



**REPORT TO: CITY COUNCIL**

**MEETING DATE: NOVEMBER 4, 2019**

<b>Agenda Item:</b>	8e. CC-19-169
<b>Prior Council Action/Related Items: (Hyperlinks Or PDF)</b>	<a href="#">CC-18-113 Transportation Capital Projects 8a.iii</a>
<b>Background / Issue:</b>	<p>At the October 1, 2018 meeting, the City Council approved a project to improve Western Road and Hall of Fame from 6<sup>th</sup> Avenue to Monroe Street. The proposed improvements include removal, by grinding, of the existing Asphalt Concrete (AC) pavement to some depth and replace with Portland Cement Concrete (PCC) pavement. This method is typically referred to as white topping. The construction of a new 10' multi-purpose path along the route and improvements to existing curb and gutter were also included. Funding for this project was \$1.6 million including \$235,000 for the multi-purpose path.</p> <p>The use of PCC pavement instead of AC pavement was based on a life-cycle cost analysis (LCCA) of both methods. LCCAs are conducted by determining the initial cost and future maintenance costs over the life of a project. The assumption is the method with the least present value (PV) cost, even if the initial cost is higher, is the preferred method. As originally conceived the use of PCC pavement had a significantly lower life-cycle cost.</p> <p>Keystone Engineering was selected to perform the topographical survey work and Gose &amp; Associates was selected to perform the engineering and produce the contract documents. Originally, this project was combined and advertised for bid with the FY 18 Pavement Management Mill and Overlay with the anticipation of receiving wider contractor interest due to the larger project size; however, interest for the combined project was received from only one bidder. The projects were then separated and advertised for bids. The Council has previously awarded the FY18 Pavement Management mill and overlay contract.</p>

Two bids were received for this project: \$3,299,509 and \$4,284,750, both coming in much higher than the engineer's estimate of \$2,911,064. The additional costs are due to several factors: actual price bid for the white topping components were greater than the estimates provided to the City; a substantial increase in actual concrete prices; design of the multi-purpose path was more complex than anticipated; and the inclusion of the McElroy/Main intersection to the project from the FY18 Pavement Management.

**Proposal/Solution:**

Because of the significant differences in the cost of the white topping as bid and estimated, a second LCCA was conducted. Costs were based on the low bid for the white topping costs, the previous awarded mill and asphalt overlay contract, and a thirty year life of the pavement. The LCCA consisted of multiple scenarios for rates of inflation on the future maintenance costs and discount rates. In all the scenarios, the asphalt overlay had a lower PV cost ranging from \$.822 million to \$1.37 million. Accordingly, the white topping method for rehabilitation is not economically justified.

Staff identified four options for consideration.

1. Reject the bids and rebid the project in hopes of achieving lower bids. Staff has no reason to believe rebidding the project would result in lower prices.
2. Award the project as bid. This option would require substantial additional funds and, as mentioned above, the LCCA does not provide an economic reason for this option. However, the LCCA is based on the assumption the City will in the future spend the funds to maintain the pavement over the life of the pavement. With the ½ cent sales tax dedicated towards pavement management, this assumption appears realistic but, if future funds are not be available, this option provides for a rehabilitated project for 15-20 years.
3. Reject all bids and rebid the project as described. This option carries a substantial risk of higher bid prices in a rebid.
4. This option is similar to #3, except a contract would be awarded to low bidder Lopp Construction Company with the white topping rehabilitation of Western Road and Hall of Fame removed from the contract. The remaining project elements, including the multi-purpose path and white topping McElroy and Main intersection would remain. A separate rehabilitation project using a mill and overlay method would be

created and bid for Western Road and Hall of Fame.

Cost for this option:

- Lopp Construction \$1.031 million
- 2" Mill & AC Overlay 1.245 million
- Contingency 174 thousand
- Total \$2.450 million

All options retain the multipurpose path in the project. Cost of the path is about \$650,000 vs. the conceptual cost of \$235,000. The path is a key link in providing active and alternative forms of transportation between the southwest portion of the community and the OSU campus, the northeast, and northwest portions of the community.

**Financial Impact/Funding Source(s):**

Of the \$6 million previously authorized for FY19 projects, \$1.6 million was allocated for this project. Contracts for design services are \$165,000 leaving \$1.435 million available for construction. Based on option #4 costs, an additional \$1.015 million needs to be appropriated if this option is selected.

The rehabilitation of McElroy and Main at a cost of \$245,000 could be funded from the pavement management ½ cent sales tax fund. The McElroy and Main work also includes relocation of a water line for \$145,000, which could be funded from SUA. The remaining funds (approximately \$625,000) could be funded from planned transportation expenses from the general fund.

**Related Strategic Priority:**

#1 Effective Services & Accountable Government: To provide effective services and accountable government for all citizens by practicing fiscal responsibility, transparency and outstanding customer service.

#3 Safe Community: To identify effective services that enhance relationships, responsiveness, and quality customer service to promote a safe and secure community.

#4 Place & Mobility: to develop a strong sense of place that recognizes the interconnectedness of people, buildings and public systems that best serve the needs of the public.

**Alternatives:**

1. Award a unit price contract to Lopp Construction Co. per option #4 not to exceed the amount of \$1,109,820; authorize staff to advertise a 2" mill and asphalt overlay contract for rehabilitation of Western Road and Hall of Fame Avenue.

Allocate funding in the following manner: \$1.435 million previously allocated, \$245,000 from the ½ cent

transportation sales tax, \$145,000 from SUA, and \$625,000 from the General Fund.

Authorize City Manager to sign contract documents.

2. Reject the bids, redesign the project for a 2" mill and overlay, and bid. Costs would likely be higher and require allocation of more dollars from the General Fund.
3. Award the project as bid to Lopp Construction. This alternative requires an additional \$850,000 from the General Fund in addition to the \$625,000 in Alternate 1.
4. Reject the bids and advertise for new bids.
5. Remove the multi-purpose path from the project and redesign the project for the 2" mill and overlay rehabilitation method. While this alternative brings the project closer to being within budget, it is not in keeping with the City's Multi-Modal Policy.

**Recommended Action/Motion:**

Alternative #1: Award a unit price contract to Lopp Construction Co. per option #4 not to exceed the amount of \$1,109,820; authorize staff to advertise a 2" mill and asphalt overlay contract for rehabilitation of Western Road and Hall of Fame Avenue.

Allocate funding in the following manner: \$1.435 million previously allocated, \$245,000 from the ½ cent transportation sales tax, \$145,000 from SUA via Trustees action at the SUA meeting later this evening, and \$625,000 from the General Fund.

Authorize City Manager to sign contract documents.

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**Submitted By:**

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**Attachment(s):**

None