



On roll call, the vote was as follows:

Yea: Snell, Nelson, Jaszewski, Bang, Henry, Foster
Motion was declared carried.

PUBLIC HEARING

15. "Northbridge Development Project #99-1021":

The following communication had been submitted regarding either approval of the plans, specifications, estimate of cost, form of contract, bid tabulation, and award of contract for the "Northbridge Development Project #99-1021" or rejection of the bids and authorization to repackage the plans and specifications to allow for a longer completion date on the less urgent items (one bid received approximately \$360,000 over the Engineer's Estimate);

Administrator Moerman:

"The Engineering Department and Yaggy Colby Associates prepared the plans and specifications for the roadway improvements and utility improvements for the Northbridge Project. The plans include reconstruction of Highway 65 for northbound and southbound traffic, Fourth Street from Delaware Avenue to Washington Avenue, Federal from Fourth Street to Highway 65, the replacement of water main, sanitary sewer main, storm sewer, 19 manholes, and the installation of lighting improvements. It is prudent to replace the water and sewer mains at this time rather than cover the old infrastructure with pavement that will last for many years to come. It would not be good to dig up a new street to repair a water or sewer main that is as old as the ones in this area. The City Council had set June 10, 2003 as the date to receive bids on this project. The estimated cost of the improvements was \$2,100,000. There was one bid submitted on the project by McKinness Construction for \$2,460,322. Attached is a copy of the bid information. The breakdown of the major costs is as follows:

Item	Cost
Street Paving	\$ 990,133
Water Mains	\$ 340,820
Sanitary Sewer Mains and Manholes	\$ 516,150
Storm Sewer/Intakes	\$ 461,991
Street Lighting	\$ 151,228
Total Project Cost	\$2,460,322

EMPRO. SAME AS
IS PROPOSED
IN THE #1.2M
T.L. '06 PROJECT
PLAZA TO 4th ST. No.

The staff in the Engineering Department has analyzed the unit prices of the bids and has concluded there are two potential reasons for the cost of the project being higher than the estimate. First, there was only one bid and, second, the cost of sanitary sewer installation appears abnormally high. City staff held further discussions on the reasons for the receipt of only one bid and the bid price that is higher than the estimated total project cost. It is the belief of City staff that the primary reason for this is the tight time frame for the project. The extension of the project deadline could attract more bidders and potentially reduce the total cost of the project. The Engineering Department staff is examining the project plans and specifications and is determining which parts of the project need to be done by the time winter sets in and which ones can allow for a longer time period to be completed. They will have the framework for the repackaging of the plans and specifications available for the City Council through a presentation at the meeting. At this time, it looks like the project would come to the City Council at the July 15 meeting. The City Council will have two alternatives to consider for this project. They are (1) whether to accept the bid of McKinness Construction or (2) whether to reject the bids and repackage the plans and specifications with a longer completion date on the less urgent items. The acceptance of the bids will ensure that all of the parts of the project are completed by the beginning of

winter and will cost the City \$2,460,322. The total project cost to date with this construction contract is \$5,744,377. The current sources of funding for this project are:

Department of Transportation	\$ 400,000
Road Use Tax Funds	\$ 852,605
Water and Sewer Funds	\$ 618,611
TIF from the Walmart Store	\$2,000,000
TIF for Fourth and Federal	\$ 783,161
TIF from new development	\$ 620,000
Funds for streets from Fareway	\$ 130,000
Sale of development property	<u>\$ 340,000</u>
Total Sources of Funds	\$5,744,377

The construction of the roadway and utility improvements will complete the infrastructure portion of the Northbridge Project. The property acquisition portion of the project is complete, except for the City Council direction to work with Central Lock on a relocation plan. The City also owns the property of the former Decker Sporting Goods store that is available for development or redevelopment and the property north of northbound Highway 65 for development. The project is would begin in the next few weeks and be completed by November of this year. The rejection of the bid and the repackaging of the plans and specifications with longer completion time frames has the risk of not receiving any more bids, not receiving more competitive bids, and extending the time frame of the project. The potential benefits are that the cost of the project could be reduced and that the impact of the later completion of items with less urgency will be limited. After considering all of the factors of this issue, it is my recommendation that the City Council reject the bid and direct City staff to repackaging the plans and specifications and re-let the bids. A special City Council meeting will be necessary in late June to set a hearing and letting date of July 15, 2003."

