



City of Grand Island

Tuesday, April 11, 2006

Council Session

Item I3

**#2006-123 - Approving Bid Award for Construction of Fire Station
#1**

Staff Contact: Jim Rowell

Council Agenda Memo

From: Jim Rowell, Fire Chief
Meeting: April 11, 2006
Subject: Bid Award for Fire Station 1
Item #'s: I-3
Presenter(s): Jim Rowell, Fire Chief

Background

Over the past two years the Fire Station Committee has worked on site, architect selection, and station design. During this same time City Council has approved site and architect selection. The Fire Station Committee is comprised of City Administrator Gary Greer, Councilmember Bob Meyer, Duane Donaldson with Home Federal Bank, and the following members from the Fire Department: Jim Rowell, Curt Rohling, Troy Hughes, Todd Morgan, Brett Bamesberger, Russ Bolling, and Chris Hoffman.

The fire station project has completed the design phase and received bids for fire station construction. During this time, members of the committee worked closely with Architect Jim Brisnehan to create a quality building.

Discussion

The Fire Station Project is ready for the construction phase. Selecting the contractor and awarding the contract is the action to consider. The builder then becomes the critical link in the success of the project. Bid opening was held on March 14, 2006 with seven qualified builders submitting bids on the project. A summary document is included in your packet with the amount of the bids for all the bidders. The summary document also includes the bid amount for each alternate item listed in the bid specifications. Alternate items were included in the bid document in the event the base bid was below the estimate. Tri Valley Builders Inc. submitted the lowest base bid for \$2,195,000. The dollar amount listed for Tri Valley Builders, Inc. is without any alternates. Should the Council choose to include any one or all of the alternates, Tri Valley Builders, Inc. would remain the lowest bidder.

The alternates were:

- 1: Fourth drive through bay - \$125,000
2. Plymovent exhaust system - \$3,500
3. Natural gas generator - \$55,000
4. Storage building - \$77,000.

The dollar amount to include all the alternates would be \$2,455,500.

The bid requirements were met and funds are available for this project. The Finance Department has evaluated the funding available and the Legal Department reviewed applicable state laws and local codes. They advised that we may proceed as approved by Council.

The rising cost of fuel as well as the cost of the materials affects the overall cost of the project. From the time the project started we have seen a significant rise in costs associated with construction. With the outcome of the current bids being all within a close grouping in terms of cost we feel we have good bids. Due to continued increasing costs, re-bidding the project would most likely result in an increase in project cost.

We will work to contain and reduce the cost of the project as allowed by code. Because the architect's fee is based on a percentage of the project cost, and the bids were all higher than anticipated we are working with the architect to contain the cost of their fee as well.

The project committee and the architect met the day of the bid opening and reviewed the results. After discussing the bidder qualifications and the bid figures, they decided to gather more information on the increased costs. The committee then met again and decided that we should move ahead and recommend council approval of the low bid submitted by Tri Valley Builders, Inc.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

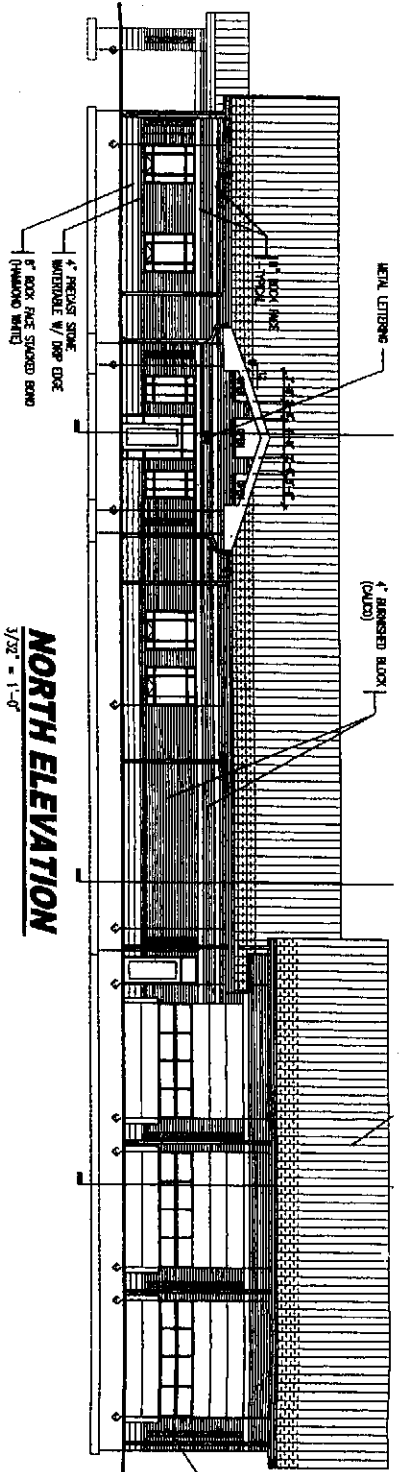
1. Move to approve
2. Move to approve including specific alternates
3. Refer the issue to a Committee
4. Postpone the issue to future date
5. Take no action on the issue

