



Request for City Council Action

DEPARTMENT INFORMATION

ORIGINATING DEPARTMENT	REQUESTOR:	MEETING DATE:
Utilities	Utility Manager Neidermeier	February 9, 2026
PRESENTER(s)	REVIEWED BY:	ITEM #:
Consent	AE2S Engineer Hanson City Administrator/Finance Director Flaherty	3.10 – Wellhouse 4 WTP

STRATEGIC VISION

MEETS:	THE CITY OF OTSEGO:
	Is a strong organization that is committed to leading the community through innovative communication.
X	Has proactively expanded infrastructure to responsibly provide core services.
	Is committed to delivery of quality emergency service responsive to community needs and expectations in a cost-effective manner.
	Is a social community with diverse housing, service options, and employment opportunities.
	Is a distinctive, connected community known for its beauty and natural surroundings.

AGENDA ITEM DETAILS

RECOMMENDATION:	
City Staff is recommending City Council approve an amendment to the AE2S professional services contract for the Wellhouse No. 4 Treatment Improvements project.	
ARE YOU SEEKING APPROVAL OF A CONTRACT?	IS A PUBLIC HEARING REQUIRED?
Yes	No
BACKGROUND/JUSTIFICATION:	
<p>The City of Otsego has an existing professional services agreement with AE2S to provide engineering services for the Wellhouse No. 4 Water Treatment Improvements project. The original agreement included engineering design, bidding, and construction phase services based on assumptions of part-time construction support and limited on-site observation.</p> <p>Since the start of construction, project conditions have required a greater level and duration of engineering construction administration and on-site observation than originally anticipated. AE2S has provided increased on-site representation, contractor coordination, submittal and RFI review, QA/QC oversight, bi-weekly progress meetings, and construction documentation review to ensure construction accuracy and compliance. Construction schedule delays, increased field coordination needs, and a City-approved 11-day schedule extension have further increased the required level of effort.</p> <p>As a result, AE2S has requested an amendment to the Owner–Engineer Agreement to address additional construction administration, resident project representative (RPR) services, and associated support beyond the original scope. The amendment also includes additional plumbing design services required to address code changes identified during construction.</p> <p>The requested amendment totals \$73,550.00. Approval of this amendment will increase the total not-to-exceed amount of the professional services agreement with AE2S to \$1,166,250.00.</p>	

AE2S Agreement	Amount
Original Agreement Amount + Construction & IC Services:	\$ 1,092,700.00
This Amendment Amount:	\$ 73,550.00
Adjusted Agreement Amount:	\$ 1,166,250.00
Construction Contract	Amount
Original Contract Amount:	\$ 6,840,000.00
Net Change Orders to Date:	\$ 139,459.86
Adjusted Contract Amount:	\$ 6,979,459.86

When viewed together, the construction change orders and amended engineering services agreement currently increase the project costs by \$213,009.86, which represents approximately 62% of the project contingency in the financing package. With this month's pay application from Market & Johnson, the construction contract is approximately 83.0% complete, and only limited additional changes are anticipated as the project progresses toward commissioning and startup.

The proposal was presented to the Public Works Subcommittee on January 21, 2026. The City Attorney has reviewed the proposed amendment. Staff recommend approval of the amendment to allow AE2S to continue providing construction support services through project completion.

SUPPORTING DOCUMENTS ATTACHED:

- **Amendment No. 2 to Owner-Engineer Agreement**

POSSIBLE MOTION

PLEASE WORD MOTION AS YOU WOULD LIKE IT TO APPEAR IN THE MINUTES:

Motion to approve "Amendment to Owner-Engineering Agreement, Amendment No. 2" – a professional services contract amendment in the amount of \$73,550.00 with Advanced Engineering and Environmental Services, LLC.

BUDGET INFORMATION

FUNDING:	BUDGETED:
Fund 601 – Drinking Water Utility	Yes

AMENDMENT TO OWNER-ENGINEER AGREEMENT

Amendment No. 2

Effective Date of Owner-Engineer Agreement: **February 13, 2023**
Owner: **City of Otsego**
Engineer: **Advanced Engineering and Environmental Services, LLC**
Specific Project: **Wellhouse No. 4 Treatment Improvements**

Nature of Amendment:

- Modifications of services performed by Engineer
- Modification of payment to Engineer
- Modifications to time(s) for rendering services

Description of Modifications:

- a. The Scope of Services currently authorized to be performed by Engineer in accordance with the Agreement and previous amendments, if any, is modified as follows:
 - Additional on-site observation (RPR) services beyond the originally scoped part-time effort.
 - Additional plumbing design services required to address code changes.
 - Additional construction administration and RPR services associated with an 11-day construction schedule extension resulting from approved change orders.
- b. For the modifications of services set forth above, Owner shall pay Engineer the following additional compensation on an hourly basis, not to exceed \$73,550.00 without written authorization from the Owner.
- c. The schedule for rendering services under this Amendment is modified as follows:
 - 11-day extension from the original 18-month substantial completion date.

