



## CITY COUNCIL AGENDA ITEMS

**To:** Mayor Graham and City Council  
**From:** Dennis Sullivan, Director of Engineering & Public Works  
Walter Denton, City Administrator  
**Date:** March 3, 2008  
**Subject:** RESOLUTION – Construction of Elevated Water Towers

**List of committees that have reviewed:** None.

**Background:** The City of O'Fallon needs to add water storage by mandate from the IEPA, Violation Notice No. W-2005-00519, dated 12/2/05. Since that time City staff, consultants and IEPA staff have worked to get a set of design drawings ready and out for bid. At the end of the design process, the government estimate for the tanks built with a concrete stem and steel storage bowl, was \$4,500,000 for IEPA loan application as based on the design and information on similar tanks bid throughout the central part of the U.S. over the past few years. On 2/27/08, CBI Constructors, Inc. submitted a low bid of \$5,265,000 to the City of O'Fallon for construction of two elevated, 1,000,000-gallon, steel stem and bowl, storage towers (bid tab attached). The delta in this lowest bid and the government estimate is +\$765,000.

The two 1,000,000-gallon storage tanks are needed as the current storage capacity of the O'Fallon Water System is 3,000,000-gallons. The current requirement based on IEPA standards is 4,400,000-gallons (average daily usage for CY07). By constructing both towers now, the City will have spare capacity for growth, before additional storage is required (approximately 5 to 7 years at the current water consumption growth rate). One of the towers will be located on Kyle Road across from Fulton Junior High School and the second tank will be along Pausch Road just north of Ogles Creek.

**Legal considerations, if any:** The next milestone in the existing compliance commitment with IEPA as a result of the violation is the award of a contract for tank construction by 3/31/08. IEPA will need more than 2 weeks to process their award approval and ensure the O'Fallon project receives available funding, thus the reason for Council approval on 3/3/08.

**Budget impact:** Staff has established through the use of rate analysis software, acceptable by the IEPA, that the City has the capacity for supporting a \$6,265,000 low interest loan from the IEPA for construction of the new French Village Pump Station and the towers. The construction cost of the new French Village Pump Station is \$985,000.

**Staff recommendation:** With the bids coming in so much higher than the engineer's estimate, staff is hesitant about accepting the bids, but IEPA's loan timetable necessitates the City moving forward with the projects. As a result, we have included some contingencies in the resolution to allow the City some flexibility depending on IEPA's response to the bids.

Staff recommends acceptance of the bid from CBI Constructors, Inc. with a cost of \$5,265,000 for the construction as specified by the design engineer, contingent on the bids being approved by the IEPA in coordination with City staff, and the IEPA providing of a low interest loan of at least \$6,265,000. The balance of any additional funding requirements will be paid directly from the water enterprise account from capital reserves or early operating revenues.