



INFORMATIONAL MEMORANDUM

TO: **Transportation and Infrastructure Committee**
FROM: **Bob Giberson, Public Works Director** *BG*
BY: **David Sorensen, Project Manager**
CC: **Mayor Ekberg**
DATE: **June 9, 2017**
SUBJECT: **Cascade View Safe Routes to School Phase II**
Project No. 91510302
Bid Award

ISSUE

Award the construction bid to Hoffman Construction for the Cascade View Safe Routes to School Phase II Project.

BACKGROUND

In September 2015, the City was awarded a federally funded grant as part of the Safe Routes to School Program that is to be used for the Cascade View Elementary School Phase II Project. This project will provide construction of a traffic circle at 33rd Ave S/S 140th St and sidewalks on the east side of 33rd Ave S between S 140th St and S 144th St and the south side of S 140th St between Military Rd S and 34th Ave S.

This project also presented an opportunity to include additional water quality facilities desired for this neighborhood and also requires some regrading of the street cross-section to accommodate the new curb, gutter, and sidewalk. This additional work was included by using Overlay & Repair and Surface Water funds.

ANALYSIS

A call for bids was advertised for the Cascade View Safe Routes to School Phase II Project on April 19 and 26, 2017 and six bids were opened on May 10, 2017. The lowest apparent bidder was Hoffman Construction with a bid of \$1,412,889.25. The engineer's estimate was \$1,237,646.00. There were no bidding errors found in the bid tabulation.

Regionally and locally, we are observing recent bid results that have exceeded the engineer's estimate. On further analysis, contractors and engineers are telling us that construction costs are rising due to higher than normal material pricing and short supplies of qualified laborers and subcontractors. Current bidding climate is extremely competitive in the contractor's favor (see attached letter from KPG, the design consultant, outlining regional bid experiences and factors).

Further, recent bid results in the City of Kent, the LID #363, the S 224th Improvement Project, and the S 212th/72nd Intersection Improvement Project, all came in 15% to 20% over the engineer's estimate.

BUDGET AND BID SUMMARY (All amounts include sales tax)

	<u>Bid Results</u>	<u>Engineers Estimate</u>	<u>Budget</u>
Bid Sch. "A"	\$1,377,247.00	\$1,194,065.00	
Contingency (10%)	137,724.70		
Bid Sch. "B" Franch.Utility.	35,642.25	43,581.00	\$ 39,206.47
Contingency (10%)	3,564.22		
Federal Grant Funds			698,745.00
Orcas Frontal Improvements			37,242.00
2017 Overlay & Repair			303,000.00
2017 Small Drainage			225,000.00
Ending Fund Balance			<u>250,984.70</u>
Total	<u>\$1,554,178.17</u>	<u>\$1,237,646.00</u>	<u>\$1,554,178.17</u>

ANALYSIS

The federal grant matching funds always intended to utilize the 2017 Overlay & Repair funds, and with the rejection of the 2017 Overlay & Repair bids and later construction starts for 42nd Ave S Phase III and 53rd Ave S, ample excess funds are available in the Residential Street ending fund balance.

