



4646 Dakota Street SE
Prior Lake, MN 55372

CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 22, 2019

AGENDA #:

PREPARED BY: JASON WEDEL, PUBLIC WORKS DIRECTOR/CITY ENGINEER

PRESENTED BY: JASON WEDEL

AGENDA ITEM: CONSIDER APPROVAL OF A RESOLUTION ACCEPTING BIDS AND AWAR-
ING THE CITY'S STANDARDIZED CONSTRUCTION CONTRACT FOR THE
DULUTH AVENUE INTERSECTION IMPROVEMENT PROJECT (CITY PRO-
JECT #TRN15-000003)

DISCUSSION: Introduction

The purpose of this agenda item is to ask the City Council to accept bids and award a construction contract for the Duluth Avenue intersection improvements.

History

A feasibility report was originally prepared for the Duluth Avenue Intersection Improvement project in January 2015. The feasibility report was accepted and the project was ordered by the City Council on January 26, 2015. However, due to projected tax levy impacts, the project construction was delayed.

Due to additional State funding becoming available, the feasibility report was updated in 2018. The updated report included assessments to adjacent properties that will benefit from the proposed improvements as part of the overall financing of the project. The revised feasibility report was approved by the City Council on February 5, 2018 and the public hearing was held on March 5, 2018. At the conclusion of the public hearing the City Council approved a resolution ordering the updated project and the preparation of plans and specifications.

The Duluth Avenue Intersection Improvement Project includes widening the intersection to include dedicated left, thru, and right turn lanes on Duluth Avenue in both directions at the intersection with TH13. It also includes the addition of a right turn lane into the Holiday Station Store's northerly entrance, the construction of a median on Duluth Avenue to restrict the access to the entrance for the Village Lake Mall to right-in/right-out near the intersection, the construction of a mini roundabout at the intersection of Duluth and Village Lake Drive, as well as modifications to several of the southerly entrances to the Village Lake Mall property and the realignment of the Toronto/Village Lake Drive intersection. The final plans were approved by the City Council on July 16, 2018 and authorization for advertising for bids was granted.

A bid opening was held on August 8, 2018. The City received two bids and the low bid was \$733,919.40 over the engineer's estimate of \$1,672,097.60. The explanation for the low number of bidders and the higher than anticipated prices was that bidding the project later in the year was problematic due to the abundance of other projects contractors were working on in 2018 and they did not have the capacity to take on new projects that late in the year. The bids were presented to the

City Council on August 20, 2018 and were subsequently rejected. The City Council directed staff to re-advertise the project in early 2019 in an effort to secure better pricing.

Current Circumstances

The City received a total of six (6) bids on January 10, 2019. The bids have been checked and tabulated. Northwest Asphalt submitted the low bid in the amount of \$2,088,933.32. The lowest bid was higher than the engineer’s estimate of \$1,672,097.60. The bid summary is provided as follows:

COMPANY	BID AMOUNT
NORTHWEST ASPHALT	\$2,088,933.32
MCNAMARA CONTRACTING	\$2,156,684.69
S.M. HENTGES & SONS, INC	\$2,192,720.59
MEYER CONTRACTING, INC	\$2,213,694.90
VALLEY PAVING, INC	\$2,217,903.15
RYAN CONTRACTING	\$2,264,606.00
ENGINEER’S ESTIMATE	\$1,672,097.60

Conclusion

The low bid is \$416,835.72 above the Engineer’s Estimate. The biggest reason for the overage is the signal system. Historically, signal systems have been \$250k - \$275k. The bid price from Northwest for the Duluth signal is \$450k. This may be due to the increases in steel prices nationally.

Despite the overage, Staff and WSB are recommending acceptance of the low bid. The City received six bids and they are grouped very closely together in price, which is evidence that this is the best price the City is going to receive for this project. The project was advertised and bid early in the year, which is typically the best time of year to bid projects. If the project were rebid later in the year the prices would likely be higher. It is also critical to our local businesses and residents to get this project complete this spring prior to the TH13 Reclamation project and the CR21/TH13 Intersection project occurring later this year.

ISSUES:

Staff has worked diligently with both MnDOT and Scott County staff to develop a construction schedule that will reduce the impact of this project with the local businesses in the Village Lake area. The proposed construction staging for TH13 this year involves starting at the southern limits and working north in short segments. The segment of TH13 at Duluth is not scheduled for construction until late June or early July. The intent will be to start the construction of Duluth Avenue in mid April, weather permitting, and be substantially complete with the construction prior to that segment of TH13 being closed.

The current schedule for the County Road 21 and TH13 intersection project anticipates construction starting in July. This schedule will also work well with the proposed timing for the Duluth project being substantially complete by then.

**FINANCIAL
IMPACT:**

The City is receiving \$710,000 in Cooperative Agreement funds from MnDOT for this project. The project costs were broken down previously as shown below:

Right-of-Way Acquisition	\$ 268,480.00
Engineering	\$ 338,862.00
Previous Engineering Balance	\$ 32,559.75
Construction	<u>\$1,672,097.60</u>
Total	\$2,311,999.35

The funding for this project was proposed to come from the following sources:

Special Assessments	\$ 163,025.00
Tax Levy	\$ 906,975.00
MSAS (State Aid)	\$ 531,999.35
MnDOT	<u>\$ 710,000.00</u>
Total	\$2,311,999.35

Based on the low bid, the total project cost is now \$2,728,835.07. To cover the additional cost, staff is recommending the use of additional MSAS funds. The revised funding for this project would come from the following sources:

Special Assessments	\$ 163,025.00
Tax Levy	\$ 906,975.00
MSAS (State Aid)	\$ 948,835.07
MnDOT	<u>\$ 710,000.00</u>
Total	\$2,728,835.07

The City receives approximately \$1M a year in MSAS Construction funds. At the end of 2018 the City had a balance of slightly over \$1M and will receive an additional \$1M in 2019. Anticipated use of MSAS funds in 2019 include \$948,835.07 for this project as well as \$1,000,000 for the CR21/TH13 Intersection project. Based on these estimates, the City will have sufficient MSAS funds available to cover the increased allocation for the Duluth/TH13 project.

In 2020, the Transportation plan includes \$1M in MSAS funds for the Fish Point Road project. The City's annual MSAS allocation will be sufficient for that project. In 2021, the Transportation plan includes \$400,000 for a pavement reclamation project which will be more than covered by the City's annual MSAS allocation. Therefore, looking at the City's long range Transportation plan, the proposed increase in MSAS funding for the Duluth/TH13 project will be covered.

ALTERNATIVES:

1. Approve a Resolution accepting bids and awarding the City's Standardized Construction Contract to Northwest Asphalt for the Duluth Intersection Improvement Project (City Project #TRN15-000003).
2. Deny this item for a specific reason and provide staff with direction.
3. Table this item until some date in the future.

RECOMMENDED MOTION: A motion and a second for approval of Alternative #1.