

Background

The Brine Well Project had been on the Water Departments unfunded projects list for several years as far back as early 2000. The estimated budget at or near that time was \$400,000. There was not an associated ROI for the project at that time. Not being aware of how the original budget was developed or an exact timeframe in which it was included in the Water Plant budget, staff resurrected the project in 2015 at City Council's request. Staff investigated the project background and discovered a 2009 Greenfields Study estimating the well drilling costs at \$264,000 and the remaining portion of the water plant work and fill station at \$100,000 for a budget amount of \pm \$400,000

As part of bringing this project forward in 2015 staff identified that it would require updated analysis to determine the projects feasibility and the project costs in current dollars. City Council and staff also discussed and subsequently included the installation of a brine fill station for salt trucks as part of the analysis.

In August of 2015 staff selected the professional services of A.L.L. a professional design consulting firm with ODNR permitting and well drilling experience. A.L.L. Consultants completed the feasibility of the project and determined the site was acceptable and permitting could be obtained. Also included was a newly developed cost opinion for the project of \$992,000. Staff looked at this cost and the annual cost of treatment grade rock salt expenses at the water plant as well as an estimated initial savings of 8-10% on road salt and calculated a ten (10) year ROI. City Council determined that the project should continue moving forward. Staff continued to utilize A.L.L. Consulting to begin the EPA and ODNR permitting process and assist in developing the RFP for the project design services.

At the 12-20-16 Council Meeting staff recommended the project contract for design and associated management services be awarded to Burgess & Niple Consultants with permission to bid. Design and permitting work commenced along with project specifications for bidding purposes. The project design and securing the Ohio EPA permitting progressed much more slowly than anticipated going through 2017 and early 2018.

During the design and permitting work, cost adjustments in mostly drilling estimates, resulted in an increased estimated budget of \$1,200,000 and was adjusted for in the budget. Council requested staff bring the project back to a Council meeting before it went to public bid. Staff returned at the 3-6-18 Council meeting. Taking into account the calculations for the avoided materials costs and as well as the program investments, the ROI was now at eight (8) years. Staff was instructed to continue with the bidding process.

Current Status

The first public bid closed on 11-6-18. All bids were rejected as the low bid was \$1,507,822, 26% over the engineers estimate. The project was bid a second time and bids closed on 12-23-18. The low bid came in at \$1,549,050 or approximately 29% over the project estimate.

Re-evaluating the ROI with the most recent bid number and the escalating increases in water treatment salt over time the ROI now sits at 7 years. The ROI's were calculated using both 12% and 20% escalating increases over eleven years. The ROI's attached to the staff report for the January 29th 2019 Council Workshop.