



MEMORANDUM

Date: February 21, 2024

To: Mayor Satya Rhodes Conway
City of Madison Board of Public Works
City of Madison Water Utility Board
City of Madison Common Council

From: Pete Holmgren, P.E. – Chief Engineer

Subject: Unit Well 15 PFAS Treatment Facility – Public Works Contract # 9342
Contract Award Recommendation

RECOMMENDATION

Staff recommends award of the project construction contract at a total bid cost of \$4,297,330 to Joe Daniels Construction Co., Inc. of Madison, Wisconsin, contingent upon the other typical requirements of Public Works contracts.

BACKGROUND

On Thursday, February 8, 2024, at 2:30 p.m. public bids were opened for the above referenced project for Madison Water Utility. Two bids were received as summarized below:

Contractor	Bid Total
Joe Daniels Construction Co., Inc.	\$4,297,330
J. H. Findorff & Son, Inc.	\$4,444,444
(Engineering Estimate)	\$5,900,000

Addressing the discrepancy in the Engineering Estimate – this figure provided to Public Works mistakenly reflects the overall **total** expected project cost rather than the construction costs **only** (which is what the contractors bid on here). **Engineering estimates for the construction only were \$4,266,000**; this figure matches the amount submitted for Wisconsin's 2024 Safe Drinking Water Loan Program, and is much closer in line with the two contractor bids received. The difference between the engineering estimate and the apparent low bid from Joe Daniels Construction Co., Inc. ("Daniels") is therefore less than 1% and considered a reasonable baseline "best value" bid for the project.

The format of the bid proposal was a Lump Sum single bid, with no alternative or additional bid items to be submitted for award consideration. The Lump Sum covers all construction work related to the scope of the contract. Our post-bid discussions with Daniels indicate that they were confident in the contract schedule and that they had a good understanding of the project requirements. Their project history in and around the City of Madison indicates to us that they have the capacity to manage and complete projects of similar complexity. Because Daniels is a local, pre-qualified contractor with the City of Madison and has completed several large projects in the recent past for the City of Madison and Madison Water Utility, their familiarity with the City's contracting process and construction requirements is thought to be favorable to the success of the project.

FUNDING

As mentioned above, the estimated total project cost for the treatment facility is \$5.9 million. It is worth noting that the Utility has been approved to receive \$2.95 million in principal forgiveness and \$2.95 million as a low-interest loan (2.1%) from the Safe Drinking Water Loan Program (SDWL Program) for completing construction of the treatment facility.

As was mentioned in the status report on PFAS settlements provided to the Water Utility Board at its meeting on October 23, 2023, all pending civil cases by drinking water suppliers against PFAS manufacturers in the United States have been consolidated into a multi-district litigation (MDL) and a settlement has been reached with the two largest manufacturers: 3M and DuPont. Under the proposed settlements, the Utility is expected to receive an estimated settlement payment of \$3.5 million over a 12-year proposed settlement payment period (2024-2036). The estimated payment would adequately cover the projected loan payments on the \$2.95 million low-interest loan from the SDWL Program mentioned above.

The principal forgiveness portion of the SDWL Program (\$2.95 million) along with the estimated PFAS settlement amount (\$3.5 million) would essentially pay for the Utility's Well 15 PFAS treatment facility project (\$5.9 million), resulting in no direct financial impact on the Utility's rate payers.

LEGISLATIVE PATH

- Board of Public Works: 2/21/2024
- Water Utility Board: 2/27/2024
- Common Council: 3/5/2024