



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2019-0122

TO: Mayor and City Council Members

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

DATE: March 25, 2019

SUBJECT: Auburn Road Alley and Parking Lot Improvements – City File No. E16-015

REQUEST:

City Council is requested to authorize a blanket purchase order/contract for the Auburn Road Alley and Parking Lot Improvements Project to Pro-Line Asphalt Paving Corp., Washington, MI in the amount of \$2,317,702.20 with a 10% project contingency in the amount of \$231,770.22 for the total not-to-exceed amount of \$2,549,472.42.

REASON FOR PURCHASE:

The City issued an Invitation to Bid for the Auburn Road Alley and Parking Lot Improvements utilizing the MITN System. 1,154 vendors were notified of the bid opportunity through the MITN System and only one (1) bid response was received. The single bidder name and cost is shown on the file attachment.

The City conducted research in order to verify reasons for only receiving one (1) bid on this project. Purchasing contacted vendors who had downloaded the solicitation to question reasons they determined not to bid the project. The vendors provided feedback as to reasons why they did not bid, and it was mainly related to the strike that occurred last year. Many of the vendors were not able to complete the projects they were contracted for and those projects have been carried over into this year, which has created limited capacity for them to take on the additional projects being bid this year and they have indicated they are being selective in the projects they are choosing to bid. Purchasing has been able to verify the statements are accurate by reaching out to other communities and membership organizations and they have all indicated hearing similar things with their projects. Based on the above information, the City does not feel that by re-bidding the project they will experience more favorable results than what we currently have and in fact will most likely receive higher pricing. As more and more projects are bid, and supply and demand for materials increases costs are expected to increase as well.

City staff met and reviewed the bid to determine if the full amount should be recommended for award. It was agreed that three items appeared to be unreasonably high (dumpster enclosures - \$92,000, Remove Business Sign - \$25,000 and Charging Stations - \$42,000) and that the City should not include them in the contractor award. Further, the contractor did not object to their deletion from the contract. The City will pursue other options to incorporate these three items at a reduced future cost. Thus, the recommended contractor award is \$2,317,702.20 instead of the submitted bid amount of \$2,476,702.20.

PROCESS:

Vendor Name and Address:

Pro-Line Asphalt Paving Corp.
11797 29 Mile Rd.
Washington, MI 48095

Reason for Selection:

Lowest, Responsive, Responsible Bidder

Method of Purchase:

Blanket Purchase Order/Contract

BUDGET:

Partial funding is included in the FY 2019 Adopted Budget. If approved by City Council, a 2nd Quarter Budget Amendment will be forthcoming to increase the transfer-out from Capital Improvement Fund (420) to Local Street Fund (203).

Please Note:

Also to be included as part of the 2nd Quarter Budget Amendment, the Capital Improvement Fund (420) will reduce the transfer-out to the Facilities Fund (631) to the amount of the previously awarded demolition contract or by (\$95,000) per Legislative File # 2019-0120. The Capital Improvement Fund (420) will also reduce the transfer-out to the Facilities Fund (631) by (\$40,000) for parking lot paving. This combined \$135,000 (or \$95,000 + \$40,000) not needed for the demolition contract and parking lot construction can be redirected to the Alleyway construction budget, reducing the net project overage from (\$299,472.42) to (\$164,472.42).

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Local Street Fund	454.970000	Construction	\$1,750,000	\$2,090,567.38	(\$340,567.38)
Facilities Fund	631.974000	Land Improvement	\$500,000	\$458,905.04	\$41,094.96
		GRAND TOTAL	\$2,250,000	\$2,549,472.42	(\$299,472.42)

RECOMMENDATION:

It is recommended that City Council authorize a blanket purchase order/contract for the Auburn Road Alley and Parking Lot Improvements Project to Pro-Line Asphalt Paving Corp., Washington, MI in the amount of \$2,317,702.20 with a 10% project contingency in the amount of \$231,770.22 for the total not-to-exceed amount of \$2,549,472.42.

Attachment(s): 19-011 Names and Bids as Read.pdf

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		