

**STAFF REPORT**

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**Date:** June 5, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Award of Contract to TNT Industrial Contractors, Inc. (TNT) for the Truckee Meadows Water Reclamation Facility (TMWRF) Heat Loop System Improvements Project in the amount of \$3,423,193 with the City of Reno's share being \$2,349,337.36. (Sewer Fund)

**From:** Matt Smith, Senior Civil Engineer

**Department:** Utility Services

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**Summary:**

Truckee Meadows Water Reclamation Facility (TMWRF) is a wastewater treatment plant that requires heating to operate plant processes and warm buildings. The TMWRF Heat Loop System Improvements Project includes the replacement of valves and hot water piping and the repair of damaged pipe insulation. TNT Industrial Contractors, Inc. (TNT) submitted the best bid pursuant to the requirements of Nevada Revised Statutes (NRS) Chapter 338. Staff recommends Council award the contract to TNT in an amount not to exceed \$3,423,193 for the base bid and project contingency with the City of Reno's share being \$2,349,337.36 from the Sewer Fund.

**Table 1: Consent Review**

<b>Consent Review</b>	<b>Yes</b>	<b>No</b>
1. Is this item an annual or standard item that comes before Council for regular approval?		<b>X</b>
2. Is this item an agreement required based on an item previously approved by Council?	<b>X</b>	
3. Is this item included in the current budget approved and adopted by Council?	<b>X</b>	
<b>Other Considerations</b>		
What percent of the total City budget does this item represent?		<b>0.40%</b>

**Alignment with Strategic Plan:**

Fiscal Sustainability

Infrastructure, Climate Change, and Environmental Sustainability

**Previous Council Action:**

December 7, 2022 – Council approved a consulting agreement for engineering design services with Carollo Engineers, Inc. for the TMWRF Heat Loop System Improvements Project.

**Background:**

TMWRF was constructed in the 1960s and uses the heat loop, in service since 1966, to service its buildings and wastewater processes. TMWRF does not have a natural gas connection to the energy utility and relies solely on gas generated from the digestion system through an aging heat loop system to service buildings and processes. The heat loop uses gas generated from the digestion system to heat water in boilers and delivers hot water to hydronic heating equipment and heat exchangers throughout the treatment plant. The heat loop system has seen various expansions and additions over the years. Many of the boilers and sludge heaters have been in service prior to 1990. Much of the heat loop infrastructure is 30 to 50 years old and is at the end of its useful and reliable service life and is experiencing failures. In addition, the system does not have redundant heating capacity and recent facility improvements have increased heating loads on the system. During colder periods of the year, buildings cannot maintain temperature set points and equipment has been damaged due to freezing.

As part of the TMWRF Capital Improvement Program (CIP), “Risk Ranking” and paired comparison of infrastructure identifies project priorities, condition, and risk of failure. The fiscal year 2024 ranking process identified heat loop improvements as priority #7.

Also on today’s agenda for Council consideration is the agreement for engineering services during construction with Carollo Engineers, Inc. (Carollo) as a separate but related item.

**Discussion:**

This project includes the demolition and replacement of segments of above-ground insulated hot water supply and return piping; demolition and replacement of pre-insulated buried hot water supply and return piping; demolition and replacement of piping appurtenances including ball valves, butterfly valves, rate of flow control valves, circuit balancing valves, pump discharge valves, and heating, ventilation, and air conditioning (HVAC) control valves; and demolition and replacement of damaged pipe insulation on existing hot water supply and return piping to remain in place.

Staff conducted a public bid for this project. One contractor submitted a bid. Staff received and opened that bid on April 17, 2024. Staff evaluated TNT’s bid, and it met the criteria under NRS

Chapter 338. TNT submitted the lowest responsive bid of \$2,923,193. TNT is a general contractor licensed in Nevada, and they have previously completed several projects for the City that included similar work.

**Table 2 – Bid Summary**

<b>TMWRF Heat Loop Improvements Project</b>	<b>Engineer’s Estimate</b>	<b>TNT Industrial Contractors, Inc.</b>
Base Bid	\$2,888,444	\$2,923,193

Staff recommends awarding the contract to TNT for an amount not to exceed \$3,423,193, which includes a contingency allowance of \$500,000 for unforeseen conditions encountered during construction, with the City of Reno’s share being \$2,349,337.36 from the Sewer Fund.

**Table 3 – Recommended Bid Award**

Base Bid	\$2,923,193
Contingency	\$500,000
Bid Award	\$3,423,193

The consequences of not awarding this bid today will result in the delay of the replacement of the hot water supply and return piping that is at the end of its useful life, which will increase the risk of failure, maintain current operational issues, incur additional costs to replace damaged piping, and the process will continue to be a safety hazard.

**Financial Implications:**

The current fiscal year’s CIP includes the TMWRF Heat Loop Improvements Project as approved by the TMWRF Joint Coordinating Committee (JCC) and the respective City Councils of Reno and Sparks through the budget process. The City of Reno will administer the agreement and the City of Sparks will reimburse Reno for a portion of the costs through the current cost-sharing agreement for TMWRF operations and maintenance. Reno and Sparks share the cost of this project as follows: 68.63% for Reno and 31.37% for Sparks, as shown in Table 4. The Sewer Fund budget accounts for these costs.

**Table 4 – Cost Sharing Between Reno and Sparks**

<b>Total Cost of Agreement</b>	<b>Reno Share</b>	<b>Sparks Share</b>
\$3,423,193	\$2,349,337.36	\$1,073,855.64
<b>Percentages</b>	68.63%	31.37%

**Legal Implications:**

Staff competitively bid this contract in accordance with NRS Chapter 338. Furthermore, NRS Chapter 338.147 provides that local government shall award a contract for public work for which the estimated cost exceeds \$250,000 to the contractor who submits the best bid pursuant to the requirements of the chapter.

**Recommendation:**

Staff recommends Council award the contract to TNT for the TMWRF Heat Loop Improvements Project in an amount not to exceed \$3,423,193, with the City of Reno's share being \$2,349,337.36 from the Sewer Fund and authorize the Mayor to sign.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

Area & Vicinity Map for TMWRF Heat Loop Improvements Project  
TMWRF Heat Loop Improvements Project Construction Contract – TNT