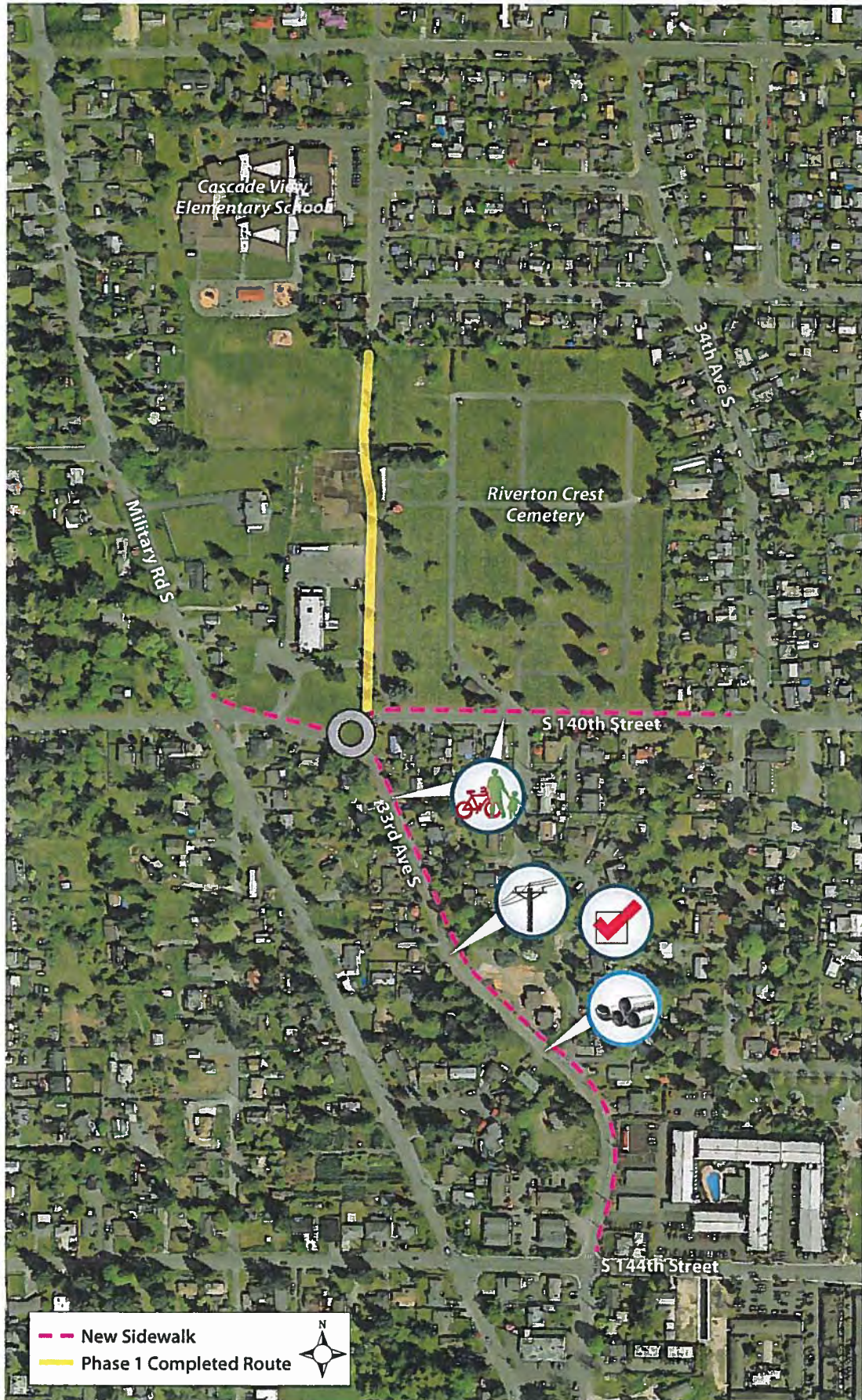
Rejecting the Cascade View Safe Routes to School Phase II bid and re-advertising would not necessarily lead to lower bid prices since the project has a set scope of work required by the grant funding. Also, any delay from re-bidding the project could cause the grant funding to be in jeopardy.

Due to the July 3, 2017 Council meeting cancellation, staff recommends awarding the Cascade View Safe Routes to School Phase II bid at the June 19, 2017 Regular Council Meeting to avoid a long delay and losing favorable construction weather.

RECOMMENDATION

Council is being asked to award the construction contract for the Cascade View Safe Routes to School Phase II Project to Hoffman Construction in the amount of \$1,412,889.25, utilize additional budget of \$250,984.70 from the Residential Streets Ending Fund Balance, and consider this item on the Consent Agenda at the June 19, 2017 Regular Meeting.

Attachments: Vicinity Map
 Page 4, 2017 CIP
 Consultant Recommendation
 Bid Tabulation



CITY OF TUKWILA CAPITAL PROJECT SUMMARY

2017 to 2022

PROJECT: Cascade View Safe Routes to School Phase II

Project No. 91510302
91210301

DESCRIPTION: Construct an off-street, paved shared use path, sidewalks, and a traffic circle at 33rd Ave S and S 140th St. This route was identified in the Walking Audit prepared for the Cascade View school zone. S 140th St is one of the high priority missing sidewalk areas prioritized as part of the Walk and Roll Plan.

