



Greg Isakson, P.E.
Public Works Director
Goodhue County Public Works Department

2140 Pioneer Road
Red Wing, MN 55066
Office (651) 385-3025

TO: Honorable County Commissioners
Scott Arneson, County Administrator

FROM: Greg Isakson, P.E. / Public Works Director

RE: 04 Jan 22 County Board Meeting
Award Byllesby Park Pavilion Construction Contract

Date: 29 Dec 21

Summary

It is requested that the County Board award the Byllesby Park Pavilion & Essential Services Project No. GMRPTC21-08 to the lowest responsible bidder. It is also requested that the County Board authorize use of Unassigned Fund Balance to cover the funding shortfall.

Background

Bids for the bridge replacement contract were opened Thursday, 16 Dec 2021. Three bids were received, all bids were above the County's Estimate.

COMPANY	BASE BID AMOUNT	ALTERNATE 1 - Thermally modified ash instead of reclaimed ash or oak	ALTERNATE 2 - Asphalt shingles instead of metal roofing	BASE BID MINUS ALTERNATES
Lift Bridge Builders	\$1,945,000.00	-\$75,640.00	-\$66,000.00	\$1,803,360.00
Ebert Construction	\$1,967,000.00	-\$43,500.00	-\$70,000.00	\$1,853,500.00
River City Builders & Millwork Inc.	\$2,688,366.00	-\$35,094.00	-\$171,927.00	\$2,481,345.00

The Park Board met on 28 Dec 21. The first issue they tackled was the issue of Alternate Bids. The Park Board recommended that the County Board approve both Alternate Bids, thus reducing the bid from Lift Bridge Builders (the lowest bidder) down to \$1,803,360.00.

The Pavilion Project is compromised of the work from the General Contractor (potentially Lift Bridge Builders); work that will be completed by contractors hired by the County to install a well, septic and security system; work that County Staff will perform moving the picnic shelter, landscaping, installing picnic tables and waste receptacles, etc.; and the cost of design and construction administration by the architect firm, Locus Architecture. Assuming the County Board approves the recommendations from the Park Board and considering the above costs, the total project cost is reflected below:

General Contractor: \$1,803,360
County Construction: \$232,000
Design Costs: \$164,000
Total Project Cost: \$2,199,360

"To effectively promote the safety, health, and well-being of our residents"

Funding allocated to the project is from:

Legacy Grant Funding	\$1,350,236
<u>Local County Funding</u>	<u>\$450,079</u>
Total Project Funding	\$1,800,315

The difference between the Total Project Cost bid (\$2,199,360), and the funding allocated for the Total Project (\$1,800,315) results in a funding shortage of **\$399,045**.

Parks 2022 Budget as a Whole:

The approved Parks budget for 2022 includes the following:

Potential carryover into 2022	\$636,430.40
County Levee 2022	\$208,035.00
Other Revenue-AIS Grant	\$25,000.00
Other Revenue-State Grant	\$1,305,236.00
Other Estimated Revenue – Sales/Leases/Permits	\$12,700.00
<u>Proposed Expenses 2022</u>	<u>-\$1,943,858.43</u>
Fund Balance YE 2022	\$288,542.97

The above table shows that the Park Fund would have fund balance of \$288,542.97 if all expenses (including the pavilion construction project) were to come in as estimated.

Staff has not yet requested updated quotes for the county construction costs, which include the septic, well, landscaping, moving the existing picnic shelter, site furnishings, and the security system. The septic system has also changed from holding tanks to a drain field since 2019, and a cost for that has not yet been established. Plus, there may be change orders or other costs that may arise in the construction of the pavilion. While inflation was accounted for in the estimate (at 5% per year through the construction year of 2022), no one could have predicted the impacts of COVID-19 to labor force shortages and building material costs, which likely impacted the high bid prices we received.

The ‘proposed expenses 2022’ in the above table included:

- The pavilion project as it was originally estimated back in 2019,
- \$110,000 in Land Improvements (access road and parking lot) at Nielsen Memorial Preserve, and
- \$50,000 in Equipment/Furniture (picnic tables, trash receptacles) and funds for the fish cleaning station.

If the above \$160,000 improvements were postponed and their funds were re-allocated towards the pavilion project, we could potentially have enough money in the park fund to cover the funding shortfall:

Fund Balance YE 2022	\$288,542.97
03-521-000-0000-6632	+\$110,000.00
<u>03-521-000-0000-6669</u>	<u>+\$50,000.00</u>
Improved Funds Available for Total Park Project	=\$448,542.97

"To effectively promote the safety, health, and well-being of our residents"

Under this scenario,

Improved Funds Available for Total Park Project:	\$448,542.97
<u>Pavilion Construction funding Shortfall:</u>	<u>- \$399,045.00</u>
Revised Total Park Funds Balance:	= \$49,497.97

This low of a balance in the Park Fund is alarming when several aspects of the project (well, septic, etc.) have not been bid, and there should be funds available for change orders (5% of the bid is over \$90,000).

The Park Board discussed the dilemma of the extremely low Park Fund Balance, the importance of moving forward with the other projects in the 2022 program, and the importance to have a balance in the Park Fund for change orders and other construction related work. The Park Board recommended that up to **\$400,000** from the Unassigned Fund Balance be used to cover the difference between the Total Project Cost and the Total Project Funding (as shown above).

Alternatives

Award:

- Award the work to the lowest responsible bidder with alternate bids.
- Award the work to the lowest responsible bidder with no alternate bids.
- Award to another bidder.
- Reject all bids.

Funding:

- Use Unassigned Fund Balance of **\$400,000** to cover the difference between current Total Project Funding and Total Project Cost, based upon the actual low bid (including alternate bids) or,
- Find another funding source to cover the difference between current Total Project Funding and Total Project Cost, based upon the actual low bid (including alternate bids) or,
- Take no action and hope all goes well.

Recommendations

It is the recommendation of staff to exercise Alternate 1 and Alternate 2, and award the Goodhue County Byllesby Park Pavilion & Essential Service Project No. GMRPTC21-08 to Lift Bridge Builders for \$1,803,360.00; additionally, staff is requesting change order authority not to exceed 10% of the approved bid, and,

It is further recommended that Unassigned Fund Balance of up to **\$400,000** be utilized to cover the difference between current Total Project Funding and Total Project Cost, based upon the actual low bid (including alternate bids).