Recommendation

City Administration recommends that the Council award the contract to Tri Valley Builders, Inc. of Grand Island, Nebraska and authorize the mayor to sign said contract.

Sample Motion

Motion to approve contract with Tri Valley Builders, Inc. of Grand Island, Nebraska for construction of new fire station one at 409 East Fonner Park Road.

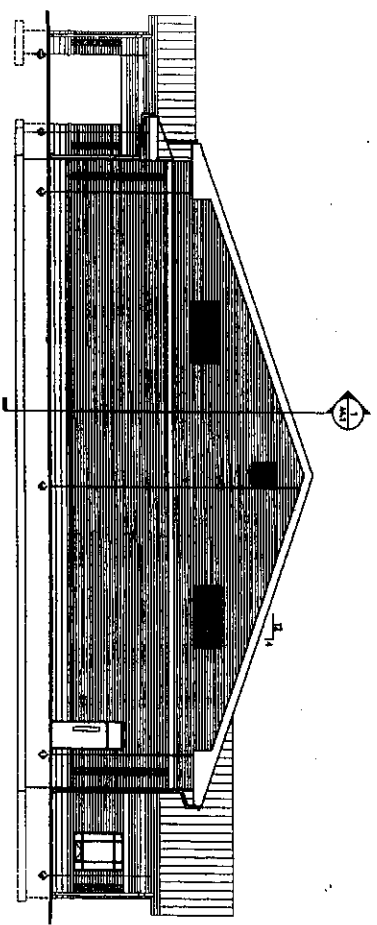


4" PEDESTAL STONE
 INTERIABLE W/ DRIP EDGE
 8" ROCK FACE STAINED BOND
 (RANDOM WHITE)

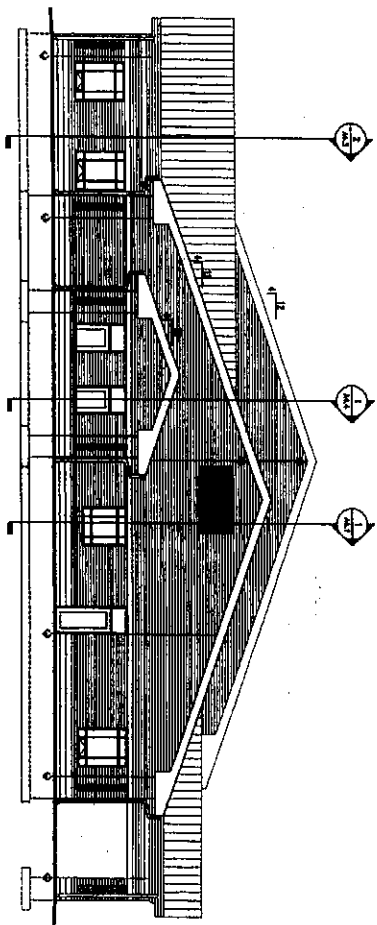
ACTUAL LANTERN

4" BURNISHED BLOCK
 (CALUS)

