

City of Seward, NE
Tuesday, October 20, 2015
Regular Session

Item G9

**CONSIDERATION OF REJECTION OF BID FOR ROBERTS
STREET AREA DISTRIBUTION LINE UPGRADES - Olsson
Associates, Garrett Klein**

Administrative Report: Only one bid was received on the Roberts Street Area Distribution Line Upgrades at a price of \$692,875. The Engineer's estimate for the project was \$450,000. Olsson Associates is recommending this bid be rejected and rebid, if the Council so chooses. The attached letter from Garrett Klein of Olsson Associates provides his reasoning in recommending rejection of the bid.

Following review and discussion, a motion to reject the bid would be in order.

Staff Contact:



October 14, 2015

Mayor and City Council
City of Seward
c/o Bonnie Otte, City Clerk
P.O. Box 38
Seward, Nebraska 68434

Re: Bid Results and Recommendation
Roberts Street Area Distribution Line Upgrades
Seward, Nebraska – 2015-2016
OA Project No. 010-0017.118

Mayor Eickmeier and Members of the City Council:

Bids for the Roberts Street Area electrical project were opened at the Seward City Offices at 2:00 p.m. on Thursday, September 24, 2015. One (1) bid was received as shown on the attached bid tabulation and below:

<u>Bidder</u>	<u>Base Bid</u>
IES Commercial, Inc.	\$ 692,875.00

The Engineer's opinion of probable construction cost provided in a letter to the Council dated August 11, 2015 was \$425,000.00. With the \$25,000 contingency allowance, our bid expectation was \$450,000.00. We have reviewed the unit costs included with IES's bid as compared to those used in our estimate. We revised our opinion of cost as discussed herein, and we discussed the difference between the bid and the updated Engineer's estimate with IES. Based on this portion of the evaluation, we do not recommend award of the construction contract at this time.

Revised Estimate

Costs for major material items were re-verified. In general, material costs used in the original estimate were appropriate. IES and another contractor (whom did not submit a bid) indicated that working around existing energized circuits and in areas with moderate traffic would drive labor costs up for this project. From this input, we made adjustments to the labor components in unit costs used in our estimate.

Based on the above, our revised estimate for the project is **\$504,000.00** (excluding Owner-furnished materials), or 12% higher than the initial estimate.

Low Number of Bids

We contacted three non-bidding contractors to discuss their apparent lack of interest in the project. Two advised that the bid date followed closely the dates of other proposals they were preparing, and they did not have adequate time to secure material pricing and/or prepare a bid. The third contractor did not recall having received the bid notice. It is our opinion, from the discussions, that these contractors would submit bids if the project were re-advertised.

Recommendation – Re-Bid the Project

As noted previously, we do not recommend awarding the contract at this time. We recommend that the project be re-advertised at a time convenient to the City. It is our opinion that the City will receive more competitive bids, and a better response from contractors. We would anticipate approximately \$3,000.00 in additional costs related to rebidding the project, including plan updates and reproduction, publication costs, and engineering/administrative expenses. At the Council's direction, we will arrange for the project to be re-bid. If you have any questions regarding the bid received, the bidder, or our recommendation, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Garrett L. Klein".

Garrett L. Klein, P.E.

Cc Larry Ruether, City of Seward

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CONTRACTOR	IES Commercial Inc. PO Box 27 Holdrege, NE 68949				
BASE BID - LUMP SUM BID PRICE: Bid price shall include Nebraska sales tax (5.5%) and contingency allowance of \$25,000. Furnish all labor, services, supervision and tools necessary for the following: a) Rebuild approximately 5,300 feet of distribution pole line as double circuit, with 45' typical pole size and back-to-back 3-phase spacer cable circuits (one 4.16 kV and one 12.47 kV). b) Rebuild approximately 1,600 feet of distribution pole line as double circuit, with 45' typical pole size, including one new 12.47 kV spacer cable circuit and one transferred 4.16 kV circuit. c) Replace approximately ten (10) pole-type distribution transformers, replace or relocate/transfer two (2) group-operated switches, and transfer three (3) capacitor banks as part of items 1 and 2. d) Rebuild one segment of 34.5 kV pole line, including three (3) poles 65' and 70' lengths. 34.5 kV poles include distribution underbuilds. e) Removals and other miscellaneous work as shown on the Drawings.	\$692,875.00				
Substantially Complete On or Before:	May 15, 2016				
Complete and Ready for Final Payment On or Before:	May 30, 2016				
Addendum No. 1	Yes				
Bid Guarantee:	5% Bid Bond				
Remarks:					

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