



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

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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Legislative File No: 2004-0393- V2

TO: Mayor and City Council Members
FROM: Roger H. Rousse, Department of Public Services, 841-2497
DATE: May 4, 2005
SUBJECT: District 21 Sanitary Sewer Cost Share Agreement (City File No. E03-039)

REQUEST:

City Council is requested to approve payment to W.G. Gilbert, Inc. in the amount of \$314,687.92 to cover actual costs incurred for the construction of the District 21 sanitary sewer extension project.

REASON FOR PURCHASE:

On December 1, 2003, City Council approved the concept of a Cost Share Agreement with W.G. Gilbert, Inc. for the construction of a sanitary sewer main along Sheldon Road. The Cost Share Agreement included sanitary sewer construction along Sheldon Road to serve District 21 in Oakland Township and a portion of the Rochester Hills sewer district included in the OCDC Extension 5 Contract 4 project. City Council also requested that staff review the plans to explore options for changing the originally proposed location of the sanitary sewer in order to save trees. Prior to council's request, the original location proposed for the north-south sanitary sewer extension was east of Sheldon Road. The engineering department subsequently agreed to move the location of the proposed sanitary sewer to 6 feet west of the quarter section line of Sheldon Road.

Mr. Bill Gilbert, of W. G. Gilbert, Inc. proposed the construction of the said sanitary sewer in advance of the City's OCDC Extension Program 5, Contract 4 project. The sanitary sewer extension potentially provides sewer service to 155 lots in Rochester Hills and 546 lots in Oakland Township. The proposal includes sharing costs of the sanitary sewer based on the percentage of lots benefiting by the extension. Per the original contract requirements, Rochester Hills is obligated to reimburse W. G. Gilbert, Inc. for the pro-rata share of 22.1% of the actual construction costs. A not-to-exceed cost share of \$233,285.28 was determined based on the initial cost estimate for the project with the cost sharing agreement.

The Sheldon Road sewer extension was constructed in the Summer/Fall of 2004 and W.G. Gilbert, Inc. has fronted one hundred (100%) percent of the actual construction costs. The number of tree removals for the sanitary sewer installation was significantly reduced. In fact, the pay estimate request submitted by Mr. Gilbert does not even include cost for any tree removals. However, saving the trees resulted in a much higher trench backfill cost since the sewer was located within a future paved road section. It was hoped that the existing material was suitable for reuse in the trench and that the trench width could be minimized to maintain a construction traffic corridor along a portion of Sheldon. Neither of these hopes materialized and the savings in reduced tree removals did not offset the increased costs for backfill material and trucking. Imported sand backfill, truck hauling and some areas of aggregate backfill for the trench were necessary to complete the sanitary sewer in Sheldon Road.

The final pay estimate for the Sheldon sewer project is attached. It should be noted that the cost sharing agreement stated that some items would be the total responsibility of Rochester Hills. One such item is the 6-inch sewer lead quantity installed in Rochester Hills and it is appropriately listed as an item at the sole cost of Rochester Hills. The final cost apportionment to Rochester Hills is stated at \$314,687.92. Since this amount exceeds the original not-to-exceed figure of \$233,285.28, a request has been made by W.G. Gilbert, Inc. for the additional compensation of \$81,402.64.

For Council's reference, the signed cost sharing agreement, a project location drawing labeled as Exhibit 2, and the initial cost estimate labeled Exhibit 3 for the District 21 sewer extension along Sheldon Road are attached. Each of these items was also included in the council meeting packet of the May 5, 2004 meeting.

PROCESS:

Vendor Name and Address:

William Gilbert
W.G. GILBERT, INC.
4635 Gallagher Road
Rochester, MI 48306

Reason for Selection:

Previously Approved District 21 Sanitary Sewer Extension Cost Sharing Agreement

Method of Purchase:

City council resolution approval from the May 5, 2004 meeting and Sanitary Sewer Extension Cost Sharing Agreement execution on May 10, 2004 by the Mayor and Clerk

BUDGET:

The sewer extension along Sheldon Road was included in the Extension 5, Contract 4 project and is also referred to as Rochester Hills Capital Improvement Project SS-10. The 2004 budget contained \$2,595,000.00 for SS-10 but Contract 4 was not awarded in 2004 and was subsequently carried over to the 2005 budget with a project cost increase. The 2005 budget includes \$2,988,750.00 for SS-10 of which \$2,986,065.00 will be used for Contract 4. A budget amendment will be necessary for the remaining amount.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Water and Sewer	510.972.000	Equipment – Mains & Services	\$2,685.00	\$314,687.92	(\$312,002.92)

RECOMMENDATION:

The Department of Public Services recommends that City Council approve the payment of \$314,687.92 to W.G. Gilbert, Inc. to reimburse for actual construction expenses incurred for the Sheldon Road sewer extension cost sharing agreement project.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

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