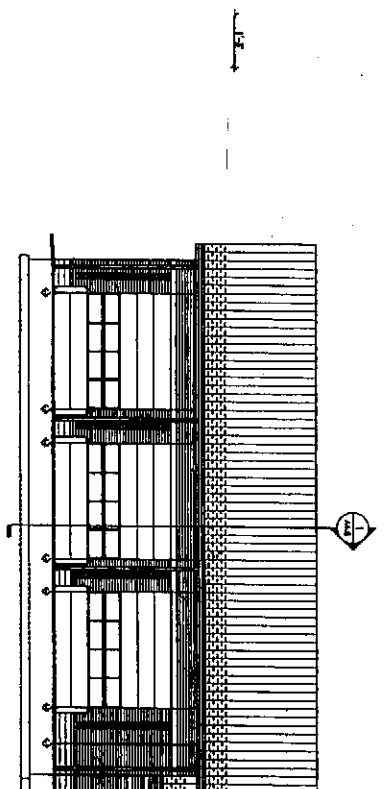
NORTH ELEVATION
 3/32" = 1'-0"



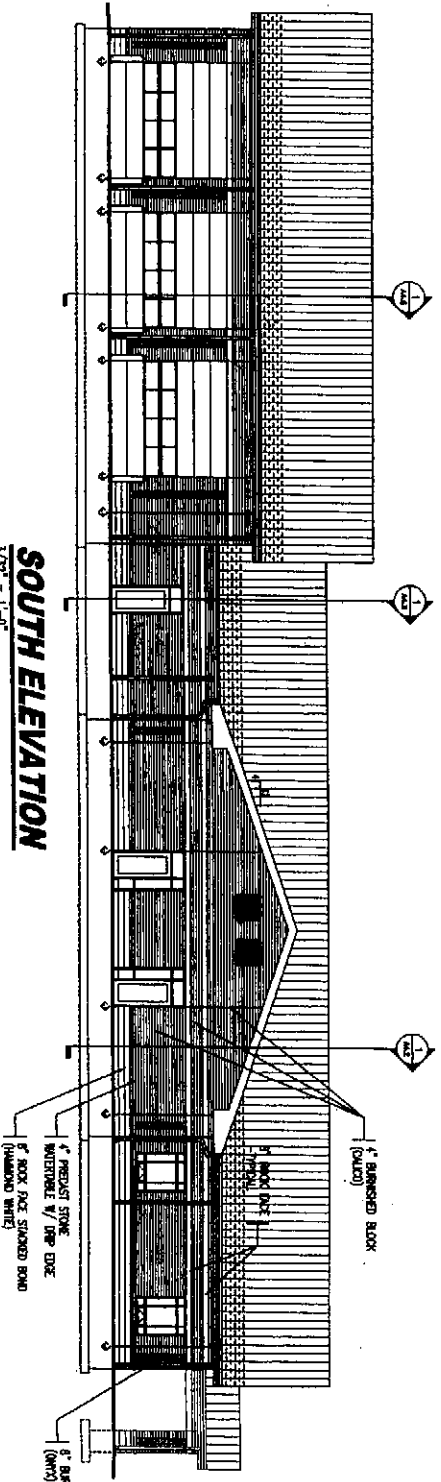
WEST ELEVATION
 3/32" = 1'-0"



EAST ELEVATION
 3/32" = 1'-0"



SOUTH ELEVATION
 3/32" = 1'-0"

