

ITEM #:	<u>30</u>
DATE:	<u>04-28-26</u>
DEPT:	<u>PW</u>

COUNCIL ACTION FORM

SUBJECT: RESOURCE RECOVERY AND RECYCLING CAMPUS CONSTRUCTION - CHANGE ORDERS

BACKGROUND:

On March 24, 2026, the City Council approved final plans and specifications and awarded contracts for the construction of the Resource Recovery and Recycling Campus (R3C). At that meeting 11 separate bid packages (BPs) were awarded to various contractors. Additionally, eight change orders were presented at the time of award, five of which required City Council approval. The change orders were the result of a value engineering exercise that was necessary to reduce the project scope aligning it closer to the approved project budget.

Staff noted at the March 24 meeting that potential further changes were likely pending additional review and engineering consideration. **Several additional changes have been finalized and a few clarifications are ready for Council's approval:**

RRT DESIGN AND CONSTRUCTION - CHANGE ORDER NO. 2

Change Order No. 2 for RRT Design and Construction (BP 40-1) is a **deduction in the amount of \$120,550**. This change order includes removal of the scope required to fabricate and install ladders, handrails, and stairs that lead from the tipping floor into pit locations where equipment and roll-off containers will be located. This scope of work was duplicated between two bid packages; thus it is being removed from BP 40-1 and will remain in BP 03-1.

JENSEN BUILDERS LTD - CHANGE ORDER NO. 2

Change Order No. 2 for Jensen Builders LTD (BP 03-1), **adds \$82,916.03**. This change order includes two major scope items. The first involves special metal fabrications inside the transfer tunnel that help guide waste into the transfer trailers from the tipping floor. This scope was initially with RRT's contract as part of BP 40-1. However, it was removed from BP 40-1 in RRT's Change Order No. 1 because Jensen Builders LTD could provide the same scope of work at a cost of \$51,396.03. In comparison, RRT provided a deduct of \$193,801 in BP 40-1 Change Order No. 1 to remove this work from its scope. Therefore, a portion of this Change Order No. 2 is to add \$51,396.03 to include the tunnel guides.

The second major scope item in this change order includes the addition of drainage tile around the transfer tunnel excavation. This value of this work was estimated at \$30,000 at the time of contract award and was assumed to be in a different bid package (BP 31-1, with Con-Struct, Inc.). Following contract award it was determined that the best value would be to **include this work in BP 03-1 with Jensen Builders LTD at a value of \$31,520**, and not in BP 31-1.

CON-STRUCT, INC. - MODIFICATION TO CHANGE ORDER NO. 1

The drainage tile around the transfer tunnel excavation that is noted above was initially assumed to be included in Change Order No. 1 to Con-Struct, Inc. (BP 31-1) in the amount of \$87,717 as approved by City Council on March 24, 2026. Included in the approved Change

Order No. 1 was an estimate in the amount of \$30,000 for the same drainage tile work. Following detailed evaluation with Con-Struct, it was determined that the cost of this work was \$37,000, which is greater than the \$31,520 that Jensen Builders LTD has quoted to perform the same work as part of BP 03-1. As noted in the paragraph above, this scope of work is recommended to be added to Jensen Builders LTD's contract rather than Con-Struct's. **Because City Council previously approved this change order, staff recommends City Council approve a modification to Change Order No. 1 to Con-Struct, Inc. reducing the approved amount by \$30,000. This action results in a revised Change Order No. 1 amount of \$57,717 reflecting the removal of the drainage tile work.**

RRT DESIGN AND CONSTRUCTION - MODIFICATION TO CHANGE ORDER NO. 1

For Council's clarification, Change Order No. 1 to RRT Design and Construction (BP 40-1) was approved on March 24, 2026, a deduction in the amount of \$1,134,320. Staff has discovered a numerical transposition error in the awarding the change order. The amount should have been a deduction in the amount of \$1,134,376 resulting in an additional \$56 of reduction in the project budget. **Because City Council previously approved this change order, staff recommends City Council approve a modification to Change Order No. 1 to RRT Design and Construction, increasing the approved deduction by \$56, resulting in a revised Change Order No. 1 amount of \$1,134,376.**

A summary of awarded project contracts and proposed change orders is below:

BID PACKAGE	CONTRACTOR	AS BID AMOUNT	PREVIOUSLY APPROVED CHANGE ORDERS	PROPOSED CHANGE ORDER	REVISED CONTRACT TOTALS
01-1 – General Construction Work	RH Grabau Construction, Inc., Boone, IA	\$1,601,000	(\$126,538)		\$1,474,462
03-1 – Concrete and Steel Work	Jensen Builders, Ltd., Des Moines, IA	\$4,675,500	(\$257,865)	\$82,916.03 (this Council action)	\$4,500,551.03
09-1 – Gypsum Board Assembly Work	Heartland Finishes, Inc., Des Moines, IA	\$430,675	(\$30,000)		\$400,675
14-1 – Elevator/Lift Work	TK Elevator Corporation, Urbandale, IA	\$109,800	--		\$109,800
21-1 – Fire Suppression Systems Work	Tri-City Fire Protection LLC, Davenport, IA	\$169,284	--		\$169,284
22-1 – Plumbing & HVAC Work	ACI Mechanical, Inc., Ames, IA	\$1,180,000	--		\$1,180,000

26-1 – Electrical, Communications, & Electronic Safety and Security Work	Enterprise Electric, Inc., Boone, IA	\$1,329,000	(\$50,970)		\$1,278,030
31-1 – Site Demolition & Earthwork	Con-Struct, Inc., Ames, IA	\$575,000	\$87,717	(\$30,000) (this Council action)	\$632,717
32-1 – Paving & Sidewalk Work	Lakeside Contractors, LLC, Ames, IA	\$1,028,129	(\$16,410)		\$1,011,719
33-1 – Site Utility Work	On Track Construction LLC, Nevada, IA	\$723,370	(\$31,695)		\$691,675
40-1 – Millwright/Process Integration Work	RRT Design & Construction, Melville, NY	\$7,798,009	(\$1,134,320)	(\$120,550) (\$56) (this Council action)	\$6,543,139
ORIGINAL BID TOTAL		\$19,619,767			
Sum of Deductions			(\$1,560,081)	(\$67,689.97)	
REVISED CONTRACT TOTALS WITH DEDUCTIONS					\$17,991,996.03

A revised project budget is provided below:

Budgeted Revenues		Budgeted Expenses	
Revenue Abated G.O. Bonds	\$22,006,730	Land Acquisition (220, 306, 312, 318, 400 Freel Drive)	\$1,077,500
Fleet Services Reserve Fund	425,000	Due Diligence prior to closing	15,465
FY 2025/26 Stormwater Quality Improvements CIP	159,077	Conceptual Design and Financial Modeling	50,000
Electric Services Rebate	3,000	Final Design	965,715
Solid Waste Alternatives Program (SWAP) Grants	100,000	Final Design Contingency	75,000
		Permitting	38,000
		Construction Contracts (as bid)	\$19,619,767
		Previously approved change orders	(1,560,081)
		Proposed change orders (this Council Action)	(67,689.97)

		Construction Incentives	100,000
		Items by Owner (FFE/Cameras/Fiber Network/Tree Clearing)	252,700
		Construction Contingency	428,598
		Construction Inspection (est)	228,760
		Construction Manager Fee (Fixed fees plus 2.25% of contract amounts) (revised 4-28 Council Meeting)	952,860
		Construction Manager General Conditions Costs (est.)	<u>448,000</u>
R3C Construction Revenue Subtotal	\$22,693,807	R3C Construction Subtotal	\$22,624,594.03
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 (as bid + contract admin)	\$1,102,310
Total Project Revenues	\$26,273,807	Total Project Expenses	\$26,066,904.03

Additional changes will continue to be evaluated as construction begins and may require City Council approval at a future date as the proposals are vetted for inclusion into the project.

ALTERNATIVES:

1. City Council can approve the following changes for construction contracts at the Resource Recovery and Recycling Campus:
 - a. Change Order No. 2 to RRT Design & Construction of Melville, NY, a deduction in the amount of \$120,550.
 - b. Change Order No. 2 to Jensen Builders LTD of Des Moines, IA, in the amount of \$82,916.03.
 - c. Modify Change Order No. 1 to Con-Struct, Inc of Ames, IA, a deduction of \$30,000, resulting in a revised Change Order No. 1 amount of \$57,717.
 - d. Modify Change Order No. 1 to RRT Design & Construction of Melville, NY, a deduction in the amount of \$56, resulting in a revised Change Order No. 1, a deduction in the amount of \$1,134,376.

2. Do not approve any change orders and direct staff to make other modifications to the project.

CITY MANAGER'S RECOMMENDED ACTION:

The value engineering exercise for the Resource Recovery and Recycling Campus project produced several changes that have led to significant cost savings for the R3C project. This process was performed in a very short period of time, resulting in the need for the adjustments described above. Approval of these change orders will reduce the overall project cost and allow for the project scopes to remain in the most cost effective bid packages. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative 1, as described above.