City Engineer Jablonski:

"The bid from McKiness Excavating for the Northbridge Development Project was received June 10, 2003. The total bid amount was \$2,460,322.03. The Engineer's Estimate of Probably Cost was \$2,158,169.04. The bid was \$302,152.99, or 14% over the estimate. After a cursory review by Engineering Department staff it appeared as if the bid was proper and acceptable. After further comprehensive review, a discrepancy became apparent in the bid. The cost of the sanitary sewer installation appears abnormally high. It is, however, not possible to say what a reasonable cost is with any certainty unless another bid is received and considered against the other. No other bids were received for this project. Since the bid was well over the estimate and since there were no other bidders I would normally recommend that the bid be rejected and that the project should be re-let. Two options are available to the Council: (1) Reject the bid and set a new hearing and letting date. The bid package could be reviewed to determine what could be done to lower costs and to generate additional interest in the project. This process would take 5-6 weeks. (2) Accept the bid as submitted. This would keep the project on schedule but may be at a cost that cannot be accurately determined."

Administrator Moerman outlined the recommendation.

Public Works Director Jablonski provided a short presentation on repackaging the plans, specifications and reletting the project, what items would or could be delayed, and whether or not there would be any cost savings to the City by doing so, noting there were no guarantees that the overall cost would be lower. He added one of the reasons the bid was higher than staff anticipated could be because of the time constraints and the \$1000.00 per day late fee.

Council Members questioned how much of the project had to be done, whether there were any guarantees on receiving a lower bid if the project was repackaged, and if staff felt 14% over the engineer's estimate was considered unreasonable or exorbitant with Public Works Director Jablonski listing the items that had to be done (underground utilities, opening the highway and providing access to Fareway and paving) adding normally, if the lowest bid was 14% higher than the Engineers' estimate, staff would determine why and probably recommend rejecting the bids and reletting the project.

The public hearing was held, as per published notice and the Mayor called for comments and objections.

There being no comments, the public hearing was declared closed.

It was moved by Bang and seconded by Foster that Resolution No's. 03-171 and 03-172, be adopted and bid tabulation accepted.

Council Member Foster stated most contractors were extremely busy now and the high liquidated damage fee probably unnerved many of them. Also, the problem with reletting was there were no guarantees the bids wouldn't come in higher.

Council Member Henry stated the sanitary storm sewer unit prices were significantly higher than the Engineers' estimate and asked if that included installation with Public Works Director Jablonski concurring.

The Mayor called the question and the following resolution was introduced.

Reso. 03-171(ADOPTED):

Resolution No. 03-171, approving plans, specifications, form of contract and estimate of cost for construction of "Northbridge Development Project, No. 99-1021", was presented.

Bid Tabulation

The Public Works Director submitted the bid tabulation with the recommended bid from McKiness Construction in the amount of \$2,460,322.

➔ **Reso. 03-172(ADOPTED):**

Resolution No. 03-172, making award of contract for the "Northbridge Development Project, No. 99-1021", was presented.

On roll call, the vote was as follows:

➔ Yea: Bang, Foster, Jaszewski, Henry, Nelson, Snell
(Motion was declared carried.)

16. 19th Street Bike Trail & Water Main Loop Project No. 02-1023.:

The following communication had been submitted regarding approval of the plans, specifications, estimate of cost, form of contract, bid tabulation, and award of contract for the "19th Street Bike Trail and Water Main Loop Project No. 02-1023";