




MEMORANDUM

Date: June 6, 2024

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager 

From: Gary Volenec, P.E.
Engineering Director

Subject: **24-5945 Reject Bids Received for Spencer's Boatyard Seawall ITB #24-004**

Introduction

This Resolution would reject the bids received in response to ITB #24-004 for Spencer's Boat Yard Seawall Removal and Replacement Project pursuant to City Code of Ordinances Section 2-834(4) and direct the City Manager to work with staff to provide modifications to the plans and readvertise the project for public bid.

Background

Resolution 23-079 was approved on April 4, 2023, authorizing Task Order #0223-01 for Structural Design Services for the repair of the seawall located at City Owned property at 701 Palm Avenue (Spencer's Boatyard). During the design process, the tenant, SBY Key West, LLC, made a business decision to incorporate several operational changes at the property, including adding boat racks and acquiring a heavy-duty forklift to service larger vessels. To accommodate this equipment, the tenant approached the City regarding modifying the plans to provide the addition of a thickened forklift pad tied into the new seawall, and they agreed to directly pay for the design services. Change Order 1, which consisted of the addition of design services for this work was approved by the City Commission at the meeting held on December 14, 2023, under Resolution 23-328.

Upon completion of the design, the seawall replacement project was bid with the inclusion of the added forklift pad. There were two bids received on the project, and the contractors were Kelly Brothers Inc. and CHC Marine Services LLC. Staff reviewed the bids received and offered the lowest bidder Kelly Brothers Inc. the award for the lump sum of \$1,138,772.00 plus the add alternate of an additional \$13,110.00 as identified on the bid tabulation for just the seawall replacement. The contractor responded that the bid was submitted incorrectly and declined the contract award offer unless it included the line item for the forklift pad addition. The inclusion of this work to the contract would have brought the total to approximately \$3,000,000, which significantly exceeded the City's budget allowance of \$1,600,000. Following staff meetings with the City Legal Department, it was determined to decline the bids, as the bids exceeded budget allocations and acceptance was not in the best interest of the City.

Procurement

The City Commission approval of this bid rejection for Spencer's Boat Yard Seawall will not result in expenditure of City funds. The project plans will be modified to reduce project costs to stay within budget allocations.

Recommendation

The City Manager's Office recommends the Mayor and City Commission reject the bids received in response to ITB #24-004 for Spencer's Boat Yard Seawall Removal and Replacement Project pursuant to City Code of Ordinances Section 2-834(4) and direct the City Manager to work with staff to provide modifications to the plans and readvertise the project for public bid.