

CITY COUNCIL ACTION REPORT

March 27, 2014

To: Brian Kischnick, City Manager

From: Mark F. Miller, Director of Economic and Community Development
MaryBeth Murz, Purchasing Director
Steven J. Vandette, City Engineer

Subject: Agenda Item – Standard Purchasing Resolution 3: Exercise Renewal Option – General Consulting Engineering

Consulting Services History

Consulting engineering services are used primarily by the Engineering Department. They are used when in-house capacity is exceeded; when expertise is not available in-house; when spikes occur in workload, especially inspection; when technical studies or long range utility studies and/or plans are needed; and when reviews of complex traffic studies for major development proposals are needed.

Consultant design services are usually needed for large capital projects, particularly road widening projects in the \$3-15 million cost range. These projects, such as the upcoming two mile John R widening project from Long Lake to South Boulevard, not only exceeds in-house engineering design capacity, but also requires engineering expertise for traffic signal replacements and street lighting that are not available in-house. For these large projects approximately 80% the cost of design services and construction administration is reimbursed by federal funds.

Consultants are used for design and/or inspection of the city's water, sewer, and road projects. Permit inspections for soil erosion control and right-of-way permits for utility companies are also needed. The number of these projects and permits each year far exceeds the capacity of the department's one full time inspector and sometimes the capacity of our design engineers.

The cost of design and inspection by consultants is included in the capital budget, while the cost of permit inspections by consultants is included in the Engineering Department operating budget.

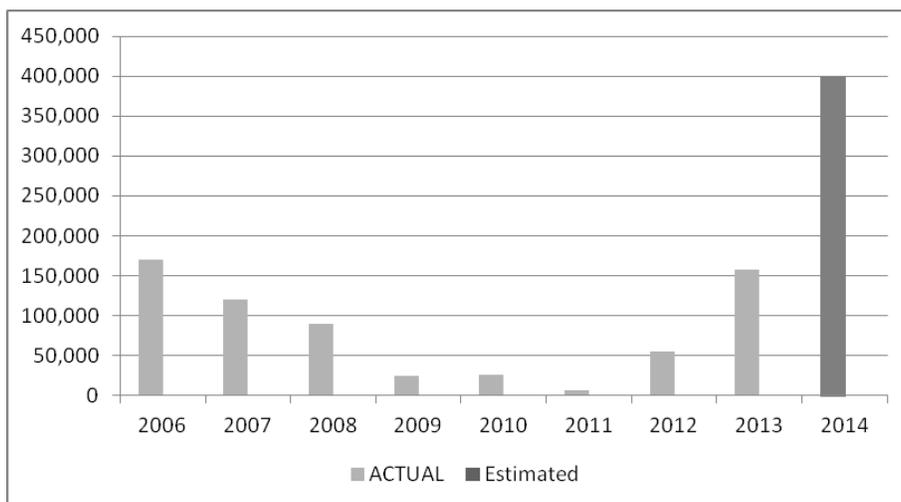
The City currently has three engineering consultants: Hubbell, Roth & Clark, Inc. (HRC), Spalding DeDecker Associates, Inc. (SDA) and Orchard, Hiltz and McCliment, Inc. (OHM). HRC has long been the City's consultant and at one time they were the city's only consultant. In 2004, SDA and OHM were added to take advantage of the strengths of each consultant and to assure that our needs do not exceed the capacity of any given consultant.

Over the last three (3) years the total expenditure for consulting engineering services has been \$2,177,028: HRC \$1,464,492; SDA \$582,767; and OHM \$129,769. The services provided cover a

wide variety, including soil erosion permit inspections; private agreement inspections for water, sewer, road and other construction associated with private development; inspections on city capital projects such as the Section 4 Water Main and Aquatic Center Habitat Restoration projects both currently under construction, the Crooks/I-75 intersection replacement project done last year, the Rochester Road reconstruction project of a few years ago and many, many others. OHM primarily does our traffic study reviews, PASER ratings for all Troy roads and some construction inspection. Most of our design work is currently done in-house with the exception of the Transit Center and major road projects coming up such as John R from Long Lake to South Boulevard and Livernois from Long Lake to Square Lake.

Consulting service costs for inspection on a variety of permits related to private development are budgeted in Engineering's operating budget; the rest is budgeted in capital. The budget for permit inspections was trending down during the economic downturn, as the chart below indicates, but in recent years it's trending up and trending up quickly. This is certainly good for Troy, but it means that with just one (1) full time inspector, down from five (5) six years ago, consulting services for inspection is on the rise. The proposed 2014-15 budget for the Engineering Department reflects this trend with a net increase in consulting services of \$285,000.

GENERAL FUND
ENGINEERING CONSULTING SERVICE COSTS - INSPECTION



Consulting Contract History

On July 21, 2008 Troy City Council approved a three (3) year contract, effective through June 30, 2011 to provide General Consulting Engineering Services, as required by the City and to assist the Engineering Department as needed. Contracts, with the option to renew for an additional three (3) year period under the same terms and conditions, based on mutual consent of both parties, to the highest rated bidders as a result of a best value process, were executed with Hubbell, Roth & Clark, Inc, (HRC); Spalding DeDecker Associates (SDA); and Orchard, Hiltz and McCliment, Inc. (OHM). (Resolution #2008-07-239-F-4b)

On June 20, 2011 Troy City Council approved the renewal for three (3) additional years for General Consulting Engineering Services with Hubbell, Roth & Clark, Inc., Spalding DeDecker Associates, Inc., and Orchard, Hiltz and McCliment, Inc., under the same terms and conditions as the 2008 contract, at their respective revised pricing schedules effective July 1, 2011 through June 30, 2014. (Resolution #2011-06-144-J-4a)

The renewal included and was predicated on revised pricing schedules which contained reductions from 3% to 6.7%, depending on the type of service to be provided. Revisions to the pricing schedule were offered and agreed upon in order to assist the City of Troy with its budget shortfall during the economic downturn. Those were difficult economic times not only for the City of Troy but for the consultants as well. Based on the revised pricing schedules the City of Troy has benefitted from *pre-2008 rates* for the last three (3) fiscal years. The City has also benefitted from continuity of service and City of Troy specific Engineering Consulting Services delivered on an as needed basis at an exceptional level of service meeting all needs of the Engineering Department.

Purchasing

In 2008 the City of Troy issued a best value process, including a Statement of Qualifications (SOQ-COT 08-18) which resulted in a Professional Services Agreement for General Consulting Engineering Services. Because the current contract has expired; the Department conducted a market survey of General Consulting Engineering Services and found no reason to solicit new bids. Additionally, all three respective firms were asked if they were willing to extend their contract for three (3) additional years. While all three firms are interested in a renewal; they were reluctant to do so at pricing below 2008 levels. Subsequently, the firms offered the opportunity to extend the existing contracts as per the original terms and conditions, at the *original 2008 rates* for an additional three (3) year period. The City will continue to benefit from high quality engineering services at 2008 service rates through June 30, 2017. The contract, consultant performance and contract billing will continue to be monitored very closely.

Financial

General Consulting Engineering Services as needed to complete capital projects are funded from each project's funding source as identified in the budget. Additionally, the Engineering Department's Operating budget includes funds for general consulting services as needed for private development, infrastructure studies and project planning.

Recommendation

Hubbell, Roth & Clark, Inc., Spalding DeDecker Associates, Inc., and Orchard, Hiltz and McCliment, Inc. provide professional General Consulting Engineering Services on an exceptional level, offering continuity of City specific knowledge with a 2008 fee structure. City Administration recommends that City Council extend the current General Consulting Engineering Services contracts for a three (3) year period with the contract expiring June 30, 2017.