

Attachment B



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June 7, 2023

Mr. David Swearingen
Public Works Director/City Engineer
City of Arden Hills
1245 West Highway 96
Arden Hills, MN 55112

SUBJECT: Arden Manor Park and Floral Park Improvements | PW-20-PARK-003 & PW-22-PARK-001

Dear Mr. Swearingen,

On May 22nd, 2023 the City Council received plans and specifications for the Arden Manor Park and Floral Park Improvements project, City projects PW-20-PARK-003 & PW-22-PARK-001, and authorized advertisement for bids.

On June 5th, 2023 the City of Arden Hills received bids for the Arden Manor Park and Floral Park Improvements project. The results were verified by City-consultant, HR Green. Three (3) bids were received and ranged between \$816,523.35 and \$1,323,468.51. The following is a bid summary:

Peterson Companies, Inc.	\$ 816,523.35*
Urban Companies LLC	\$1,001,085.00
Parkstone Contracting LLC	\$1,323,468.51

*Adjusted bid total by \$0.40 (rationale below)

A discrepancy of \$0.40 was found in the bid of Peterson Companies, Inc. between the Arden Manor Park base bid amount written on the bid form and in the actual sum of the total costs for the bid items. As described in Section 10 of the Instruction to Bidders in the Project Manual, the corrected sum governs and is included herein.

All three bids were higher than the engineer's estimate of \$489,617.63. The low bid price was 67% higher than the engineer's estimate. All the bids were accompanied by the required bid bond.

After a thorough review of the bids received, we feel that the engineer's estimate did not adequately represent the approximate construction costs that could have been anticipated. Most cost history sources referenced in development of the engineer's estimate were two to four years old, and inflation was inadequately accounted for. Also, one of the cost history sources referenced was MnDOT average bid prices, however MnDOT projects are generally larger and roadway-oriented, and the economy-of-scale applied to the engineer's estimate for small-quantity items was insufficient.

Due to the spread between high and low bidder we also reviewed the following items to try to identify cost risks that could show up during construction. The quantities of the ten highest cost items for each park were reviewed for any significant under-estimates, and the plans and specs were reviewed for incidental items that may have had a significant indirect impact on bid costs, but nothing significant was found. Other possible hidden costs such as dewatering or temporary shoring needs were reviewed, but nothing significant was found either, so the large spread may be attributable to Contractor-specific means and methods.

The costs for one bid item in the Peterson Companies, Inc. bid for both parks is of note. Mobilization is about one-quarter of the total bid amount for each park, which is more than typical, however mobilization can be highly variable between Contractors as it is with these bids, and it is difficult to attribute the mobilization cost to any particular factor(s).



We also believe that it is unlikely that re-bidding the project either immediately or next year would result in a significant savings in construction costs.

In conclusion, HR Green, Inc. recommends Council accept the bids, awarding the contract to Peterson Companies, Inc. for \$816,523.35 for the 2023 Arden Manor Park and Floral Park Improvements project, City projects PW-20-PARK-003 & PW-22-PARK-001.

Sincerely,

HR GREEN, INC

A handwritten signature in blue ink that reads 'Thomas A. Jantscher'.

Thomas A. Jantscher, PE
Project Manager