Agreement Summary:

Original agreement amount:	\$ 390,200.00
Net change for prior amendments:	\$ 702,500.00
This amendment amount:	\$ 73,550.00
Adjusted Agreement amount:	\$ 1,166,250.00

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect.

The Effective Date of this Amendment is February 9, 2026.

OWNER:

City of Otsego

By:

Date:

Name:

Title:

ENGINEER:

Advanced Engineering and Environmental Services,
LLC

By:

Date:

Name: Justin Klabo

Title: Operations Manager

ADVANCED ENGINEERING AND ENVIRONMENTAL SERVICES, LLC
2026 HOURLY FEE AND EXPENSE SCHEDULE

Labor Rates*

Administrative 1	\$73.00	IT 1	\$145.00
Administrative 2	\$88.00	IT 2	\$196.00
Administrative 3	\$103.00	IT 3	\$241.00
Communications Specialist 1	\$117.00	Land Surveyor Assistant	\$107.00
Communications Specialist 2	\$137.00	Land Surveyor 1	\$129.00
Communications Specialist 3	\$158.00	Land Surveyor 2	\$156.00
Communications Specialist 4	\$190.00	Land Surveyor 3	\$175.00
Communications Specialist 5	\$210.00	Land Surveyor 4	\$193.00
		Land Surveyor 5	\$213.00
Construction Services 1	\$140.00	Operations Specialist 1	\$112.00
Construction Services 2	\$171.00	Operations Specialist 2	\$140.00
Construction Services 3	\$190.00	Operations Specialist 3	\$173.00
Construction Services 4	\$211.00	Operations Specialist 4	\$198.00
Construction Services 5	\$232.00	Operations Specialist 5	\$222.00
Engineering Assistant 1	\$94.00	Project Coordinator 1	\$130.00
Engineering Assistant 2	\$111.00	Project Coordinator 2	\$145.00
Engineering Assistant 3	\$140.00	Project Coordinator 3	\$162.00
Engineer 1	\$152.00	Project Coordinator 4	\$178.00
Engineer 2	\$182.00	Project Coordinator 5	\$201.00
Engineer 3	\$213.00	Project Manager 1	\$229.00
Engineer 4	\$246.00	Project Manager 2	\$251.00
Engineer 5	\$264.00	Project Manager 3	\$269.00
Engineer 6	\$279.00	Project Manager 4	\$284.00
Engineering Technician 1	\$93.00	Project Manager 5	\$303.00
Engineering Technician 2	\$117.00	Project Manager 6	\$317.00
Engineering Technician 3	\$141.00	Sr. Designer 1	\$199.00
Engineering Technician 4	\$158.00	Sr. Designer 2	\$221.00
Engineering Technician 5	\$181.00	Sr. Designer 3	\$238.00
Financial Analyst 1	\$126.00	Sr. Financial Analyst 1	\$236.00
Financial Analyst 2	\$142.00	Sr. Financial Analyst 2	\$257.00
Financial Analyst 3	\$171.00	Sr. Financial Analyst 3	\$279.00
Financial Analyst 4	\$187.00	Technical Expert 1	\$361.00
Financial Analyst 5	\$209.00	Technical Expert 2	Negotiable
GIS Specialist 1	\$117.00		
GIS Specialist 2	\$142.00		
GIS Specialist 3	\$168.00		
GIS Specialist 4	\$188.00		
GIS Specialist 5	\$210.00		
I&C Assistant 1	\$112.00		
I&C Assistant 2	\$139.00		
I&C 1	\$166.00		
I&C 2	\$196.00		
I&C 3	\$221.00		
I&C 4	\$234.00		
I&C 5	\$246.00		

Reimbursable Expense Rates

Transportation	\$0.83/mile
Survey Vehicle	\$1.05/mile
Laser Printouts/Photocopies	\$0.30/copy
Plotter Printouts	\$1.00/s.f.
UAS - Photo/Video Grade	\$100.00/day
UAS/USV – Survey	\$50.00/hour
Total Station – Robotic	\$35.00/hour
Mapping GPS	\$60.00/day
Fast Static/RTK GPS	\$50.00/hour
All-Terrain Vehicle/Boat	\$100.00/day
Cellular Modem	\$75.00/month
Web Hosting	\$26.00/month
Legal Services Reimbursement	\$302.00/hour
Outside Services	cost * 1.15
Geotechnical Services	cost * 1.30
Out of Pocket Expenses	cost * 1.15
Rental Car	cost * 1.20
Project Specific Equipment	Negotiable

* Position titles are for labor rate grade purposes only.

These rates are subject to adjustment each year on January 1.