



Purchasing Division
Finance Department

Room 120
411 West First Street
Duluth, Minnesota 55802



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purchasing@duluthmn.gov

January 27, 2025

Duluth City Council
411 W 1st St.
Duluth, MN 55802

RE: Emergency Purchase of Lead Water Service Line Replacement (25-0121)

Dear Councilors,

This letter serves as justification for the actions taken to award Contour, Inc. a contract under emergency purchase procedures.

- **Background:** The Engineering Division of Public Works has undertaken several utility projects funded by grants and forgivable loans available through the Minnesota Public Facilities Authority to replace public and private lead water services to meet EPA requirements and serve the citizens of Duluth. Engineering project 2229 began in June of 2024 to respond to urgent lead water service replacement needs including lead services discovered to be leaking. The service at 3922 W 4th St. was discovered to be leaking in December 2024. This service was included in a group of urgent replacement sites and a request for quotes was issued by Purchasing on December 20, 2025, with quotes due on January 7, 2025.
- **Immediate Response Requirement:** The service at 3924 W 4th St was discovered to be leaking severely on January 2, 2025. The water service leaks at 3922 & 3924 W 4th St. caused ice to accumulate in 4th St. alley creating an unsafe condition. On Friday, January 3, 2025, City crews removed several dump truck loads of ice from the alley. The Customer Service Division of Public Works determined the safety concerns caused by the icing justified turning off the water to the two properties, leaving the residents without water. On Monday, January 6, 2025, the Purchasing Agent recommended increasing quantities of the open solicitation to include 3924 W. 4th St. Quotes were received on January 7, 2025.
- **Cost Consideration:** Typically, only one or two quotes have been received for the high priority lead service line replacements. Contour, Inc. submitted the only quote for this solicitation in the amount of \$72,260.00 for work at the four sites included in the solicitation. The quoted prices were compared to previous quotes for similar work. The bid item prices were consistent with prices previously quoted by Contour Inc., who has repeatedly been the low bidder in competitive solicitations. The prices are

approximately 13% higher than prices seen in neighbor-wide lead water service replacement projects during the 2024 construction season, which typically have more than 100 replacements in a single project. A price slightly elevated from neighborhood-wide projects is expected and explained due to the urgency of the work, the increased difficulty of utility work in the winter and the lack of economy of scale seen in neighborhood-wide projects.

- **Recommendation:** The normal process to award a \$72,260 contract for which only one bid was received is to bring the single source procurement to City Council for approval. Engineering recommended the contract for this work be expedited to best serve the resident in the affected properties. Purchasing Agent Patrice Stalvig recommended this action to Dave Montgomery who agreed that an emergency purchase process was necessary. A notice to proceed was issued to Contour, Inc. on January 14, 2025.
- **Resolution:** The leaking water service at 3924 W 4th St., the most severe of the residences, was able to be replaced by Contour, Inc. before the extreme cold temperatures hit. Water was restored to the home on January 16, 2025. The homeowner at 3922 W 4th St. had a temporary water solution in place. Contour has coordinated with that homeowner and the replacement is scheduled for January 29 now that temperatures are warm enough for the equipment to operate again.

Per City Code 41-27, the final step of the emergency purchase procedure is this report of the circumstances to City Council.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Stalvig', with a stylized flourish at the end.

Patrice Stalvig
Purchasing Agent

Cc: Jon Maruska, Senior Engineering Specialist