

**COUNCIL ACTION FORM**

**SUBJECT:** GRANT AVENUE (HYDE AVENUE) PAVEMENT IMPROVEMENTS

**BACKGROUND:**

Since 2009, the City has been working with developers, land owners, and current residents within the northern growth area to plan for the installation of public infrastructure to serve this area. The northern growth area, generally located north of Bloomington Heights Subdivision to 190<sup>th</sup> Street between George Washington Carver Avenue and Ada Hayden Heritage Park, has been identified by the Council for residential development.

To facilitate this growth, Council directed that the water main and sanitary sewer main extensions to serve the area along Grant Avenue be included in the 2012/13 Capital Improvements Plan (CIP), and the 2014/15 CIP included paving of Grant Avenue.

The City will up-front the costs to design and install each of these improvements. Utility connection districts were established to recover the utility costs as developments are platted and as existing homesteads connect to these mains. The major work items for the water main and sanitary sewer were substantially completed during the fall/winter of 2014.

Street construction costs will be shared and recovered through a special assessment district. The annexation agreements previously signed between the City and the three developers (Rose Prairie, Quarry Estates, and Hunziker) confirmed these financing arrangements. **Auxiliary turning lanes in adjacent to specific developments will be the responsibility of the developer and have not been included in assessment project.**

**This project also has an alternate bid item for the installation of a new 23 stall parking lot on the northwest corner of Ada Hayden Heritage Park with access from Grant Avenue. These costs are independent of the roadway project and will be funded through the Park Development Reserve designated in the 2014/15 CIP and savings from completed projects.**

On May 6, 2015, bids for the project were received as follows:

| <i><b>Bidder</b></i>         | <i><b>Base Bid</b></i> | <i><b>Alternate Bid</b></i> | <i><b>Total</b></i> |
|------------------------------|------------------------|-----------------------------|---------------------|
| Engineer's Roadway Estimate  | \$ 2,364,702.00        | \$70,821.00                 | \$2,435,523.00      |
| Manatt's Inc                 | \$ 2,779,587.90        | \$87,495.00                 | \$2,867,082.90      |
| Godbersen-Smith Construction | \$ 2,935,114.05        | \$74,831.00                 | \$3,009,945.05      |

Civil Design Advantage prepared plans and specification for the project and the bid alternate. The funding and estimated expenses for the roadway project are shown below:

|  | <u>Funding</u>     | <u>Expenses</u>       |
|--|--------------------|-----------------------|
| G.O. Bonds (City's share of roadway)         | \$649,750          |                       |
| G.O. Bonds (Abated by Developer assessments) | \$2,175,250        |                       |
| Roadway Construction                         |                    | \$2,779,587.90        |
| Engineering/Administration (Est.)            |                    | \$514,223.76          |
|  | <u>\$2,825,000</u> | <u>\$3,293,811.66</u> |

The Ada Hayden parking lot alternate bid was \$87,495. In addition, engineering costs were \$2,500 for a total project cost of \$89,995. FY 14/15 CIP included funding of \$84,000 for construction of this small parking lot. The additional \$5,995 will come from savings related to completed CIP projects (\$5,000 from Community Center lockers, and \$995 from a heating and air conditioning project at the Gateway administrative office and Park Maintenance facility).

**Development agreements call out the roadway costs are to be split as follows:**

|                               | <u>Original Estimate</u> | <u>Bid</u>          | <u>Difference</u>   |
|-------------------------------|--------------------------|---------------------|---------------------|
| <b>Construction</b>           | \$2,364,702.00           | \$2,779,587.90      | \$414,885.90        |
| <b>Engineering (Est)</b>      | <u>\$437,320.00</u>      | <u>\$514,223.76</u> | <u>\$ 76,903.76</u> |
|                               | \$2,802,022.00           | \$3,293,811.66      | \$491,789.66        |
| <br><b>Rose Prairie (37%)</b> | <br>\$1,036,748.14       | <br>\$1,218,710.31  | <br>\$181,962.17    |
| <b>Hunziker (23%)</b>         | \$644,465.06             | \$757,576.68        | \$113,111.62        |
| <b>City of Ames (23%)</b>     | \$644,465.06             | \$757,576.68        | \$113,111.62        |
| <b>Quarry Estates (17%)</b>   | <u>\$476,343.74</u>      | <u>\$559,947.98</u> | <u>\$83,604.24</u>  |
|                               | \$2,802,022.00           | \$3,293,811.66      | \$491,789.66        |

Since the low bid received for the paving of Grant Avenue was substantially greater than the amount original estimates and budget amounts, the City Council was asked on May 12, 2015 to delay the award of this bid until staff was able to obtain feedback from the other funding parties.

After reviewing this information with the parties, the developers agreed that delaying the project further provided no guarantee that the costs would be reduced and all recommended moving forward with the project in order to keep the schedule for construction completion this fall.

#### **ALTERNATIVES:**

1. Award the Grant Avenue (Hyde Avenue) Paving, including the bid alternate to construct the parking lot on the west side of Ada Hayden Park, to Manatt's Inc. of Brooklyn, Iowa, in the amount of \$2,867,082.90.

This action will approve the roadway construction project as well as the alternate for the paving of a small parking lot in the Ada Hayden Heritage Park adjacent to Grant Avenue.

2. Reject the bids as received and re-bid the project at a future time.

In discussing this alternative, there was a consensus among the engineers involved with project that there is a very low likelihood that additional savings would come from rebidding the project.

**MANAGER'S RECOMMENDED ACTION:**

By awarding the project, it will be able to be completed during the 2015 construction season and will allow for the developers to continue to move forward with their proposed developments in the area. In addition, another access will be provided to Ada Hayden Heritage Park.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

**It is important to note that with the approval of this contract, an additional \$468,812 must be identified in order to finance this project. The City's share of this amount will be \$107,827. The remaining \$360,985 will be up-fronted with City funds and eventually repaid through special assessments against the three developments. In the coming weeks the staff will determine whether the \$468,812 should come from other bond supported project savings or from an increase in the amount of bonds to be issued this summer. Once a source is identified, the staff will bring this matter before the City Council for approval.**