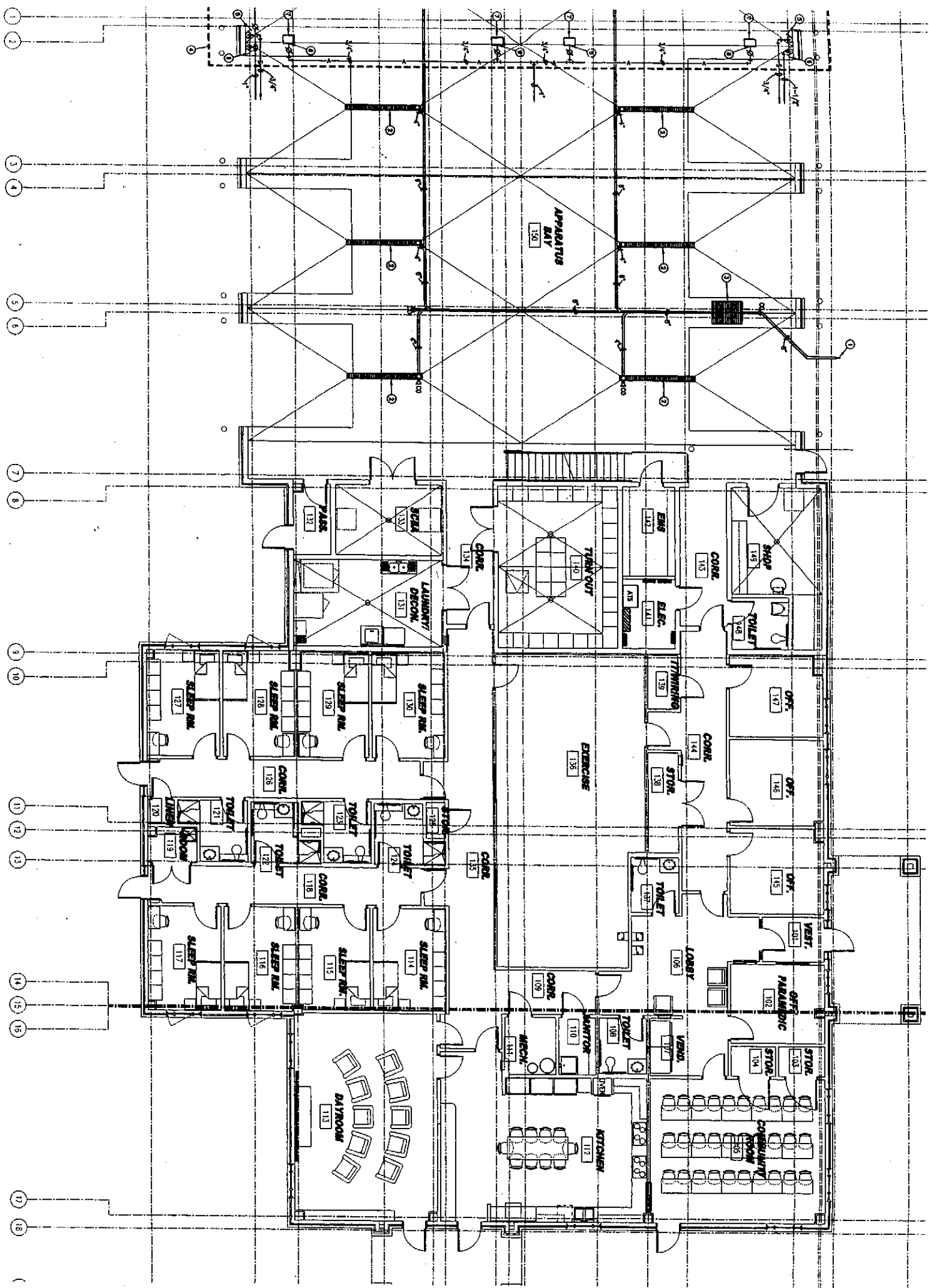


4" PEDESTAL STONE
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 8" ROCK FACE STAINED BOND
 (RANDOM WHITE)

4" BURNISHED BLOCK
 (CALUS)

8" BOND
 (CALUS)

MAIN FLOOR PLAN - ALTERNATE BID MECHANICAL



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

A B C D



Dale M. Shotkoski, Assistant City Attorney

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BID OPENING

BID OPENING DATE: March 14, 2006 at 11:30 a.m.
FOR: Construction of Fire Station 1
DEPARTMENT: Fire
ESTIMATE: \$2,000,000.00
FUND/ACCOUNT: 40015025-90007
PUBLICATION DATE: February 22, 2006
NO. POTENTIAL BIDDERS: 6

SUMMARY

Bidder:	<u>Central Contracting Corp.</u> Kearney, NE	<u>Bierman Contracting, inc.</u> Columbus, NE
Bid Security:	Travelers Casualty & Surety Co.	Universal Surety Company
Exceptions:	None	None
Base Bid Price:	\$2,292,000.00	\$2,320,000.00
Alternate No. 1:	97,800.00	112,500.00
Alternate No. 2:	2,900.00	3,500.00
Alternate No. 3:	47,200.00	59,900.00
Alternate No. 4:	72,000.00	81,000.00
Completion Date:	March 1, 2007	February 2007

Bidder:	<u>Farris Construction Co., Inc.</u> Hastings, NE	<u>Lacey Construction Company</u> Grand Island, NE
Bid Security:	Universal Surety Company	Universal Surety Company
Exceptions:	None	None
Base Bid Price:	\$2,456,100.00	\$2,430,000.00
Alternate No. 1:	139,195.00	116,000.00
Alternate No. 2:	10,287.00	4,000.00
Alternate No. 3:	57,269.00	50,000.00

