

REQUEST FOR PURCHASE IN EXCESS OF \$20,000/CHANGE ORDER



To: MAYOR AND CITY COUNCIL

Agenda Item #: IV. E.

From: Wayne D. Houle, PE, Director of Engineering

The Recommended Bid is

Within Budget

Not Within Budget

Date: July 16, 2013

Subject: Reject Bid - Contract No. ENGI3-5 France Avenue Improvements

Date Bid Opened or Quote Received:
June 27, 2013

Bid or Expiration Date:
August 27, 2013

Company:

Amount of Quote or Bid:

Thomas and Sons Construction, Inc.

\$3,674,239.05

Recommended Quote or Bid:
Reject Bids

General Information:

This project is for the France Ave Pedestrian Enhancements that includes upgrading the intersections of 66th St, 70th St, and 76th St and France Ave along with providing sidewalk facilities along the easterly side of France Ave where they do not exist today. Staff opened bids on Thursday, June 27; one bid was received. The engineers estimate for this portion of the work is \$3.01M; the bid received is \$3.60M. Staff is recommending the City Council to reject the bid and authorize staff to rebid the project this winter for a summer of 2014 construction.

Staff and WSB, the City's Consultant for this project, met to discuss why we received only one bid. The major areas that we discussed were current bidding climate, contractors work load, authenticity of bid, rebid possibilities, temporary easements, projected landscape costs, and landscape project letting; see details of the discussion below:

Current Bidding Climate: The current bidding climate has shown that many contractors have met their capacity for 2013. Typically, if bids on a number of similar projects come in higher than the engineer's estimates this means that contractors have filled their work load; it might also mean that material costs may have increased, such as fuel etc. WSB noted two projects that came in higher than expected:

| <u>Project</u> | <u>Bid Date</u> | <u>No. of Bidders</u> | <u>Engineer Estimate</u> | <u>Low Bid</u> |
|----------------------------|-----------------|-----------------------|--------------------------|----------------|
| TH7 in Minnetrista | 6/10 | 2 | \$3.8M | \$3.9M |
| Kenrick Trail in Lakeville | 6/03 | 4 | \$1.65M | \$1.87M |

Contractors Work Load: Most contractors did not start until mid-May due to the late snow melt. The Metro Area also received more than average rainfall for the months of May and June. The France Avenue project has a fall completion date, which concerned many contractors since most are working on a compressed construction season. The economic turnaround is also a factor in contractors bidding out projects. The City of Edina has seen a substantial drop in general contractors on larger projects in the last year, which indicates that contractors are filling up their work loads. Higher fuel prices are also a factor in increased costs due to cost to operate equipment and cost of plastic related material such as conduits or pipes. A contractor will also not bid on a project if they feel that they cannot perform on the project. A contractor typically has substantial amount of capital tied up in a project this size, which they do not want to jeopardize their future bonding ability by not performing.

Authenticity of Bid: We asked this question of WSB. Prior to the submittal of bid the contractor had increased the cost of mobilization by over \$100,000; this is a unit price bid. It is very difficult to analyze the actual unit prices, since many times a contractor will put more cost on items that they will get paid first such as mobilization and underground work. Due to the project having a majority of concrete pavement versus asphalt might have kept some contractors from bidding. Also, the signal work represented approximately 1/3 of the cost of the project, which might also have kept some contractors from bidding the project.

ReBid Possibilities: Staff and WSB met with MNDOT Federal Aid staff on Tuesday, July 9. MNDOT indicated that the City could rebid the project with the proposed change to plans between Gallagher Dr and Hazelton Road. WSB will prepare a Justification Letter to be sent to MNDOT. MNDOT stated that they would respond via email, prior to July 16, to confirm that the City will not forfeit the federal grant. The conditions for allowing to rebid the plan are that the plan must have substantial changes such as the deletion of the segment from Gallagher Dr to Hazelton Rd. The original plan did not include the right-in/right-out at Byerly's due to Byerly's not receiving final approval from the City Council at the time of submitting the plan to MNDOT; Byerly's will be constructing this portion of the project this summer. MNDOT also indicated that the project needs to acquire construction expenses within eleven months of the Federal approval date, which was May 23, 2013. Bidding the project in October / November will allow a contractor to purchase material and be paid for material on-hand by April 23. We also feel that by bidding this fall or early winter will allow contractors to provide a competitive bid for 2014 work.

Temporary Easements: The temporary easements that were acquired for the project will need to have an "Amendment to Grant of Permanent and Temporary Easements" prepared to change the expiration date of the temporary easement date from December 31, 2013 to December 31, 2014. Our City Attorney has prepared these amendments and staff will be forwarding them as soon as possible.

Landscaping for the Project: WSB and their landscape architect will be preparing a landscaping plan that includes elements of the urban design for this corridor. This plan shall be completed by early fall and will be bid out this winter for a 2014 early fall plantings. We are anticipating the cost for this work to be approximately \$700 to \$900K.

Staff believes there are two primary benefits to rebidding the project. First, constructing the sidewalk infrastructure project during the same project year as the urban design project will result in less overall inconvenience in the project area. Second, rebidding the project in a different bidding climate in a new construction period should result in a more competitive bidding climate, which should lead to overall lower overall construction bids.