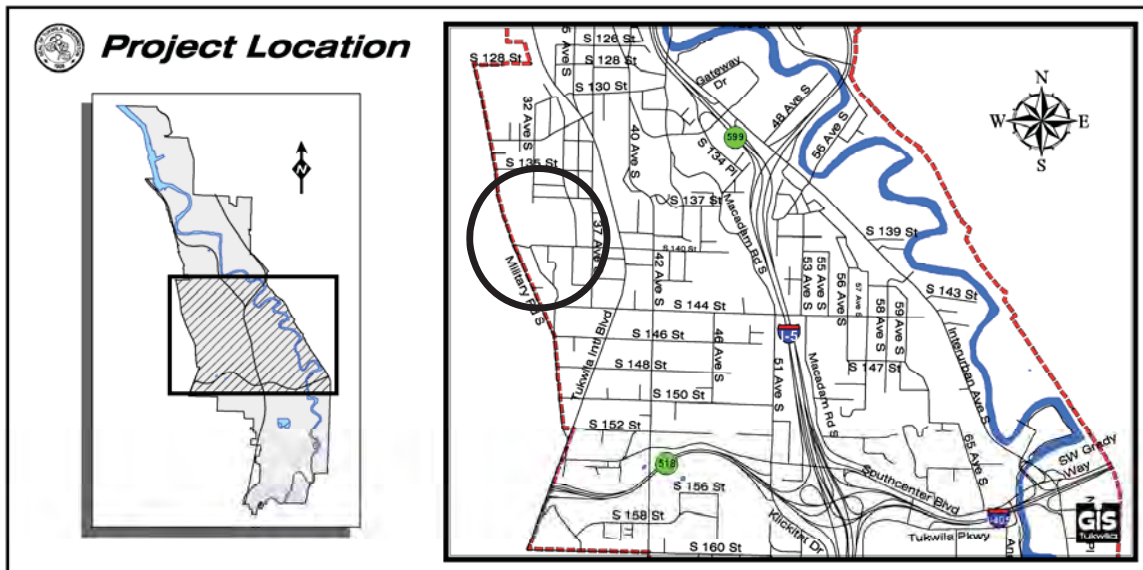
JUSTIFICATION: Enhance safety for students walking to Cascade View Elementary School and encourage transportation choices for Cascade View neighborhood residents.

STATUS: Phase I completed an off-street, paved shared use path between S 137th St and S 140th St in 2015 (91210301). Phase II includes a traffic circle at 33rd Ave S/S 140th St. Also includes sidewalks on the east side of 33rd Ave S between S 140th St & S 144th St and the south side of S 140th St between Military Rd S and 34th Ave S.

MAINT. IMPACT: New trail, traffic circle, sidewalks, and drainage will need to be maintained.

COMMENT: Phase II WSDOT Safe Routes to School Federal grant for \$839K. Mitigation of \$37k from Orcas Homes. Phase I included a WSDOT Safe Routes to School State grant for \$428K.

FINANCIAL (in \$000's)	Through		2017	2018	2019	2020	2021	2022	BEYOND	TOTAL
	2015	Estimated 2016								
EXPENSES	Phase I	Phase II	Phase II							
Design	84	125	20							229
Land (R/W)	65									65
Const. Mgmt.	89		140							229
Construction	310		654							964
TOTAL EXPENSES	548	125	814	0	0	0	0	0	0	1,487
FUND SOURCES										
Awarded Grant	404	125	714							1,243
School District Grant	22									22
Proposed Grant										0
Mitigation		37								37
City Oper. Revenue	122	(37)	100	0	0	0	0	0	0	185
TOTAL SOURCES	548	125	814	0	0	0	0	0	0	1,487



May 11, 2017

Mr. David Sorensen
Project Manager
City of Tukwila
6300 Southcenter Blvd
Tukwila, WA 98188