Alternate No. 4: 95,151.00 80,000.00
Completion Date: January 2007 July 1, 2007

Bidder: Tri Valley Builders, Inc. Chief Construction Company
Grand Island, NE Grand Island, NE
Bid Security: Universal Surety Company Fidelity & Deposit Company
Exceptions: None None

Base Bid Price: \$2,195,000.00 \$2,433,000.00
Alternate No. 1: 125,000.00 84,400.00
Alternate No. 2: 3,500.00 3,400.00
Alternate No. 3: 55,000.00 59,100.00
Alternate No. 4: 77,000.00 85,000.00
Completion Date: June 2007 January 15, 2007

Bidder: Sampson Construction Co., Inc.
Kearney, NE
Bid Security: Liberty Mutual Insurance Company
Exceptions: None

Base Bid Price: \$2,450,000.00
Alternate No. 1: 118,000.00
Alternate No. 2: 3,300.00
Alternate No. 3: 46,000.00
Alternate No. 4: 87,000.00
Completion Date: December 15, 2006

cc: Jim Rowell, Fire Chief
Chris Hoffman, Public Safety Sec.
Dale Shotkoski, Purchasing Agent

Curt Rohling, Fire Operations Div. Chief
Gary Greer, City Administrator
Laura Berthelsen, Legal Assistant

P1065



Douglas R. Walker, City Attorney
Dale M. Shotkoski, Assistant City Attorney

INTEROFFICE MEMORANDUM

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DATE: April 6, 2006
TO: Jim Rowell, Fire Chief
FROM: Dale M. Shotkoski, Attorney
RE: Engineer's Estimate and Fire Station Bids

In regards to the question asked as to whether it is legal to accept bids which exceed the engineer's estimate, the question is somewhat misplaced in that no engineer's estimate was requested or obtained prior to seeking the bids for the fire station, which is not necessarily the problem.

The term "engineer's estimate" is a statutory requirement in certain situations, and can be requested when a new building is going to be erected. Neb. Rev. Stat., §16-321, which governs engineer's estimates states:

"The city engineer shall, when requested by the mayor or city council, make estimates of the costs of labor and material which may be done or furnished by contract with the city and make all surveys, estimates, and calculations necessary to be made for the establishment of grades, the building of culverts, sewers, electric light system, water works, power plant, public heating system, bridges, curbing and gutters, the improvement of streets and the erection and repair of buildings and shall perform such other duties as the council may require."

There are other provisions in the statute when engineer's estimates are required, however, as you can see for the erection of a building, the engineer's cost estimate is only necessary when requested by the mayor or council.

I do not know if any such request is made of the city engineer prior to obtaining the bids for the fire station and it was my understanding that the cost estimate that was obtained prior to seeking bids was furnished instead by the architect who had been hired by the city to prepare the construction plans.

Jim Rowell, Fire Chief
April 6, 2006
Page Two

The question that needs to be answered as to whether or not the bid for the fire station can be accepted because it exceeded the architect's cost estimate, is an administrative issue as to whether or not there are enough funds available to award the contract and if there are enough funds to award the contract, whether or not the bid, which is exceeded the estimate, is found and deemed to be reasonable and in the best interests of the city. If the determination is made that there are funds available to award the contract, it would be legal to award the contract, and the contract can be awarded if the costs are found to be reasonable and if the bid is found to be acceptable and in the best interest of the city.

Under the City Code for the City of Grand Island, Section 27-8, if it is found that the low responsive bid for the construction project exceeds available funds as certified by the city treasurer or the finance director, and if such bid is found to not exceed such funds by more than 5%, at that time, the city could, if time and economic considerations preclude re-solicitation of work of a reduced scope, negotiate an adjustment of the bid price with the low response of the responsible bidder in order to bring the bid within the amount of available funds. Negotiated adjustments shall be based upon eliminating independently deducted items specified in the invitation for bids or upon adjustments to unit prices or project prices. What this section of the City Code basically requires again, is the finding of whether or not there are funds available to award the contract to a low responsive bidder. If it is found that such funds are not available and if the low bid was no more than 5% of the available funds, then negotiations on a limited basis could commence. If again, a finding is made that time and economic considerations would preclude the re-solicitation of work of a reduced scope. It has been explained to me that the available funds are present to award the contract based upon the low bid received so it may not be necessary to make the findings as to whether or not re-solicitation should be precluded or should be done and at this point, it appears that the mayor and council can legally award the contract if they find that the bid is acceptable based upon the estimate that was provided at the time, available funds and other considerations that they deem relevant.

