



**City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
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[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No:** 2009-0081

**TO:** Mayor and City Council Members  
**FROM:** Roger H. Rousse, Director of Public Service  
**DATE:** February 23, 2009  
**SUBJECT:** Austin Avenue Extension  
City File No. E00-026

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**REQUEST:**

It is requested that the Rochester Hills City Council approve an amended project construction budget for the Austin Avenue Extension in the amount of \$1,317,421.51 plus a 10% contingency of \$131,742.51 plus the Kirco fee of \$131,742.51 for a total not-to-exceed approved construction budget of \$1,580,905.81.

**REASON FOR PURCHASE:**

Rochester Hills has been working jointly with Kirco Construction and Rayconnect Inc. to complete the construction of the new Rayconnect building, extend and pave a new portion of Austin Avenue to Devondale and pave of Devondale Road north of the proposed Austin intersection to the northerly terminus. A development agreement was signed on January 6, 2009 between Rochester Hills and Kirco to define the process how Kirco will be reimbursed for their services. Work by Kirco includes bidding the project work to secure a contractor, providing construction engineering assistance and also fronting costs to ensure that the road construction is completed within the expedited timeframe required by Rayconnect. The signed development agreement is enclosed for council reference.

The development agreement includes a preliminary construction cost estimate of \$1,320,000.00 and also states on page 2, item 4, that the City Council must approve the awarding of a bid if the actual construction cost received for the bids exceeded more than 10 percent of the \$1.32 million estimate. Also attached is an itemized construction cost estimate that shows that the recommended combined bid received by Kirco construction totals \$1,317,421.51. The attached itemized cost estimate also shows the fee proposed by Kirco for providing their services to this project and that amount is \$131,742.15. Although inclusion of the Kirco fee would still keep the total cost just under the 10 percent contingency allowance, it does not provide any remaining contingency amount for the actual road and utility construction. Thus, City Council is being asked to approve an amendment to the original project construction budget based on the actual bid amounts received. The amended construction budget proposed is 10 percent in addition to the total for the contractor bid plus the Kirco fee ( $\$1,317,421.51 \times 1.1$ ) + \$131,742.15 = \$1,580,905.81.

It should be noted that in accordance with the development agreement Rochester Hills will be providing an inspector to oversee and document the construction. Hubbell, Roth & Clark will provide survey layout and as-built drawing preparations through a blanket purchase order previously approved by Council.

**PROCESS:**

**Vendor Name and Address:**

Kirco Construction, LLC  
101 W. Big Beaver Rd., Suite 200  
Troy, MI 48084

**Reason for Selection:**

Austin Avenue Construction and Reimbursement Agreement

**Method of Purchase:**

Blanket Purchase Order

**BUDGET:**

In FY 2008, the LDFA Fund transferred the original project budget estimate of \$1,482,000 to the Major Road Fund as the funding source for the construction and ROW phases of the (MR-10) Austin Avenue Extension project. As part of the 1st Quarter 2009 Budget Amendment, the remaining project balance of \$1,090,000 (\$970,000 for the construction phase and \$120,000 for additional ROW Acquisition) was approved to be carried over for the completion of this project. It is anticipated that the LDFA will transfer the remainder of the costs associated with the project [approximately an additional \$490,900] to the Major Road Fund as part of a future proposed budget amendment.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Major Roads	452.970000	Construction – MR-10	\$970,000.00	\$1,580,905.81	(\$610,905.81)
Major Roads	452.973000	Land-ROW Acquisition	\$120,000.00	-0-	\$120,000.00
			\$1,090,000.00	\$1,580,905.81	(\$490,905.81)

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council approve a revised project construction budget for the Austin Avenue Extension in the amount of \$1,317,421.51 plus a 10% contingency of \$131,742.51 plus the Kirco fee of \$131,742.51 for a revised total not-to-exceed approved construction budget of \$1,580,905.81. This budget amount will cover the costs of the underground utility and paving contractor and also the fee for Kirco Construction in assisting with the construction engineering services for the project.

Attachments: 02-09-09 REVISED COST PROPOSAL TO CRH.pdf  
Austin Reimbursement Agreement Signed.pdf

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