

**COUNCIL ACTION FORM**

**SUBJECT: RESOLUTION AWARDING A CONTRACT FOR THE CONSTRUCTION OF THE FURMAN AQUATIC CENTER TO SANDE CONSTRUCTION**

**BACKGROUND:**

The bids to construct the Furman Aquatic Center were reported at the April 8, 2008 City Council meeting. The low bid was \$8,910,029, which exceeded the estimate by \$1,010,029. Fortunately a generous donor committed \$1,000,000, which will allow the Aquatic Center project to be completed in accordance with our current plans and specifications. This individual's check was received on April 15<sup>th</sup>.

Following the bid opening, staff requested that RDG Planning and Design (RDG) assess why the low bid exceeded the estimated budget. RDG reported that until bids are either accepted or rejected, they would not be able to specifically determine why bids exceeded the project estimate. However, RDG did offer the following two observations:

1. **The bid climate was not as competitive as was anticipated.** The recent spike in fuel costs is causing sharp increases in delivery costs and material pricing is escalating to accommodate them. Many vendors are offering quotes with very short hold periods and contractors must add money to their bids to protect their costs.
2. **Tight prequalification requirements for the pool basins and pool mechanical contractors.** Loosening these qualifications may have allowed more competition into the mix of bidding contractors. However, this could have been at the risk of sacrificing project quality. This may be truer of the pool mechanical contractors, as there appears to be only two involved in the bidding.

**In anticipation that the City will award a contract to Sande Construction for this project, RDG recommends the City establish a contingency fund of approximately 3.5% of the construction budget, or \$311,851 of the low bid.** If the low bid is accepted in total, the project budget would include a contingency of \$209,971, or 2.3%. One viable way to increase the project contingency percentage is to accept some, or all, of the deduct alternates that were included in the bid.

RDG provided the following assessment of accepting these deduct alternates.

**Deduct Alternate #1: Asphalt versus a concrete parking lot (\$72,121)**

**Pros:**

- Substantial savings to the project
- Not a significant change to the public's perception of the finished project.
- Asphalt typically requires 20% less energy to produce versus concrete.
- CO2 emissions are typically lower in production of asphalt versus concrete.
- Asphalt pavements have not been shown to leach into surrounding groundwater.
- Asphalt is more easily recycled into new pavement than concrete and is easily repaired.
- Asphalt paving is currently used within the overall Ames park system for parking lots and trails.

**Cons:**

- More maintenance is required in repairs and scheduled resurfacing.
- Concrete typically lasts longer than asphalt.

**Deduct Alternate #2: Replace decorative fence with chain link at facility entryway and behind the lazy river (\$13,200)**

**Pros:**

- Savings to the project
- Minimal change to the general public's perception of the finished project.

**Cons:**

- Slightly reduced aesthetic quality of fencing along entry walkway and Lazy River.

**Deduct Alternate #3: Remove the irrigation system for the turf and planting areas on the pool deck (\$38,725)**

**Pros:**

- Not a significant change to the general public's perception of the finished project

**Cons:**

- More maintenance will be required by staff to ensure that turf is established and maintained.

Upon reviewing RDG's assessment of these deduct alternates, and the related cost-benefit to the overall project budget; staff recommends accepting deduct alternates #1 (asphalt) and #2 (chain link fencing).

Staff does not support accepting deduct alternate #3. Eliminating the irrigation system from the turf areas around the pool would increase operational expenses because the

turf and planting areas will need to be watered on a daily basis by staff. These landscaped areas are an important visual component to the overall facility and need to be established in 2009 and well maintained year-after-year.

**ALTERNATIVES:**

1. Accept deduct alternates #1 (asphalt) and #2 (chain link fencing) and award a contract to Sande Construction in the amount of \$8,824,708 for the construction of the Donald and Ruth Furman Aquatic Center, thereby establishing a 3.46% contingency (\$305,292).
2. Accept deduct alternates #1 (asphalt) and #3 (no irrigation system) and award a contract to Sande Construction in the amount of \$8,799,183 for the construction of the Donald and Ruth Furman Aquatic Center, thereby establishing a 3.7% contingency (\$330,817).
3. Accept all three deduct alternates and award a contract to Sande Construction in the amount of \$8,785,983 for the construction of the Donald and Ruth Furman Aquatic Center, thereby establishing a 3.9% contingency (\$344,017).
4. Award a contract to Sande Construction, in the amount of \$8,910,029, for the construction of the Donald and Ruth Furman Aquatic Center, whereby establishing a 2.5% contingency (\$219,971).
5. Reject all bids and delay construction of this project

**CITY MANAGER'S RECOMMENDED ACTION:**

Deduct alternates were included in the base bid to allow the City flexibility in determining how much funding to carry forward in the contingency prior to the award of contract. The consultants are recommending a 3.5% contingency, as unforeseen change orders will occur during construction. Depending on which, if any, deducts are accepted the range of the contingency fund could be 2.5% to 3.9% of the construction budget.

Upon reviewing RDG's assessment of each of the deduct alternates, it is the recommendation of the City Manager that the City Council adopt Alternative #1 and accept deduct alternates #1 (asphalt) and #2 (chain link fencing) and award a contract to Sande Construction in the amount of \$8,824,708 for the construction of the Donald and Ruth Furman Aquatic Center, thereby establishing a 3.46% contingency (\$305,292).

With this action the current project budget will be as follows:

**STAFF RECOMMENDED  
PROJECT BUDGET**

<b>Sources of Funds</b> .....	<b>\$10,658,000</b>
G.O. Bonds .....	\$ 8,488,000
Furman Gift .....	\$ 1,000,000
Anonymous Gift .....	\$ 1,000,000
Sales Tax Refund .....	\$ 100,000
Interest on Furman (\$60,000) / Anonymous Gift (\$10,000)....	\$ 70,000
<b>Expenditures</b> .....	<b>\$10,658,000</b>
RDG (engineering) .....	\$ 718,000
ISU Facilities Planning & Management .....	\$ 100,000
Site Preparation / Earthwork .....	\$ 475,000
Construction of Facilities .....	\$ 8,824,708
Owner: Equipment Allowance .....	\$ 150,000
Owner: Materials Testing .....	\$ 25,000
Owner: Floodway Management .....	\$ 60,000
Contingency (3.46%).....	\$ 305,292