

REPORT OF ACTION

UTILITY COMMITTEE

Project No. WA2403

Type: Task Order – Lead Service
Line Replacement

Location: Core Neighborhoods – Lead Service Line Replacement Project

Date of Hearing: 7/15/2026

<u>Routing</u>	<u>Date</u>
City Commission	8/3/2026
Project File	

Troy Hall, Water Utility Director, presented the attached proposed Task Order No. 26-04 with Houston Engineering, Inc. (HEI) regarding 2026 construction services for Lead Service Line Replacement (LSLR) to approximately 310 homes and businesses in Fargo. The task order is in the amount of \$394,574 and will be invoiced at hourly rates for services provided. The engineering services are eligible for 66.5% grant funding. This construction is scheduled for completion by the end of 2026.

MOTION:

On a motion by Ben Dow, seconded by Mark Miller, the Utility Committee voted to approve Task Order No. 26-04 with Houston Engineering, Inc. in amount of \$394,574.

<u>COMMITTEE:</u>	<u>Present</u>	<u>Yes</u>	<u>No</u>	<u>Unanimous</u>
				<u>X</u>
				<u>Proxy</u>
Chad Peterson, City Commissioner				
Brenda Derrig, Assistant City Administrator		X		
Susan Thompson, Finance Director				
Brian Ward, Water Plant Supt.				
Mark Miller, Wastewater Plant Supt.		X		
Bruce Grubb, Temp. Asst. City Administrator		X		
James Hausauer, Water Recl. Utility Director		X		
Troy Hall, Water Utility Director		X		
Ben Dow, Public Works Operations Director		X		
Tom Knakmuhs, City Engineer		X		
Dan Portlock, Water Utility Engineer				
Scott Olson, Solid Waste Utility Director		X		

ATTEST:


Troy B. Hall
Water Utility Director

C: Josh Boschee, Mayor
Commissioner Strand
Commissioner Gullickson
Commissioner Turnberg

**Water Treatment Plant**

435 14th Avenue South

Fargo, ND 58103

Office: 701.241.1469 | Fax: 701.241.8110

www.FargoND.gov**MEMORANDUM**

July 10, 2026

To: Utility Committee

From: Troy B. Hall, Water Utility Director *TBH*

Re: Houston Engineering Task Order 26-04: Lead Service Line Replacement – Construction Services for Six Bid Areas: 2026-05, 2026-06, 2026-07, 2026-08, 2026-09, and 2026-10.

Attached is a proposed task order with Houston Engineering, Inc. (HEI) related to our Lead Service Line Replacement (LSLR) project. Under this task order, there are construction services for six (6) LSLR bids with approximately 310 water service lines to homes or businesses. This task order is not-to-exceed \$394,574 and will be billed as hourly. Loan forgiveness (grant) at 66.5% will be applied to the cost of this task order. The LSLR project is in the budget and Capital Improvement Plan (CIP) for the water utility. The following are individual project codes covered in this construction services task order:

- WA2508: Bid Area 2026-05 Final completion 10/30/2026 (50 LSLRs)
- WA2509: Bid Area 2026-06 Final completion 10/30/2026 (52 LSLRs)
- WA2510: Bid Area 2026-07 Final completion 10/30/2026 (50 LSLRs)
- WA2511: Bid Area 2026-08 Final completion 10/30/2026 (61 LSLRs)
- WA2512: Bid Area 2026-09 Final completion 11/20/2026 (51 LSLRs)
- WA2513: Bid Area 2026-10 Final completion 11/20/2026 (46 LSLRs)

Since this project involves federal funding, there are significant federal requirements for LSLR construction in order to receive reimbursement. From a construction observation perspective, the scope is being split between HEI and Water Utility personnel. HEI scope includes construction monitoring and observation, construction administration including work with contractors on invoices, shop drawing submittal review, and pay applications. There is significant coordination when dealing with multiple contractors and over 300 owners of homes and businesses. We are targeting the replacement of roughly 500 Lead Service Lines total in 2026.

Plan of Financing

The task order is eligible for 66.5 percent grant from the DWSRF loan program. The overall LSLR program is in the budget and part of the Capital Improvement Plan (CIP) for water utility.

SUGGESTED MOTION:

Approve Task Order 26-04 with Houston Engineering, Inc. in the amount of \$394,574 for construction services to cover six (6) contractor bid areas for the 2026 Lead Service Line Replacement program.

Your consideration in this matter is greatly appreciated.

