



REQUEST FOR COUNCIL ACTION

Title: 2021 Overlay Project Phase 2 - project scope directive

Preferred Agenda: June 22, 2021

Submitted By: Trish Rice, Engineering Tech 2
Greg Springman, Public Works Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion ____ Roll Call ____ Other X

Relevant Code/Policy: n/a

Towards Council Goal: Goal 1.1c Develop specific steps for implementation of the adopted infrastructure master plans (streets)

Attachments: Addendum 1
Addendum 2
Revised 2021 Overlay Project Phase 2 contract
Revised 2021 Overlay Project Phase 2 plans

Purpose of this RCA:

Staff requests Council directive for the scope of the 2021 Overlay Project Phase 2.

Background/Context:

On March 23 Council approved the concept of doing this season's street overlays in two phases due to concerns about the timing of funding availability. Phase 1 was advertised on March 24 and bids closed April 20. On May 25 staff presented Phase 1 scope changes and lessons learned regarding project design to City Council. Two schedules were removed from Phase 1 with the intent to add them to Phase 2. Phase 1 construction is now complete. The total cost of Phase 1 was \$112,790.60, well below the \$240k that had been budgeted.

Phase 2 advertised on April 28. The original bid closing date was May 28, but has been extended to allow time for scope changes resulting from the lessons learned in Phase 1. A mandatory pre-bid meeting has been scheduled for June 25 as requested by Council on May 25. The project scope changes were: adding the two schedules that we moved from Phase 1; verifying & correcting road widths and connections to existing driveways; prep work; and areas requiring extra paving thickness. Addendum 2 was posted June 9 with the closing date on July 16.

The original engineer's estimate for Phase 2 was \$362,844. After the scope changes, Phase 2 engineer's estimate is currently \$884,115. Staff recommends allowing \$1.05M to provide construction contingency (18% contingency). The FY2022 budget allocates \$600k for overlays. Staff requests Council direction on whether to decrease the size of Phase 2 to get

under \$600k, or to prepare a supplemental budget to increase the spending authority to cover the full project. There are funds available to cover the project. If directed, the supplemental budget will be brought to Council on July 13.

Schedule	Location	Engineer's Estimate
	Mobilization	\$60,474.00 \$147,352.50
A	Kalmia St and 45 th -47 th Aves	\$245,597.50
C	Juniper St and 32 nd Ct	\$116,920.00
E	4th Ave North of Holley Rd Removed due to residents' questions & legal history about road closure decision, will be a future topic for Council.	 \$33,110.00
F	42nd Ave South of Long St	\$56,450.00 \$60,052.50
G	Locust St and 54th Ave	\$24,147.50 \$25,780.00
H	Larch St and Locust St off 49th	\$43,197.50 \$84,122.50
I	Poplar St and Osage St between 52nd between and 53rd Ave, and 52nd Ave	\$54,730.00 \$61,555.00
J	Vine St off of 18th	\$28,022.50 \$56,072.50
K	Poplar St west of 9th Ave	\$16,050.00 \$24,750.00
L	13th Ave and Osage St	\$37,837.50 \$49,437.50
M	Nandina St between 54th & 56th	\$8,825.00 \$12,475.00
Total Bid Estimate		\$362,844.00 \$884,115

The Challenge/Problem:

How do we make efficient use of limited funds to complete needed streets projects?

Stakeholders:

- Sweet Home Residents – Residents deserve well-maintained City infrastructure that meets their needs and improves their quality of life.
- Sweet Home City Council – The City Council has a goal to provide viable and sustainable infrastructure that serves development and improves residents' quality of life.
- Sweet Home City Staff – City Staff have an interest in completing projects that empower them to meet the Council's goals and which reduce staff time spent repairing poor quality streets.

Issues and Financial Impacts:

The engineer's estimate for Phase 2 has increased to \$884,115. Staff recommends allowing \$1.05M to provide construction contingency (18% contingency). There is budgeted \$600k in FY2021-2022 for overlay projects. Staff requests Council direction on whether to decrease the size of Phase 2 to get under \$600k, or to prepare a supplemental budget to increase the spending authority to cover the full project. There are funds available to cover the project. If directed, the supplemental budget will be brought to Council on July 13.

If Council chooses to proceed with the existing project scope, Phase 2 will be primarily paid for out of the ODOT fund exchange money (approx. \$625k available). The remainder will be paid out of the gas tax fund (which is estimated to have an ending fund balance of approximately \$560k) and, if necessary, the street maintenance improvement fund.

Elements of a Stable Solution:

A stable solution will provide efficient completion of needed street maintenance and improvements.

Options:

1. Option 1 – Do Nothing. Not recommended. This is only a temporary delay in making a decision. The project is currently out for bid and closes July 16. Council will be required to make a decision after bids close. It is advantageous to have Council direction prior to the pre-bid meeting with contractors on June 25.
2. Option 2 – Direct staff to reduce the scope of the 2021 Overlay Project Phase 2 to the current budget. Staff will cut the project down to the \$600k budget.
3. Option 3 – Direct staff to prepare a supplemental budget to increase the project budget to \$1.05M. Staff will prepare a supplemental budget to fund the full project, and present it to Council at the next meeting on July 13. This option makes the best use of the time-value of the City's funds due to inflation. Construction materials continue to get more expensive, so it's advantageous to pave as much as you can while you can.
4. Option 4 – Direct staff to both reduce the project scope and increase the project budget. This is a halfway point between Options 2 and 3 that would reduce the project less drastically. Staff will cut the project down to a budget specified by Council, prepare a supplemental budget as needed to fund it, and present it to Council at the next meeting on July 13.
5. Option 5 – Cancel the solicitation. Not recommended.

Recommendation:

1. Staff recommends Option 3 – Direct staff to prepare a supplemental budget to increase the project budget to \$1.05M. Staff will prepare a supplemental budget to fund the full project, and present it to Council at the next meeting on July 13. This option makes the best use of the time-value of the City's funds due to inflation. Construction materials continue to get more expensive, so it's advantageous to pave as much as you can while you can.