



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

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Legislative File No: 2015-0211 Version 3

TO: Mayor and City Council Members

FROM: Allan E. Schneck, P. E., Director of Public Services

DATE: October 12, 2015

SUBJECT: Hamlin Road Construction Project, (Hamlin Ct. to Dequindre Road)
City File No. E12-028, MDOT Job No. 126567A

REQUEST:

City Council is requested to increase the existing Contract/Blanket Purchase Order between the Michigan Department of Transportation (MDOT) and the City of Rochester Hills for the Hamlin Road Construction Project (Hamlin Ct. to Dequindre Rd.) in the amount of \$412,393.93, for a new not-to-exceed budget of \$4,536,333.23.

REASON FOR PURCHASE:

City Council amended and increased the Hamlin Road project budget by \$1,257,889.32 to match the DiPonio Contracting bid amount at their regular meeting on September 14, 2015. However, City Council did not approve any contingency funds for the project and asked that an explanation be provided to explain how the road project low-bid (\$6,331,518.02) could be approximately 20% more than the design engineer's estimate (\$5,284,735.60).

City Council was provided information on September 23rd via e-mail that included a listing of the project bids received at the May 1, 2015 letting, a summary of the project award sequence, and a correspondence prepared by Mark Loch with OHM Advisors to Brent Schriener at the Michigan Department of Transportation (MDOT) that identified and gave reasons why bid items were higher than the expected costs.

The Hamlin Road construction phase needs to have a contingency amount to allow for unforeseen conditions or quantity changes that typically occur on projects during construction. For example, one change that the City would like to incorporate into the project is the addition of the pathway on the north side of Hamlin between Fieldcrest and Crestline. The City was not able to secure the needed right-of-way across two properties prior to the project needing to be submitted for right-of-way certification and bidding by MDOT. Subsequent to the bid opening, the City Attorney was able to obtain the right-of-way to allow the pathway construction. The City would be forced to gap this pathway section or delete other work from the project to construct it without a project contingency. Many other examples routinely surface during the course of a larger construction project that require a contingency amount.

Construction projects are typically approved with a contingency amount that is ten percent of the contractor payments. However, the Department of Public Services (DPS) is requesting that City Council approve a lesser contingency amount. The City share of the total construction cost is estimated at \$4,123,939.30 per the bid and DPS requests 10% of the City share for a contingency budget request of \$412,393.93 be approved by Council for a new not-to-exceed project construction budget of \$4,536,333.23.

PROCESS:

Vendor Name and Address:

Michigan Department of Transportation
Local Agency Programs Unit
425 W. Ottawa Street
Lansing, MI 48909

Reason for Selection:

FHWA, Surface Transportation Program

BUDGET:

Funding is included in the 2015 Budget under MR-02B, MR-55, PW-02B, LS-10, and WS-02B. If City Council approves the construction project budget increase, the fourth quarter 2015 budget amendment will include the changes to reflect the additional costs beyond the originally budgeted amounts.

Fund Name	Department Account No.	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Roads	452.970000	Construction - MR-02B (Hamlin Road)	\$2,886,756.88	\$3,175,433.00	(\$288,676.12)
Major Roads	452.970000	Construction - MR-55 (Regency Drive)	\$193,050.00	\$181,453.00	\$11,597.00
Major Roads	452.970000	Construction - PW-02B (Hamlin Pathway)	\$355,820.00	\$272,180.00	\$83,640.00
Local Streets	454.970000	Construction - LS-10 (Crestline Street)	\$179,010.00	\$136,090.00	\$42,920.00
Water & Sewer Capital	593.972000	Water Mains; WS-02B (Hamlin Water Main)	\$792,200.00	\$771,177.23	\$21,022.75
Grand Total			\$4,406,836.88	\$4,536,333.23	(\$129,496.35)

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize an increase of \$412,393.93 to the existing Contract/Blanket Purchase Order between the Michigan Department of Transportation (MDOT) and the City of Rochester Hills for the Hamlin Road Construction Project (Hamlin Ct. to Dequindre Rd.) for a new total-not-to-exceed amount of \$4,536,333.23.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		