Re: Cascade View Safe Routes to School, Phase II
Bid Results

Dear Dave,

We have verified Hoffman Construction as the low bidder for the Cascade View Safe Routes to School Phase II Project at \$1,412,889.25, approximately 14% over the engineer's estimate of \$1,237,646.00. In review of unit bid prices, the major areas of difference are summarized below:

1. Lump sum items for removal of 'Structure and Obstruction' and 'Clearing and Grubbing' totaled \$64,000 over engineers estimate. These items are often higher than engineers estimate as they occur early in the project and provide front end cash flow for remaining work items. Although higher than estimated, they are consistent with the second bidder and are not unreasonably unbalanced. These items represent 6.8% of the total bid.
2. HMA paving items totaled \$39,000 over engineers estimate. There is a lot of roadway work under construction and we have seen pavement bid prices rising throughout the region over the past month. As an example the April 20, 2017 edition of the Daily Journal of Commerce published bid results for 5 agency overlay projects in the region as follows:
 - Tukwila – Low bid \$212,000 over engineers estimate (4/19)
 - Everett – Low bid \$384,000 over engineers estimate (4/18)
 - Eugene – Low bid \$145,000 over engineers estimate (4/18)
 - WSDOT – Low bid \$637,000 over engineers estimate (4/19)
 - WSDOT – Low bid \$291,000 over engineers estimate (4/19)

Unit prices for Hoffman are consistent with other bids received, so I consider this representative of the current bid environment. HMA represents 14% of the total bid price as the overlay of S 133rd was added to the grant funded project.

3. Concrete items for curb, gutter, sidewalks, driveways and ADA ramps totaled \$80,000 over engineers estimate. Similar to HMA, concrete prices associated with roadways have also been on the rise. Due to the amount of work in the region, we are seeing a lot of turnover of

Contractor staff on other projects we are involved with as skilled workers are being hired away for better wages in order to keep up with demand. Concrete work represents over 19% of the total bid price.

These items account for the entirety of the \$183,000 difference from engineers estimate with other items having typical +/- variations. I observed no indications of bid imbalance in the Hoffman unit bid prices.

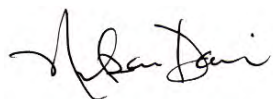
Although we recognize that funding may not be available at the amount bid, we do consider this to be a good bid, reflective of current market conditions, and worth consideration of award for the following reasons:

- 6 bids were received with the top 3 bids within 2.4% of the low bidder and top five bids within 6.3% of the low bidder. The tight grouping of bids indicate a good level of competition and representative of value in the current construction market.
- Construction activities are ramping up in all sectors throughout the region and forecasts are good for that to continue. Although there will always be some seasonal variation in bids, the general trajectory of pricing will continue to rise. Re-bidding a project that received little competition in the busy season sometimes benefit from additional bids in the off season. However, given that we had a good number of bidders and competitive grouping of bids it may be risky to hope for better results in the future if the current construction market continues.
- There is minimal cost savings that could be achieved by reducing the project scope and still meet grant funding requirements. The only 'optional' elements with respect to grant funding requirements are:
 - Overlay of S 133rd Street – This was added due to the poor roadway condition and need to relocate portions of the road in order to avoid right of way impacts from the grant funded sidewalk.
 - Water Quality retrofit of contributing drainage basin – this portion of the project was added based on the opportunity to retrofit the entire basin at reasonable cost from a dedicated water quality funding source.

We have a long history of monitoring local bid activity to provide accurate project cost estimates for Tukwila and other agencies around the region. Unfortunately, when the market changes suddenly, there is no accurate track record for the first month or two of that change to form a basis to accurately re-calibrate estimates. The project plans, specifications, and estimate were developed in January when the project was submitted for bid authorization to WSDOT. We had not seen any real change in bid climate until the overlay programs described above that would lead us to revise the January estimate, but this project was already out for advertisement at that time.

Please don't hesitate to contact me if you have questions or would like to discuss.

Very truly yours,



Nelson Davis, PE

Principal

