
Florence Urban Renewal Agency

Memorandum

To: FURA Board
From: Megan Messmer, City Project Manager
Date: February 25, 2020

RE: Gateway Monument Construction Bids

On February 6, 2020, bids were opened and publicly read aloud for the Maple St. And Quince St. Gateway Monuments, Project No. FURA-20-01. The bid results are as follows:

<u>Bidder</u>	<u>Amount</u>
Specialty Metal Fabricators LLC	\$ 494,879
Brown Contracting, Inc.	\$ 684,310

This project includes all labor, equipment, and materials necessary to construct the two gateway monuments at Maple Street and the single monument at Quince Street. After review by our engineers, Murraysmith, both bidders appear to be responsive and their bid schedules were accurate.

The budget for this project was \$396,000. Unfortunately, both bids came in above the budget and the engineers estimate of \$416,000, which included a construction estimate of \$396,000 and \$20,000 in contingency. The estimate was partly based on the previous bids we had received on the monuments prior. Murraysmith worked to update the estimates in current dollars and based on costs for the current project.

Value Engineering:

Per ORS 279C.340, since both bids came in above the engineers estimate, the Agency has the ability to negotiate value engineering items in order to work to get the bids withing the cost estimate.

ORS 279C.340 Contract negotiations. If a public improvement contract is competitively bid and all responsive bids from responsible bidders exceed the contracting agency's cost estimate, the contracting agency, in accordance with rules adopted by the contracting agency, may negotiate with the lowest responsive, responsible bidder, prior to awarding the contract, in order to solicit value engineering and other options to attempt to bring the contract within the contracting agency's cost estimate. A negotiation with the lowest responsive, responsible bidder under this section may not result in the award of the contract to that bidder if the scope of the project is significantly changed from the original bid proposal. Notwithstanding any other provision of law, the records of a bidder used in contract negotiation under this section are not subject to public inspection until after the negotiated contract has been awarded or the negotiation process has been terminated.

To follow a value engineering process, staff have worked with the engineer to discuss cost reduction options with the low bidder, including alternate materials and methods, that would still meet the goals of the project, but at a lower cost. Specialty Metal Fabricators provided ideas on reducing the cost. Some of these ideas were accepted by the engineers, while their main idea of reducing the size of the monuments would be canceled out by the cost to reengineer them.

Quince Street Monument Removal:

Even with the value engineering cost reductions, the cost was still above the engineers estimate. In looking at other options per the ORS and associated administrative rules, we asked the low bidder to provide a proposed contract price that would remove the Quince Street monument. The statutory provision set out in ORS 279C.340 is that the scope of the project should not be “significantly changed” from the original. In reviewing the project, we believe that just decreasing the number from 3 to 2 would not create a not significant change and that it would not have an impact on the pool of competitive bidders. The overall type work will still be the same, with the same type of subcontractors and materials. Specialty Metal Fabricators provided the updated cost of \$375,000 after removing the Quince Street monument and further negotiations.

Staff does not believe that removing the Quince Street monument would have a large impact on the integrity of the ReVision Florence Project as a whole. One item that we have considered is vision clearance. While the design of the Quince Street does meet the requirements for vision clearance, we can anticipate some complaints based on the size at that location. In addition, this location only has one monument on the SW corner due to utility line conflicts on the SE corner.

When these monuments were originally designed, the Quince Street property across from the FEC was not owned by the Agency. Now that FURA has control over that property and is seeking lodging and related development there, we can see the value in waiting to construct a gateway at Quince Street. A potential gateway at this location could include additional directional signage for Old Town that includes lodging, shops, restaurants, and the Florence Events Center. The current ODOT contract will construct the base for a monument at Quince Street that will be usable for another type of monument at a later date.

Other Items Considered:

Prior to proceeding with the value engineering, staff discussed other options with the engineer for potential cost reductions. One item that we discussed was reducing the size of the monuments and rebidding the project. In reviewing the bids, there may not be a significant (if any) savings in downsizing the structures, unless significant changes to the materials and overall design concept are made (i.e. changing to a full concrete structure and eliminating the lighting, panels, and architectural elements). Much of the costs relate to the fabrication of the architectural components not the size of the components. Redesigning the monuments as smaller pieces will mean redesigning and figuring out all the components, fasteners, and structural details. The redesigning fees would likely offset the much of the savings. Based on this assessment, staff proceeded with value engineering and negotiations with the low bidder.

Construction Engineering and Administration:

Construction engineering and administration for the gateway monuments would be provided by Murraysmith. This will require an amendment to their current contract. Murraysmith evaluated the construction engineering administration and inspection services needed for this phase of the project. They estimate the cost for the original three monuments at \$70,000. This work includes work from Murraysmith, as well as the subcontractor engineering firms.

Currently, we have \$57,000 remaining in our previous contract with them and estimate \$34,000 of that needing to be utilized for the remainder of the ODOT contract in order to complete the right-of-way monumentation and other closeout work. An estimated \$23,000 will be unexpended in the current contract. This would have created a net change for the gateway monument construction phase of the engineering contract of approximately \$48,000.

With the reduction of one monument, we asked that Murraysmith update the construction engineering and administration fee. The reduced cost for these services is approximately \$57,000, which results in a net change to the contract of approximately \$34,000.

Financial Impact:

Based on the value engineering and the negotiations with the low bidder, the proposed contract cost to construct the two gateway monuments at Maple Street is \$375,000. In addition to negotiating with the low bidder, staff was able to negotiate with Murraysmith and the engineering subcontractors to reduce their construction engineering costs to \$57,000.

An overview of the low bid and the negotiated bid is below:

	Original Bid (3 Monuments)	Negotiated Bid (2 Monuments)
Construction (SMF)	\$ 494,879	\$ 375,000
Engineering (Murraysmith)	70,630	57,101
<i>Total Project</i>	<i>565,509</i>	<i>432,101</i>
Less Current Contract Savings	23,000	23,000
<i>Total Budget Net Impact</i>	<i>542,509</i>	<i>409,101</i>
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FURA Budget	396,000	396,000
<i>Bid Above/(Below) Budget</i>	<i>\$ 146,509</i>	<i>\$ 13,101</i>

FURA deposited the funds for the ReVision Florence construction into a Local Government Investment Pool (LGIP) account per our ODOT contract. This allows ODOT to withdraw the funds as needed directly from the account. ODOT has not made any withdraws to date due to their accounting processes. The funds have gained interest within the LGIP account of approximately \$40,000 to date. This interest and any remaining funds will be reverted back to FURA once the project accounting has been reconciled. The interest income from the LGIP account will cover the gap between the costs and the budgeted amount.

Recommendation:

1. Accept the negotiated bid and authorize the City Manager to enter into a contract with Specialty Metal Fabricators LLC in the amount of \$375,000, for the construction of the two gateway monuments at Maple Street.
2. Authorize the City Manager to enter into Amendment 5 with Murraysmith for construction administration, engineering, and inspection for \$57,000, which will result in a net change to the contract of approximately \$34,000.

Alternatives:

- Reject the bids, rescope the project, and rebid the project.
- Provide alternate direction to staff.

