



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

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Legislative File No: 2014-0136

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., DPS Director
DATE: April 7, 2014
SUBJECT: 2014 Concrete Road Replacement Program - City File No. E14-001

REQUEST:

The Department of Public Services recommends awarding the contract for the *2014 Concrete Road Replacement Program* to Florence Cement Company of Shelby Township, Michigan and authorizes the Mayor to execute a contract on behalf of City. Staff has provided two (2) contract award amount options as follows:

- **Option 1**, award a contract in the amount of \$3,731,801.45 with a 5% contingency in the amount of \$186,590.08 to allow for quantity adjustments based on final measurements verified in the field. This option would utilize the current FY 2014 budgeted amount, however, some of the estimated project areas would be deleted from contract.
- **Option 2**, award the contract in the amount of \$4,738,055.50 with a 5% contingency in the amount of \$236,902.77 to allow for quantity adjustments based on final measurements verified in the field. This amount would require a budget amendment for both MR-03A and LS-03 and allow for completion of all estimated project areas for those funds. MR-03B (LDFA) work would still utilize the budgeted funds only.

REASON FOR PURCHASE:

On Thursday, March 13, 2014, the City received five (5) sealed bids for the *2014 Concrete Road Replacement Program* (bid tabs attached). Of the bids received, Florence Cement Company was the lowest, responsive, responsible bidder. The bid received from Florence Cement Company is 15% above the engineering cost estimate, which is shown on the attached bid tabulation. Work is expected to begin in May 2014 with a completion date scheduled for mid October 2014.

The Scope of Work includes:

Drainage structure adjust/recondition/reconstruct; installation of under drains; placement of aggregate base for concrete roads and drives, concrete pavement removal and replacement; restoration; and other miscellaneous items of work.

Project Area Locations

Brookedale West	Hawthorn Hills	Stratford Knolls
Brookedale Woods	Heatherwood Village	Sycamores
Covington Place	Juengels Orchard	Thornridge
Cumberland Hills	Oxford Estates	Winchester Village
Eddington Farms	Quail Ridge	
Hawthorn	Rochester Hills Exec. Park	

PROCESS:

Vendor Name and Address:

Florence Cement Company
12585 23 Mile Rd
Shelby Twp, MI 48315

Reason for Selection:

Lowest, Responsive, Responsible Bidder

Method of Purchase:

Blanket Purchase Order/ Contract

BUDGET:

These projects were identified in the 2014 CIP and are funded in the 2014 Adopted Budget under Major Road Fund / MR-03A [Concrete Slab Replacement] = \$411,250; MR-03B [LDFA Road Rehabilitation Program] = \$300,000; and Local Street Fund / LS-03 [Local Street Concrete Program] = \$3,298,500 for a combined total budget of \$4,009,750.

Option 1 – Award Contract Utilizing Current Budget Amount

The project total is \$3,918,391.53 [\$3,731,801.45 plus a 5% contingency of \$186,590.08] split as:

- MR-03A \$401,880.05 [*\$382,742.90 plus a 5% contingency of \$19,137.15*]
- MR-03B \$293,164.78 [*\$279,204.55 plus a 5% contingency of \$13,960.23*]
- LS-03 \$3,223,346.70 [*\$3,069,854.00 plus a 5% contingency of \$153,492.70*].

Other costs associated with the project include geotechnical services (typically 2.5% of contractor payments) and survey & layout supplies such as stakes and paint. The amounts proposed are nearly equivalent to the total of the remaining budgets below and would not require any additional budgeted funding or amendments.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Road	452.970000	Construction (MR-03A)	\$411,250.00	\$401,880.05	\$9,369.95
Major Road	452.970000	Construction (MR-03B)	\$300,000.00	\$293,164.78	\$6,835.22
Local Street	454.970000	Construction (LS-03)	\$3,298,500.00	\$3,223,346.70	\$75,153.30
Option #1 Total			\$4,009,750.00	\$3,918,391.53	\$91,358.47

Option 2 – Award Contract as Bid

The project total is \$4,974,958.27 [\$4,738,055.50 plus a 5% contingency of \$236,902.77] split as:

- MR-03A \$446,733.70 [*\$425,460.67 plus a 5% contingency of \$21,273.03*]
- MR-03B \$293,164.78 [*\$279,204.55 plus a 5% contingency of \$13,960.23*]
- LS-03 \$4,235,059.79 [*\$4,033,390.28 plus a 5% contingency of \$201,669.51*].

Other costs associated with the project include geotechnical services (typically 2.5% of contractor payments) and survey & layout supplies such as stakes and paint. This amount will be charged against the requested 5% contingency amount.

If approved by City Council, a 2nd Quarter 2014 Budget Amendment shall be brought forth to increase the capital project budgets for both MR-03A and LS-03. For MR-03A, it is proposed to draw the additional funding from Major Road Fund Balance. For LS-03, it is proposed to increase the General Fund Transfer-Out to the Local Street Fund to offset the increased project costs.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Road	452.970000	Construction (MR-03A)	\$411,250.00	\$446,733.70	(\$35,483.70)
Major Road	452.970000	Construction (MR-03B)	\$300,000.00	\$293,164.78	\$6,835.22
Local Street	454.970000	Construction (LS-03)	\$3,298,500.00	\$4,235,059.79	(\$936,559.79)
		Option #2 Total	\$4,009,750.00	\$4,974,958.27	(\$965,208.27)

RECOMMENDATION:

It is recommended that City Council award Option 1 contract for the *2014 Concrete Road Replacement Program* to Florence Cement Company of Shelby Township, Michigan as the lowest, responsive, responsible bidder in the amount of \$3,731,801.45 and authorize the Mayor to execute a contract on behalf of the City.

The Department of Public Services also requests City Council authorization of a 5% contingency in the amount of \$186,590.08 to allow for quantity adjustments based on final measurements verified in the field.

The Department of Public Services staff will provide the following construction professional engineering services for this project: inspection, complaint resolution, and contract administration along with outside consulting services for geotechnical materials testing.

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