**TASK ORDER AGREEMENT TO
CITY OF FARGO ENTERPRISE UTILITIES SERVICES AGREEMENT**

This is Task Order No. **26-04**,
consisting of **4** pages.

Task Order

In accordance with Paragraph 1.01 of the Agreement Between Owner and Engineer for Professional Services – Task Order Edition, dated January 1, 2021 (the "Agreement"), Owner and Engineer agree as follows:

1. Background Data

- a. Effective Date of Task Order: **July 1, 2026**
- b. Owner: **City of Fargo Enterprise Utilities – Water Utility**
- c. Engineer: **Houston Engineering, Inc.**
- d. Specific Project (title): **Lead Service Line Replacement Program – Construction Services for Phases 2026-05, 2026-06, 2026-07, 2026-08, 2026-09, & 2026-10.**
- e. Specific Project (description): **Construction Services for Phases 2026-05, 2026-06, 2026-07, 2026-08, 2026-09, & 2026-10 including construction administration and RPR duties.**

2. Services of Engineer

- A. The specific services to be provided or furnished by Engineer under this Task Order are as follows:

Provide construction services for Phases 2026-05, 2026-06, 2026-07, 2026-08, 2026-09, & 2026-10 of the LSLR project in conjunction with the City Water Utility Staff including construction monitoring and observation, construction administration including working with contractors on invoicing, shop drawing submittal review, and pay applications.

- B. Other Services

None identified.

All of the services included above comprise Basic Services for purposes of Engineer's compensation under this Task Order.

3. Additional Services

- A. Additional Services that may be authorized or necessary under this Task Order are:

None. Any Additional Services will be under separate Task Order(s) or phases to this task order.

4. Owner's Responsibilities

Owner shall have those responsibilities set forth in Article 2 of the Agreement and in Exhibit B.

5. Task Order Schedule

In addition to any schedule provisions provided in Exhibit A or elsewhere, the parties shall meet the following schedule:

Engineer's services shall progress as estimated below:

Final completion of Phases 2026-05, 2026-06, 2026-07, and 2026-08 is scheduled for October 30, 2026.

Final completion of Phases 2026-09 and 2026-10 is scheduled for November 20, 2026.

6. Payments to Engineer

A. Owner shall pay Engineer for services rendered under this Task Order as follows:

By the Standard Hourly Rates and Reimbursable Expenses set forth in Exhibit C.

The fees for services under this task order shall not exceed \$394,574 without prior written authorization. Fees for future phases will be discussed with the Water Utility Staff prior to undertaking those phases. Breakdown of task order fees are provided in Attachment No. 1.

B. The terms of payment are set forth in Article 4 of the Agreement and in the applicable governing provisions of Exhibit C.

7. Sub-Consultants retained as of the Effective Date of the Task Order: **None**

8. Other Modifications to Agreement and Exhibits: **None**

9. Attachments: **Attachment 1**

10. Other Documents Incorporated by Reference:

Agreement between Owner and Engineer for Professional Services – Task Order Edition, dated January 1, 2021.

11. Terms and Conditions

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is **July 1, 2026**.

OWNER: **City of Fargo**

ENGINEER: **Houston Engineering, Inc.**

By: _____

Name: Troy Hall

Title: Water Utility Director

Date Signed: _____

Address for giving notices:

City of Fargo

225 4th Street North

Fargo, ND 58102

DESIGNATED REPRESENTATIVE
(Paragraph 8.03.A):

Troy Hall

Title: Water Utility Director

Phone Number: 701-241-1469

Facsimile Number: _____

E-Mail

Address: thall@fargond.gov

DESIGNATED REPRESENTATIVE
(Paragraph 8.03.A):

By: _____

Name: Jerry Bents, PE

Title: Vice President

Engineer License or Firm's
Certificate No. 015C

State of: North Dakota

Date Signed: 7/2/2026

Address for giving notices:

Houston Engineering, Inc.

1401 21st Avenue North

Fargo, ND 58102

DESIGNATED REPRESENTATIVE
(Paragraph 8.03.A):

Randy Engelstad

Title: Client Manager

Phone Number: 701-237-5065

Facsimile Number: _____

E-Mail

Address: rengelstad@houstoneng.com

Dan Korf _____

Title: Project Manager

Phone Number: 701-237-5065

Facsimile Number: _____

E-Mail
Address: dkorf@houstoneng.com

Task Order Form

EJCDC® E-505, Agreement Between Owner and Engineer for Professional Services – Task Order Edition.
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and American Society of Civil Engineers. All rights reserved.