One contributing factor which may have led to the construction bid prices coming in higher than the estimate is that the contract with the architect was written so that the architect's fees were tied to a percentage of the total construction cost which opened the possibility up of having a building designed at a higher than expected price which would in turn then ratchet up the amount of fees the architect could then request from the city. Apparently some discussion with the architect has occurred in regards to these fees provisions and I do not know the results of those discussions, however, it would be my recommendation in the future, that architect agreements not be written in this fashion to hopefully prevent this situation from re-occurring.

Jim Rowell, Fire Chief

April 6, 2006

Page Three

The architect's agreement was legal as to form, however, it was written in a fashion which created an opportunity for the architect to design a building at a higher price, thus costing the city and the city tax payers more money to construct the building than may have originally been deemed necessary. Not being an architect, I cannot say that this is what occurred in this case, however, contracts written in this fashion do allow for the situation to arise more easily than if there had been a definite cap put on the architect fees.

DMS/sp

*INTEROFFICE
MEMORANDUM*

City Of
GRAND  **ISLAND**

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DATE: April 7, 2006

TO: Jim Rowell, Fire Chief ✓

FROM: Dave Springer, Finance Director 

SUBJECT: *Funds Availability for Fire Station*

As bids for the replacement of Fire Station No.1 came in higher than expected, I have been asked if funds are available to meet the increased cost. I understand the low bid to be \$2,195,000 and \$2,455,500 with all alternatives. The Capital Projects 2006 budget by line item for this project is \$2,150,000. However, there are sufficient contingency and unused project monies within the fund to cover the low bid and/or all alternatives.

It is normal to reallocate resources within a fund as the fiscal year progresses to meet changing needs. The key is to stay within the fund appropriation and to exceed that would require a budget amendment. From a fiscal standpoint, funds are available at any of the levels stated. This is really a management decision as to the best return on investment.

Cc: Gary Greer, City Administrator
Dale Shotkoski, Acting City Attorney

RESOLUTION 2006-123

WHEREAS, the City of Grand Island invited sealed bids for Construction of Fire Station No. 1, according to plans and specifications on file with the architects for the project, Cannon, Moss, Bygger & Associates; and

WHEREAS, on March 14, 2006, bids were received, opened and reviewed; and

WHEREAS, Tri Valley Builders, Inc. of Grand Island, Nebraska, submitted a base bid in accordance with the terms of the advertisement of bids and plans and specifications and all other statutory requirements contained therein, such base bid being in the amount of \$2,195,000; and

WHEREAS, alternate bids were also requested from each of the bidders for additional options to the construction project; and

WHEREAS, Tri Valley Builders, Inc. submitted a bid in the amount of \$125,000 for Alternate No. 1; a bid in the amount of \$3,500 for Alternate No. 2; a bid in the amount of \$55,000 for Alternate No. 3; and a bid in the amount of \$77,000 for Alternate No. 4.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that:

_____ The base bid of Tri Valley Builders, Inc. of Grand Island, Nebraska, in the amount of \$2,195,000 for the construction of Fire Station No. 1 is hereby approved as the lowest responsible base bid.

_____ The Tri Valley Builders bid for Alternate No. 1 – (fourth drive-thru bay) in the amount of \$125,000 is hereby approved.

_____ The Tri Valley Builders bid for Alternate No. 2 – (Plymovent exhaust system) in the amount of \$3,500 is hereby approved.

_____ The Tri Valley Builders bid for Alternate No. 3 – (natural gas generator) in the amount of \$55,000 is hereby approved.

_____ The Tri Valley Builders bid for Alternate No. 4 – (storage building) in the amount of \$77,000 is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute a contract with such contractor for such project on behalf of the City of Grand Island.

Approved as to Form	□ _____
April 6, 2006	□ City Attorney

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Adopted by the City Council of the City of Grand Island, Nebraska, April 11, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk