

May 30, 2006

TO: John M. Lamerato, Acting City Manager

FROM: Brian Murphy, Assistant City Manager/Services  
Steven J. Vandette, City Engineer

SUBJECT: **AGENDA ITEM** - Standard Purchasing Resolution #1: Award to Low Bidder  
Contract 06 - 5 – Charnwood Hills Sanitary Sewer Phase I

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### **RECOMMENDATION**

It is recommended that City Council award a contract for the Charnwood Hills Sanitary Sewer Phase I project to Tyger Excavating, Inc., 52188 Van Dyke, Suite 211, Shelby Township, MI 48316, for their low bid of \$1,379,570.00 contingent upon submission of proper proposal and bid documents, including insurance certificates, bonds and all specified requirements.

In addition, we are requesting authorization to approve additional work, if needed, not to exceed 10% of the original project cost.

### **BACKGROUND INFORMATION**

Bids were received and publicly read on May 24, 2006. The low bidder was Tyger Excavating, Inc., as can be seen in the attached tabulation of bids. The Engineer's estimate at the time of bidding was \$1,536,924.50. The low bid is 10.24% below the Engineer's estimate.

The work to be performed will include the installation of sanitary sewer and sanitary leads for 70 existing and 36 potential lots derived from lot splits. The existing chip seal roads will be restored as gravel until a road restoration project is bid in the spring of 2007. All sewer contract work including restoration is scheduled for completion by October 28, 2006.

### **SEWER BENEFIT FEE**

The sewer benefit fee for this project is \$16,268.51 as compared to the \$15,720 fee that was last estimated in 2004; an increase of 3.5%. This fee amount is the cost of the sewer divided by the number of benefiting parcels. The sewer benefit fee based on the low bid is slightly higher than the previous estimate due to ordinary inflation and more notable the explosive rise in oil prices since the original estimate was done in 2004. Also, the 2004 estimate was done based on the major items of work, prior to completing detailed engineering plans and specifications under which all work items are quantified.

It is recommended that the sewer benefit fee, as provided for in Chapter 20 of the Troy City Code and revised by Resolution #2005-04-189, for Charnwood Sanitary Sewers Phase I be \$16,268.51, which is based on the total cost of the sewer extension, including engineering and contingency, divided by 106 existing and potential lots derived from lot

splits that benefit from the sewer improvements. Payments are made in quarterly installments over a 40-year period for existing structures at 6% interest on the unpaid balance. The sewer benefit fee is not paid by any property owner until such time as the owner connects the structure to the sewer. This fee may also be adjusted at the end of the project to reflect the final actual cost of all construction, engineering and inspection.

## **FUNDING**

Funds for this work are included in the 2006/07 Sewer Fund account number 535.7973.044031. The budgeted amount includes funds for construction, inspection and contingencies.

17 - Bids Sent; 6 - Bids Rec'd

Prepared by: Scott Finlay, Civil Engineer

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BID TABULATION  
CHARNWOOD SANITARY SEWER, PHASE I  
CITY OF TROY  
OAKLAND COUNTY, MICHIGAN

Bids Due: May 24, 2006  
Contract #06-5

	<u>TOTAL BID</u>
Tyger Excavating	\$1,379,570.00
Diponio & Morelli	\$1,458,480.45
D.O.C. Contracting	\$1,581,602.70
Giannetti Contracting	\$1,632,790.30
Pamar Enterprises	\$1,992,049.00
L. D'Agostini & Sons	\$2,579,175.40

Prepared by: Steven Vandette, City Engineer