Engineer's Services for Task Order

PART 1—BASIC SERVICES

A1.01 *Construction Phase Services*

A. As Basic Services, Engineer shall:

1. Perform three primary task phases in conjunction with the Owner: Project Administration, Construction Observation, and Project Closeout.
 - a. Project Administration will include:
 - 1) Identify potential solution(s) to meet Owner's Specific Project requirements, as needed.
 - 2) Identify and follow any State and Federal requirements based on funding sources – (SRF, AIS, BIL, Etc..)
 - 3) Budgeting regarding this task order, invoice reporting, internal meetings (12 one-half hour update meetings assumed), facilitate and attend two **(2) preconstruction meetings** with the Contractor, and provide project updates to the Owner (four preconstruction meetings have already occurred).
 - b. Construction Observation will include:
 - 1) Assume four **(4) months of construction** based on the Project schedules.
 - 2) Construction observations with **310 homes** in the lead replacement program. We are assuming that Houston Engineering will check in with Contractors for a maximum of two hours per home, plus additional coordination.
 - 3) Assist with change orders, shop drawing submittal items, and pay requests.
 - 4) Meeting with Landowners as required. The number of landowner meetings is unknown, but it is assumed that Houston Engineering will need to meet with **50 landowners**, if conflicts arise or if the landowner desires to meet regarding the project.
 - c. Project Closeout will include:
 - 1) Assist the Owner to close out the construction contracts, finalize the project with landowners, and finalize the project with the Contractors.
 - 2) Task Order closeout.
2. These services shall apply to the following phases:

- a. **Construction services for 2026-05.**
 - b. **Construction services for 2026-06.**
 - c. **Construction services for 2026-07.**
 - d. **Construction services for 2026-08.**
 - e. **Construction services for 2026-09.**
 - f. **Construction services for 2026-10.**
- B. Engineer's services under the Construction Phase will be considered complete on the date when Engineer has delivered to Owner the final closeout documentation.

A1.02 *Not Used*

PART 2—ADDITIONAL SERVICES – Not used. Any additional services will be by separate Task Order.

Owner's Responsibilities

Article 2 of the Agreement is amended and supplemented to include the following responsibilities unless expressly stated otherwise in a Task Order.

B2.01 Specific Responsibilities

A. Owner shall:

1. Give instructions to Engineer regarding Owner's roles in construction services, Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Agreement.
2. Recognizing and acknowledging that Engineer's services and expertise do not include the following services, provide, as required for the Project:
 - a. Accounting, bond and financial advisory (including, if applicable, "municipal advisor" services as described in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and the municipal advisor registration rules issued by the Securities and Exchange Commission), independent cost estimating, and insurance counseling services.
 - b. Legal services with regard to issues pertaining to the Project as Owner requires, Contractor raises, or Engineer reasonably requests.
 - c. Such auditing services as Owner requires to ascertain how or for what purpose Contractor has used the money paid.
3. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of samples, materials, and equipment required by the Construction Contract Documents (other than those required to be furnished or arranged by Contractor), or to evaluate the performance of materials, equipment, and facilities of Owner, prior to their incorporation into the Work with appropriate professional interpretation thereof. Provide Engineer with the findings and reports generated by testing laboratories, including findings and reports obtained from or through Contractor.
4. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.
5. Advise Engineer of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructability review.

6. If Owner designates a construction manager or an individual or entity other than, or in addition to, Engineer to represent Owner at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of Engineer.
7. If more than one prime contract is to be awarded for the Work designed or specified by Engineer, other work is to be performed at or adjacent to the Site by others or by employees of Owner, or if Owner arranges to have work performed at the Site by utility owners, then Owner shall coordinate such work unless Owner designates an individual or entity to have authority and responsibility for coordinating the activities among the various prime Contractors and others performing work. In such case Owner shall define and set forth the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of Engineer as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.
8. Inform Engineer in writing of any specific requirements of safety or security programs that are applicable to Engineer, as a visitor to the Site.
9. Examine all alternative solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, risk manager, insurance counselor, financial/municipal advisor, and other advisors or consultants as Owner deems appropriate) and render in writing timely decisions pertaining thereto.
10. Inform Engineer regarding any need for assistance in evaluating the possible use of Project Strategies, Technologies, and Techniques, as defined in Exhibit A.
11. Advise Engineer as to whether Engineer's assistance is requested in identifying opportunities for enhancing the sustainability of the Project.
12. Furnish to Engineer data as to Owner's anticipated costs for services to be provided by others (including, but not limited to, accounting, bond and financial, independent cost estimating, insurance counseling, and legal advice) for Owner so that Engineer may assist Owner in collating the various cost categories which comprise Total Project Costs.
13. Attend and participate in the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Site visits to determine Substantial Completion and readiness of the completed Work for final payment.
14. Authorize Engineer to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement, as required.
15. Perform or provide the following: **None Listed.**

Exhibit B— Owner's Responsibilities

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Payments to Engineer for Services and Reimbursable Expenses

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 2 – OWNER'S RESPONSIBILITIES

C2.01 *Basis of Compensation*

A. The following basis of compensation is used for this Task Order:

1. Standard Hourly Rates (plus any expenses expressly eligible for reimbursement)

C2.02 *Explanation of Compensation Methods*

A. *Standard Hourly Rates*

1. For the specified category of services, the Owner shall pay Engineer an amount equal to the cumulative hours charged to the Specific Project by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class. Under this method, Engineer shall also be entitled to reimbursement from Owner for the expenses identified in Paragraph C2.03 below, and Appendix 1.
2. Standard Hourly Rates include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.
3. Engineer's Reimbursable Expenses Schedule and Standard Hourly Rates are attached to this Exhibit as Appendices 1 and 2.
4. The total estimated compensation for the specified category of services shall be stated in the Task Order. This total estimated compensation will incorporate all labor at Standard Hourly Rates, and reimbursable expenses (including Consultants' charges, if any).
5. The amounts billed will be based on the cumulative hours charged to the specified category of services on the Specific Project during the billing period by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class, plus reimbursable expenses (including Consultant's charges, if any).
6. The Standard Hourly Rates and Reimbursable Expenses Schedule shall be adjusted annually (as of January 1) to reflect equitable changes in the compensation payable to Engineer.

C2.03 *Reimbursable Expenses*

A. Under the Lump Sum method basis of compensation to Engineer, unless expressly indicated otherwise the Lump Sum amount **includes** the following categories of expenses: transportation (including mileage),

lodging, and subsistence incidental thereto; providing and maintaining field office facilities including furnishings and utilities; toll telephone calls, mobile phone services, and courier charges; reproduction of reports, Drawings, Specifications, bidding-related or other procurement documents, Construction Contract Documents, and similar Specific Project-related items; and Consultant charges. These expenses are not reimbursable under the Lump Sum method, unless expressly indicated otherwise in C2.02.A.3 above.

- B. The amounts payable to Engineer for reimbursable expenses will be the Project-specific internal expenses actually incurred or allocated by Engineer, plus all invoiced external reimbursable expenses allocable to the Specific Project, the latter multiplied by a factor of **1.0**.
- C. Whenever Engineer is entitled to compensation for the charges of its Consultants, those charges shall be the amount billed by such Consultants to Engineer times a factor of **1.10**.
- D. The external reimbursable expenses and Consultants' factors include Engineer's overhead and profit associated with Engineer's responsibility for the administration of such services and costs.

C2.04 *Serving as a Witness*

- A. For services performed by Engineer's employees as witnesses giving testimony in any litigation, arbitration or other legal or administrative proceeding under Paragraph A2.01.A.20, at the "Senior Consultant" rate that is closest to and at least **1.25** times the witness's standard hourly rate. Compensation for Consultants for such services will be by reimbursement of Consultants' reasonable charges to Engineer for such services.

C2.05 *Other Provisions Concerning Payment*

- A. *Extended Contract Times:* Should the Contract Times to complete the Work be extended beyond the period stated in the Task Order, payment for Engineer's services shall be continued based on the Standard Hourly Rates Method of Payment.
- B. *Estimated Compensation Amounts*
 - 1. Engineer's estimate of the amounts that will become payable for services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Engineer under the Agreement.
 - 2. When estimated compensation amounts have been stated in a Task Order and it subsequently becomes apparent to Engineer that a compensation amount thus estimated will be exceeded, Engineer shall give Owner written notice thereof. Promptly thereafter Owner and Engineer shall review the matter of services remaining to be performed and compensation for such services. Owner shall either agree to such compensation exceeding said estimated amount or Owner and Engineer shall agree to a reduction in the remaining services to be rendered by Engineer so that total compensation for such services will not exceed said estimated amount when such services are completed. If Engineer exceeds the estimated amount before Owner and Engineer have agreed to an increase in the compensation due Engineer or a reduction in the remaining services, the Engineer shall give written notice thereof to Owner and shall be paid for all services rendered thereafter.

2026 Rates ==>

\$1

Date Revised:

Prepared by: Dan Korf

Estimated Number of Services:

310

Cost per Service: \$1,272.82

[illegible]