



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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Legislative File No: 2019-0124 Version 2

TO: Mayor and City Council Members

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

DATE: May 4, 2020

SUBJECT: Auburn Road Improvements (Phase I); City File Number E16-015

REQUEST:

City Council is requested to authorize an increase to the existing contract/blanket purchase order between the Michigan Department of Transportation (MDOT) and City of Rochester Hills for the construction of Auburn Road Phase I road reconstruction project in the amount of \$182,000.00 for a new not-to-exceed amount of \$6,300,000.00.

REASON FOR PURCHASE:

Rochester Hills had to enter into a local agency agreement with the Michigan Department of Transportation (MDOT) prior to the bid opening of the project. City Council approved the agreement with MDOT at the March 25, 2019 regular City Council meeting. The agreement amount of \$6,117,200.00 was based on an engineering estimate of the project cost, and as it turned out, the estimate was lower than the April 5th low-bid amount of \$6,262,267.94 submitted by lafrate Construction Company. Although the City did receive two grants that will reduce the overall amount of the project, Rochester Hills also chose to advance construct this project and must pay the full expenses of the project.

Engineering has been monitoring the progress of the road reconstruction project budget to determine if the project could be constructed below the bid amount and prevent a return to City Council. Unfortunately, it appears that the final project costs are tracking very close to the bid amount and a budget increase is needed. The latest estimate of final project cost from our construction engineering consultant, OHM Advisors, is \$6,260,000.00.

The Department of Public Services requests that City Council approve an increase to the budget up to \$6.3 million to provide some additional budget to finalize quantities and to cover potential items that the contractor may still request or dispute. It should be noted that the budget for geotechnical testing services for this project is approximately \$95,000.00 less than initially budgeted and can cover the additional expense. Furthermore, this project is essentially being built for the bid amount and may not need any contingency funding – pretty good for a \$6 million-plus construction project! This project is another example of good design, management, and partnership between the City, our engineering consultants, and the contractor.

Rochester Hills has currently been billed \$5,351,419.58 by MDOT. The Department of Public Services is requesting that City Council approve the budget increase so sufficient funds will be available to cover the anticipated outstanding expenditures remaining for this project.

PROCESS:

Vendor Name and Address:

Michigan Department of Transportation

Local Agency Programs Unit
 425 W. Ottawa Street
 Lansing, MI 48909

Reason for Selection:
 STP Grant, TAP Grant

Method of Purchase:
 Contract

BUDGET:

The original budget for this project in the 2019 Adopted Budget was \$6,250,000, the remainder of unspent original project budget has been carried over into the 2020 Adopted Budget as part of the 1st Quarter Budget Amendment.

The unspent project budget for geotechnical testing services in the approximate amount of \$95,000 was rolled into the Major Road Fund Balance at year-end 2019.

If approved by City Council, Fiscal shall prepare a 2nd Quarter Budget Amendment to increase the construction project expense by \$50,000, with the offsetting funds to be drawn from Major Road Fund Balance which contains the \$95,000 unspent on geotechnical testing services.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Road	452.970000	Construction	\$6,250,000	\$6,300,000	(\$50,000)

RECOMMENDATION:

It is recommended that City Council authorize an increase to the existing contract/blanket purchase order between the Michigan Department of Transportation (MDOT) and City of Rochester Hills for the construction of Auburn Road Phase I road reconstruction project in the amount of \$182,000.00 for a new not-to-exceed amount of \$6,300,000.00.

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