



**DATE:** March 8, 2021

**TO:** Honorable Mayor and City Councilmembers  
David Perrault, City Administrator

**FROM:** David Swearingen, Interim Public Works Director

**SUBJECT:** Accept Bids and Order Assessment Hearing  
2021 PMP Street and Utility Improvement Project

Budgeted Amount:	Actual Amount:	Funding Source:
\$3,807,000	\$3,429,412	PIR, Assessments, Water, Sanitary
(2021 CIP)	(Based on Low Bid)	Sewer and Surface Water Utilities

**Council Should Consider**

Motion to approve, table, or deny the following:

Resolution 2021-013 Declaring Costs to be Assessed and Ordering the Preparation of the Proposed Assessments and Calling for a Public Hearing on the Proposed Assessments for the 2021 PMP Street and Utility Improvement Project.

*All items need a simple majority for action unless otherwise noted.*

**Background/Discussion**

On January 25, 2021, the City Council approved plans & specifications and ordered advertisement for bids for the 2021 PMP Street and Utility Improvement Project located in the Hazelnut Park residential neighborhood. Bids were opened on February 24, 2021 after receiving 11 bids for the project. The five lowest bids are listed below. A full bid tabulation is provided in Attachment A.

<u>Company</u>	<u>Bid Amount</u>
C&L Excavating, Inc.	\$2,704,412.10
T.A. Schifsky & Sons, Inc.	\$2,866,599.35
Kuechle Underground, Inc.	\$2,886,894.78
Northwest Asphalt, Inc.	\$2,995,276.10
Meyer Contracting, Inc.	\$3,022,073.96

The low bid of \$2,704,412.10, received from C&L Excavating, Inc., compares favorably with the construction engineer's estimate which is \$3,234,599.50. Further analysis of the low bid; adding overhead and dividing it into the cost for the reconstruction and reclamation project areas results in the following street project costs:

- \$1,110,790.22 Total Project Cost for the Reconstruction Streets (Glenpaul and east Jerrold)
- \$293,723.19 Total Project Cost for the Reclamation Streets (Edgewater and west Jerrold)

Each of these total project costs were then analyzed for the assessable cost which as described in the City's Assessment Policy is half of the street project cost. The results of this analysis are as follows:

- Reconstruction Assessment Rate of \$6,942.44 per unit as compared to the Feasibility Report estimate of \$8,107.00.
- Reclamation Assessment Rate of \$2,532.10 per unit as compared to the Feasibility Report estimate of \$2,984.00.

Staff recommends setting the interest rate at 2% over the City's bond interest rate which is approximately 1.15%, resulting in an assessment interest rate of 3.15%. The attached resolution is consistent with this recommended action.

The current assessment policy also states that the typical overhead for a public improvement project is 37% of the construction costs. Staff believes this percentage is higher than necessary and recommends that approximately 27% (exact dollar amount below) of the construction costs is used as overhead when calculating the assessment rates. The breakdown of the overhead costs can be found below.

### **Budget Impact**

The estimated total project cost and funding sources based on the final plans and specifications are summarized below.

#### Total Estimated Expenses

Construction:	\$ 2,704,412
Engineering Design:	\$ 190,000
Construction Mgmt:	\$ 185,000
Gen Admin & Legal:	\$ 85,000
Finance & Interest:	\$ 60,000
Material Testing:	\$ 40,000
Const. Contingency:	\$ 165,000
TOTAL ESTIMATE:	\$ 3,429,412

Total Estimated Funding	
PIR Fund:	\$ 1,145,807
Special Assessments:	\$ 702,257
Water Utility:	\$ 610,880
Sanitary Sewer Utility:	\$ 416,219
Surface Water Utility	<u>\$ 554,249</u>
TOTAL FUNDING:	\$ 3,429,412

### **Attachments**

Attachment A: Bid Tabulation

Attachment B: Resolution 2021-013

Attachment C: PowerPoint