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November 17, 2023

City of Bay City
1901 5th St
Bay City, Texas 77414

Subject: Bay City North and East WTP Improvement Recommendation of Award

Dear Mr. Blomquist:

This letter serves as Garver's recommendation to proceed with LEM Construction for the Bay City North and East Water Treatment Plant (WTP) Project. This recommendation is based on the completed evaluation of the Competitive Sealed Proposal (CSP) process.

Proposals were received for the "Bay City North and East WTP Improvements" project on August 31st, 2023. A total of two (2) proposals were received on the project. The proposals have been checked for accuracy and for compliance with the contract documents. Using the CSP process, the two proposals were evaluated based on Cost, Offerors' experience with similar projects, Offerors' key personal experience, Offerors' major subcontractors experience, and the Offerors' approach and project schedule. A tabulation of the cost portion of the proposals received is enclosed with this letter, along with the overall evaluation conducted by the City's scoring team.

During the CSP evaluation, cost scoring was based upon the Overall Project Adjusted Base Proposal values indicated in the attached Proposal Tabulation. For this evaluation and Adjusted Base Proposal, none of the original Proposal Alternates were accepted. Thus, the evaluated pricing for LEM was \$21,382,250.00.

Garver recommends further adjustments (cost reductions) to this evaluated pricing during proposal negotiations. First, Garver recommends that the City ultimately include the removal of the North WTP scope from the project (including acceptance of LEM's Proposal Alternate N-5). Pricing for this alternate was provided by both offerors on October 12, 2023, and LEM indicated an overall pricing reduction of \$9,966,750. Additionally, further reductions are warranted of the Cash and Contingency Allowances specifically associated with the North WTP construction (Cash Allowance No. 1 for \$50,000 for the electrical service to the North WTP site; Contingency Allowance No. 3 for \$75,000 for the North WTP Utility Relocation). Finally, LEM has proposed additional cost mitigation items (such as generator modifications, aluminum conduits, piping embedment detail modifications, etc.) that the City and Garver have evaluated and accepted. Items accepted include the following (with deductions):

- Item 1A: Modified Generator Enclosure for a reduction of \$150,000.
- Item 2: CPVC and 50-gallon tank water heater for a reduction of \$24,000.
- Item 3: Bank Sand Embedment for a reduction of \$15,000.

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- Item 4: Cement Lined DI Fittings and Corten MJ Hardware for a reduction of \$20,000.
- Item 5 Modified: Aluminum Conduit in lieu of PVC-Coated for a reduction of \$14,000.
- Item 6: Lab Testing via Contingency Allowance for a reduction of \$45,000.

In summary, the anticipated contract value is \$11,022,. Prior to issuance of the Notice of Award, Garver anticipates the development of Change Order No. 1 (CO1) to formally modify the Contract Documents with the post-Proposal period modifications to the project scope. This Change Order would be provided as part of the Notice of Award to LEM for authorization as part of the Agreement.

Through the CSP process, the evaluation committee determined that LEM Construction submitted the best value proposal for the project.

Please call me if you have any questions.

Sincerely,

GARVER, LLC



Tyson Hann, D. Eng., P.E.
Project Manager

Attachments: Bid Tabulation
CSP Evaluation Rating

CC: Shawna Burkhart, COBC
Scotty Jones, COBC
Krystal Mason, COBC
Gabriel Lopez, COBC
Dan Olson, P.E., Garver
Wade Parks, P.E., Garver