal	\$22,006,730	R3C Construction Subtotal	\$24,514,396
R3C Construction Revenue Shortfall			\$2,507,666
Electric Utility Fund	\$2,340,000	Mobile Equipment (transfer trucks and trailers)	\$2,340,000
G.O. Bonds	\$975,000		
Unobligated G.O. Bonds	225,000		
Water Utility Fund	40,000	Freel Drive Paving (est.)	\$1,240,000
Total Project Revenues	\$25,586,730	Total Project Expenses	\$28,094,396

To address the shortfall, staff and the design team are evaluating adjustments to the project scope and shifting certain expenses to alternative funding sources. The specific scope modifications are as follows:

1. Remove electric vehicle charging station and stub the electrical only
2. Eliminate light gray accent color on office exterior
3. Reduce snow guarding on roof
4. Change from painted roof to galvanized
5. Replace tipping floor interior panel liner material
6. Reduce width of exterior gates
7. Utilize an alternative infeed conveyor manufacturer
8. Utilize an alternative manufacturer for all conveyors except infeed conveyor
9. Replace rapid-closing overhead doors with standard overhead doors
10. Remove recovered ferrous metal blower clean-up system
11. Remove post-indicator valve
12. Remove metal edging from landscaping beds
13. Consider 25% reduction in plantings
14. Review alternate grass, plant, and tree species
15. Eliminate front yard vinyl-coated fencing and replace with galvanized
16. Remove second eddy current separator and shorten one conveyor
17. Eliminate dedicated outbound truck scale
18. Eliminate jib crane for processing equipment
19. Change manufacturer of storm water pumps
20. Change door hardware
21. Change locker room equipment manufacturer
22. Eliminate/change ceiling baffles in education room
23. Remove building entrance awning
24. Remove both eddy current separators and related conveyance
25. Remove overhead trolley and/or hoist from processing equipment area
26. Remove all processing equipment

The project components that are being considered to shift to alternative funding sources includes:

1. Access control for gates shifting to Fleet Services
2. Fueling infrastructure shifting to Fleet Services
3. Sidewalk along frontage shifting to Freel Drive paving project or Road Use Tax

Staff will provide a detailed evaluation and explanation of all these adjustments on March 24 when the bids are returned to Council for award.

ALTERNATIVES:

1. The City Council can approve the following:
 - a. Motion accepting report of bids
 - b. Motion delaying the award of bids to the March 24, 2026 City Council meeting
2. Accept the report of bids and award contracts to one or more bidders.

CITY MANAGER'S RECOMMENDED ACTION:

Since 1975, the City's Resource Recovery Plant has received municipal solid waste (MSW) from throughout Story County, processed it to remove recyclable metals, and converted a substantial portion of the MSW into a supplemental fuel for use in the City's Power Plant boilers. Although this system was successful in reducing the volume of MSW that needed to be landfilled, in recent years this arrangement has resulted in technical, economic, and regulatory challenges.

In response to these issues, the City is pursuing the development of a new Resource Recovery & Recycling Campus (R3C) on Freel Drive. At the facility, MSW will be received from haulers and customers, recyclable metals will be recovered, and the waste will be loaded into semi trailers to be hauled to the Carroll County Landfill.

A multi-departmental team of City staff has worked diligently with the design team at HDR, Inc. to develop a project that meets the City's needs for solid waste handling and disposal for the next generation. With the assistance of Story Construction, a project has been developed that will allow the City to responsibly fulfill its solid waste handling obligations. In addition, the facility will assist in educating the community about waste disposal and recycling, and the equipment within the facility will allow City staff to extract as much recyclable material as possible from the waste stream before the remainder is disposed of via landfilling.

The bids received exceed the estimates for the facility. Staff believes that through conversations between several of the low bidders on key bid packages, clarifications and design changes can be made that will result in the project aligning closer with the project budget. However, more time is necessary to complete these discussions and prepare for awards. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1, as described above.

It should be noted that in order to keep this project on track, a special meeting to approve contract and bond for one or more of the construction contracts might be

needed shortly after the anticipated award of bids on March 24.

ATTACHMENT(S):

[2026-068 Bid Tabulation.xlsx](#)