



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager
E. David Fernandez, Asst. City Manager - Operations

FROM: Jay Gewin, Utilities Manager

DATE: November 17, 2011

RE: **Awarding the Bid of Lanzo Construction in the Amount of \$1,485,580 for the Patricia/Ashby Street Stormwater Emergency Outfall Project. Authorizing Budget Transfers to Fund the Project.**

ACTION STATEMENT:

This resolution will approve the low bid of \$1,485,580 from Lanzo Construction, Inc. to construct an emergency stormwater outfall pipeline and elevated generator platform and control panel. The bid includes a \$200,000 contingency allowance and \$25,000 permitting fee allowance. The resolution will also authorize additional project costs, additional grant revenue, and use of reserves to fund the project.

The City will be reimbursed for 75% of the costs of this project from FEMA

BACKGROUND:

With the approval of Task Order 1-09-STM (Resolution 09-083, April 7, 2009), CH2M Hill designed an emergency outfall system originating at the pump-assisted well located at the intersection of Patricia and Ashby Streets. This design was reviewed and approved by FEMA resulting in the obligation of Phase II funding for the construction of the approved project. The City Commission approved the Phase II grant for construction funding at its March 16, 2011 meeting. (Resolution 11-076)

The project entails the construction of an emergency discharge to the Atlantic Ocean consisting of a pipeline that will connect the existing Patricia and Ashby Pump Station and terminate at a new outfall structure at the end of Bertha St. A generator and elevated concrete platform will be located at the Ashby St./Patricia St. site. All stormwater will be treated with existing vortex sediment separator prior to discharging to the outfall. The emergency outfall

Key to the Caribbean – Average yearly temperature 77° F.

will only be utilized during tropical storm/hurricanes or during severe rain events where homes could be under immediate threat of flooding.

A public meeting was held on April 28th to discuss this improvement with the neighborhood, which was supported by a good majority of the residents. A team of CH2M Hill, Perez Engineering, City Staff and OMI will assist with construction inspection and engineering.

PURPOSE AND JUSTIFICATION

The Patricia/Ashby Drainage Project will provide protection against a 25 year rain event for 50 years for approximately 30 homes. The benefit-to-cost ratio is over 2.0 saving the taxpayer an estimated \$4,000,000 for a \$2,000,000 lifecycle cost (including maintenance). Adjacent neighborhoods will also benefit from this project. Improved drainage in this Patricia/Ashby basin will help lessen the duration of flooding in some of the surrounding areas.

The City is seeking to proceed with the project in a timely manner. We need to finish the outfall pipeline work on Bertha and Atlantic Blvd. prior to FDOT initiating their paving project on South Roosevelt in April, 2012.

On July 13, 2011 the City opened the bids for this project. Lanzo Construction was the low-bidder at \$1,485,580 (including a \$200,000 contingency allowance and a \$25,000 permitting allowance). City Staff and the Engineer of Record (CH2M Hill) reviewed the bids and are recommending Lanzo Construction's bid be awarded. A budget transfer is needed to proceed with the project, which is detailed in the "Financial Impact" section below.

OPTIONS / ADVANTAGES / DISADVANTAGES:

1. The City Commission can award the low bid of Lanzo Construction, Inc., execute the budget transfers, and proceed with the project. This option will allow the City to construct a new project that could greatly assist the drainage in major storms for this frequently-flooded neighborhood, and enable the City to utilize significant funding assistance from FEMA. This project also will create a new emergency ocean outfall, which has been a permit that has been typically very difficult to secure from the Army Corps of Engineers and South Florida Water Management District.
2. The City Commission can decline the low bid from Lanzo Construction. This option is not recommended because we would not capitalize on this unique opportunity to construct a drainage project that would be of great benefit to this neighborhood which flooded in the most recent October storms, along with several occasions during the hurricane season of 2005. Without the funding assistance of FEMA, the City would have a very difficult time paying for the project ourselves in the future. Staff has no reason to believe that re-bidding the project would result in a lower cost to the City.

FINANCIAL IMPACT:

FEMA will be covering 75% of the construction and construction administration costs of this

project. The total funding breakdown for this entire construction project would be as follows:

Total City Share	\$557,492
<u>FEMA share (75%).....</u>	<u>\$1,087,186</u>
 TOTAL.....	 \$1,644,678*

**Total Includes Construction, Construction Engineering, and Project Management*

The City share includes a \$200,000 contingency allowance in the construction contract, and a \$25,000 allowance for permitting. Use of both allowances would not be initially reimbursable. However, at the conclusion of the project, use of contingency related to the original project scope of work can be submitted to FEMA for possible funding at the 75% rate. This of course would decrease the City's share of the project. Any unused contingency allowance funds at the end of the project would also decrease the City's contributed share.

In order to proceed with the project, the City will need to transfer \$319,312 from reserves to fund its share. There is sufficient funding level in reserves to move forward on this project (budget account 402-3801-538-98). In fact, the City had already included this higher cost in our FY 2012 rate model calculation that was part of our budget presentation to the Commission.

The overall project budget will increase \$691,957. This is due to the fact that the initial construction estimate was several years old, and some new components were added to improve the overall project. We will also amend the budget to account for an additional \$372,645 from the FEMA grant. At the City's request, FEMA will be funding 75% of the construction engineering and project management costs (in addition to construction), which was not part of the original agreement.

This project will be charged to account number 402-3802-538-65/ST0803.

RECOMMENDATION:

Staff recommends that the City Commission select option 1, awarding the low-bid to Lanzo Construction in the amount of \$1,485,580 for the Patricia and Ashby St. outfall project, and approving the budget transfers to proceed.