



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

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Legislative File No: 2015-0211 Version 2

TO: Mayor and City Council Members

FROM: Allan E. Schneck, P. E., Director of Public Services

DATE: September 14, 2015

SUBJECT: Hamlin Road Construction Project, (Hamlin Ct. to Dequindre Road)
City File No. E12-028, MDOT Job No. 126567A

REQUEST:

City Council is requested to increase the existing Contract/Blanket Purchase Order between the Michigan Department of Transportation (MDOT) and the City of Rochester Hills for the Hamlin Road Construction Project (Hamlin Ct. to Dequindre Rd.) in the amount of \$1,670,283.25, for a new not-to-exceed amount of \$4,536,333.25.

REASON FOR PURCHASE:

Rochester Hills submitted a federal road funding request in 2011 for the repaving of Hamlin Road between Hamlin Court and Dequindre and was subsequently approved for construction phase funding for 2015. The funding category was under the Surface Transportation Program 3R category (Restoration, Resurfacing, Rehabilitation) and this program only funds 50% of requested construction costs for contractor payments. The approved amount of federal assistance back in 2011 totaled \$1,769,000.00. This amount, plus a 25% maximum allowable contingency, equals the total available grant funding of \$2,211,250.00 from the Michigan Department of Transportation (MDOT).

The MDOT funding agreement dated April 15, 2015 included an estimated project total construction cost of \$5,077,300.00. MDOT will pay a capped amount up to \$2,211,250.00 for the project and Rochester Hills was expected to cover the remaining balance of \$2,866,050.00. City Council approved the initial funding agreement at the May 18, 2015 council meeting and established the initial project budget at \$2,866,050.00.

It was known at the May 18th council meeting, however, that the actual low bid amount submitted by DiPonio Contracting (DC) on May 1st was \$6,335,189.32 and that a budget amendment for the project would be needed. The difference between the initially estimated construction cost of \$5,077,300.00 and the DC bid of \$6,335,189.32 is \$1,257,889.32. A revised estimate of the local community share is then determined as \$2,866,050.00 + \$1,257,889.32 = \$4,123,939.32. In lieu of the typical 10% contingency on contractor payments, DPS recommends a 10% contingency be used (\$412,393.93) for a new total-not-to-exceed project construction budget of \$4,536,333.25.

PROCESS:

Vendor Name and Address:

Michigan Department of Transportation
Local Agency Programs Unit
425 W. Ottawa Street
Lansing, MI 48909

Reason for Selection:

FHWA, Surface Transportation Program

BUDGET:

Funding is included in the 2015 Budget under MR-02B, MR-55, PW-02B, LS-10, and WS-02B.

If approved by City Council, the 3rd Quarter 2015 Budget Amendment will include the changes to reflect the additional costs beyond the originally budgeted amounts.

Fund Name	Department Account No.	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Roads	452.970000	Construction - MR-02B (Hamlin Road)	\$1,800,300	\$3,175,433.27	(\$1,375,133.27)
Major Roads	452.970000	Construction - MR-55 (Regency Drive)	\$193,050	\$181,453.33	\$11,596.67
Major Roads	452.970000	Construction - PW-02B (Hamlin Pathway)	\$355,820	\$272,180.00	\$83,640.00
Local Streets	454.970000	Construction - LS-10 (Crestline Street)	\$179,010	\$136,090.00	\$42,920.00
Water & Sewer Capital	593.972000	Water Mains; WS-02B (Hamlin Water Main)	\$792,200	\$771,177.65	\$21,022.35
		Grand Total	\$3,320,380	\$4,536,333.25	(\$1,215,954.25)

RECOMMENDATION:

It is recommended that Rochester Hills City Council authorize an increase of \$1,670,283.25 to the existing Contract/Blanket Purchase Order between the Michigan Department of Transportation (MDOT) and the City of Rochester Hills for the Hamlin Road Construction Project (Hamlin Ct. to Dequindre Rd.) for a new total-not-to-exceed amount of \$4,536,333.25.

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