



TO THE HONORABLE CHAIRMAN AND TRUSTEES

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REPORT TO: STILLWATER UTILITIES AUTHORITY

No. SUA-16-15

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ISSUED BY THE GENERAL MANAGER - STILLWATER, OKLAHOMA

**Date of Meeting:** March 7, 2016

**Subject:** Expenditure Approval: On-Call Site Preparation – Stillwater Energy Center (SEC)

**Background:** On July 13, 2015, construction began on the new SEC. While the project was progressing, several inclement weather events in December threatened to cause delays to the schedule. At that time, staff determined a need for an on-call site preparation contractor to quickly respond after inclement weather events to clear the roads and prepare work areas so that work could continue without significant delays.

Staff used the competitive price quote procedure as outlined in the purchasing manual to solicit site preparation contractors. Each was asked to provide time and material quotes for their services with a not to exceed price of \$49,900, which is just below the administrative approval limit. On December 23, 2015, requests for quotes were sent to three local contractors. After many discussions with the contractors and a deadline extension, only one contractor supplied a quote. At that time, the site was deteriorating to the point that work was being stopped, which was having a negative impact on the completion schedule. Based on the deteriorating site conditions and the non-response from other contractors, administrative approval was given to proceed with the work based on the quote provided by Hammer Construction.

**Discussion:** On many instances, the on-call site preparation contractor has proven to be a valuable tool to keep the SEC project moving forward. Many of the non-paved roads and work area become unworkable when there are inclement weather events. As the project progresses, this will get better as more areas are prepared for their final use; however, until then there is still a need for this service to ensure that the project stays on schedule.

In mid-January, it became apparent that additional funding would be necessary above the previously approved administrative limit to ensure no delays to the schedule. Once again, staff prepared and released a competitive price quote using the procedure outlined in the purchasing manual to solicit site preparation contractors. After many more discussions with the contractors, once again only one contractor supplied a quote. All local contractors contacted were either too busy or declined to submit a quote. Hammer Construction again was the only contractor to supply a time and materials quote as specified.

Staff is recommending an expenditure limit approval for Hammer Construction up to \$100,000. The recommended expenditure limit includes the administratively authorized expenditures up to \$50,000 plus an additional \$50,000 to cover expected expenditures for additional on-call site preparation.

**Budget Impact:** This item requires no new appropriation or budget amendment and will not affect year-end projected balances. Funding is available in the PGS project fund, which is held by the Bond Trustee bank.

**Alternatives:**

- 1) Approve additional expenditures and authorize staff to enter into an agreement with Hammer Construction for on-call site preparation. This alternative will ensure that resources are available when needed to mitigate the impacts of inclement weather.
- 2) Direct staff to solicit competitive bids for the on-call site preparation. This alternative will likely yield no different results but may adversely impact the project schedule.

- 3) Do not approve additional expenditures for on-call site preparation. This alternative will result in delays to the project when inclement weather occurs resulting in significant lost revenues and delay claims.

**Recommendation:** It is recommended that the Trustees authorize staff to execute a contract with Hammer Construction and approve an expenditure limit of \$100,000 for on-call site preparation.

**Prepared by:** Loren Smith, G & T Division Manager  
**Reviewed by Administrative Director:** Dan Blankenship, SUA Director  
**Reviewed by City Attorney's Office:** John E. Dorman, City Attorney  
**Date of Preparation:** February 22, 2016

**Submitted by:**



**Norman McNickle**  
**General Manager**