



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
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Legislative File No: 2019-0171

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., Director of Public Services
DATE: May 6, 2019
SUBJECT: 2019 Concrete Road Rehabilitation Program
City File No. E19-001

REQUEST:

The Department of Public Services recommends that City Council award a contract for the *2019 Concrete Road Replacement Program* to Florence Cement Company of Shelby Township, Michigan and authorizes the Mayor to execute the contract on behalf of the City. Staff has provided two (2) contract award amount options as follows:

- **Option 1**, award a contract, at the remaining budget amount, for an amount of \$1,428,571.43 with a 5% contingency for an amount of \$71,428.57 to allow for quantity adjustments based on final measurements verified in the field for a total not-to-exceed construction cost of \$1,500,000.00. This option would necessitate removing several of the work locations to match the budgeted amount. In addition, we would need to communicate with Florence Cement Company to see if they would hold bid item unit prices with the reduction of work locations.
- **Option 2**, award the contract, as bid, for an amount of \$2,478,875.00 with a 5% contingency in the amount of \$123,943.75 to allow for quantity adjustments based on final measurements verified in the field for a total not-to-exceed construction cost of \$2,602,818.75. This option would require a budget amendment in order to replace all of the as bid work locations listed below.

REASON FOR PURCHASE:

On Thursday, April 11, 2019, the City received six sealed bids for the *2019 Concrete Road Replacement Program* (bid tabs attached). Of the bids received, Florence Cement Company was the lowest, responsive, responsible bidder. In review of the bid submittals, the lowest As-Read bidder was deemed to be non-responsive, non-responsible. The bid documents clearly stated that in order to bid on the project, the bidder had to hold a certain MDOT pre-qualification bidder status. The lowest as-read bidder did not have this pre-qualification status at the time of bid submission. Additionally, the Statement of Qualifications Form that was required to be submitted with each bidder's submission indicated that the bidder **MUST** answer all questions. In review of the Statement of Qualifications form for the lowest as-read bidder it was found that the question in which asks for the bidder to acknowledge that they are pre-qualified by MDOT was not answered and the pre-qualification number was not provided. It is for these reasons that the lowest as-read bidder was deemed non-responsive, non-responsible.

Work is anticipated to begin in May 2019 with a completion date scheduled for September 1, 2019.

Work Locations (Option #2):

1. North Fairview Farms: Fairfield and Ridgecrest Dr.

2. Valley Stream: Oakrock Ln.
3. University Hills & Deer Run: Notre Dame Rd.
4. Yorktowne Commons: Grosvenor Ct. and portion of Yorktowne Dr.
5. Eddington Farms: Windrift Ln., Kendal Ln. and Pembroke Dr.
6. Avon Hills Village: Parkland Dr.
7. Wildflower: Primrose Dr. and Mayapple Ct.

PROCESS:

Vendor Name and Address:

Florence Cement Company
 51515 Corridor
 Shelby Township, MI 48315

Reason for Selection:

Lowest, Responsive, Responsible Bidder

Method of Purchase:

Blanket Purchase Order/Contract

BUDGET:

Option 1 – Award Contract at Remaining Budget:

Funding for Option #1 is included in the FY 2019 Adopted Budget.

Fund Name	Department Account No	Account No. Description	Remaining Budget Amount	Cost	Remaining Budget
Local Street	454.970000	Construction (LS-01) 2019 Local Street Concrete Program	\$1,500,000.00	\$1,500,000.00	\$0

Option 2 – Award Contract as Bid:

If approved by City Council, a 2nd Quarter 2019 Budget Amendment will be presented to increase the 2019 Local Street Concrete program construction budget by \$1,105,000.

The proposed sources of funding will come in part from Local Street Fund balance. Per the FY 2018 Audit, the Local Street Fund Balance reserves have nearly \$300,000 in additional funds to come in line with the Local Street Fund Balance Policy level of 25% of annual expenditures. Additional funding for the balance of 2019 Local Street Concrete program shall come from the General Fund transfer-in.

It should be noted: Including the potential additional funding level of General Fund transfer-in to the Local Street Fund for the 2019 Local Street Concrete Program in Option #2, the General Fund is still anticipating an increased transfer-out to the Capital Improvement Fund of over \$1.0M as part of the 2nd Quarter Budget Amendment in order to come in line with the General Fund’s Fund Balance Policy level of 80% of annual operating expenditures.

Fund Name	Department Account No	Account No. Description	Remaining Budget Amount	Cost	Remaining Budget
Local Street	454.970000	Construction (LS-01) 2019 Local Street Concrete Program	\$1,500,000.00	\$2,602,818.75	(\$1,102,818.75)

RECOMMENDATION:

The Department of Public Services recommends that City Council award Option 2 contract for the 2019 Concrete Road Replacement Program to Florence Cement Company of Shelby Township, Michigan in the amount of \$2,478,875.00. The Department also requests that Council approve a 5% project contingency of \$123,943.75 to allow for quantity adjustments based on final field measurements for a total not-to-exceed project amount of \$2,602,818.75 and authorizes the Mayor to execute the entire contract on behalf of the City.

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

Contract Reviewed by City Attorney Yes N/A