#### **Condensed Title:**

A request for approval to award a Contract, pursuant to Invitation to Bid No. 48-07/08, for the construction of the City of Miami Beach Right-of-Way Infrastructure Improvement Program, Neighborhood No. 12C, South Pointe Phase II, accepting the City Manager's recommendation relative to the ranking of contractors, and authorizing the Mayor and City Clerk to execute an Agreement with the top-ranked contractor, Horizon Contractors, Inc., in the amount of \$7,683,901 for the construction of the Project; with funding available from previously appropriated South Pointe RDA Fund 379, in the amount of \$6,639,811, and South Pointe Capital Fund 389 in the amount of \$1,044,090 for Construction, and \$768,390 available from the South Pointe Capital Fund 389 for Contingency; and further authorize the City Manager to engage in value engineering to reduce the cost and time to complete the project.

# **Key Intended Outcome Supported:**

Ensure well designed quality capital projects.

Supporting Data (Surveys, Environmental Scan, etc.): The 2007 Community Satisfaction Survey indicated that 82% to 85% of the recently completed South Pointe and South Beach area capital improvement projects were ranked as good or excellent by residents. Completing the South Pointe Phase II Improvement Project will add to the well needed upgrades in this area and improve overall rating.

#### Issue:

Should the City Commission approve the award of the Contract?

# Item Summary/Recommendation:

On July 16, 2008, the City Commission deferred and referred the recommendation for award to the CIPOC for further review. Although the CIPOC did not meet in August 2008, on August 12, 2008, a CIPOC Sub-Committee convened to discuss the Project. The CIPOC Sub-Committee agreed to recommend to the City Commission, that the City award the construction contract for the Project, as outlined in the July 16 2008, Commission Memorandum. In addition, the Sub-Committee recommended in favor of including a form for the contractors to include unit price information as a requirement for future ITB responses. Upon additional discussion at its September 15, 2008 meeting, the CIPOC recommended to the City Commission, to reject all bids, and re-bid the Project as a lump sum bid with the requirement that bidders provide unit prices to support their bids. During the September 17, 2008, Commission meeting, the decision was made to reject all bids, and re-bid the Project.

On September 30, 2008, ITB 48-07/08 was issued, for the re-bid of the Project, and nine (9) bids were opened on November 14, 2008. On November 18, 2008, Downrite Engineering withdrew its bid. On November 26, 2008, City staff and Consultants, convened to review these Lump Sum Bids, Alternate Bid Items, the Risk Assessment Plans, and the Performance Evaluation Surveys received from clients of the remaining eight (8) prospective Contractors. Each Contractor was allowed to make a brief presentation, followed by a Question and Answer period with the Contractor's proposed Project Manager. The Administration recommends the award of a Contract to Horizon Contractors, Inc., for the construction of the Project.

#### APPROVE THE AWARD OF CONTRACT AND AUTHORIZE VALUE ENGINEERING.

#### **Advisory Board Recommendation:**

**CIP Oversight Committee** 

#### Financial Information:

	Amount	Account	Approved
Source of Funds: OBPI	\$6,639,811	379.2332.069357 Construction	
(V/	\$1,044,090	389.2332.069357 Construction	
AN .	\$ 768,390	389.2332.069358 Contingency	
Total	\$8,452,291		

#### City Clerk's Office Legislative Tracking:

Carla Dixpn Ext. 6264

Sign-Offs:

penartment Director	Assistant City Manager	<b>(</b> Sity Manager		
JECA GL	TH_VIX PDW	JMG		

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City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

# COMMISSION MEMORANDUM

TO:

Mayor Matti Herrera Bower and Members of the City Commission

FROM:

Jorge M. Gonzalez, City Manager (

DATE:

**December 10, 2008** 

SUBJECT:

A REQUEST FOR APPROVAL TO AWARD A CONTRACT, PURSUANT TO INVITATION TO BID NO. 48-07/08, FOR THE CONSTRUCTION OF THE CITY OF MIAMI BEACH RIGHT OF WAY INFRASTRUCTURE IMPROVEMENT PROGRAM, NEIGHBORHOOD NO. 12C, SOUTH POINTE PHASE II, ACCEPTING THE CITY MANAGER'S RECOMMENDATION RELATIVE TO THE RANKING OF CONTRACTORS. AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN AGREEMENT WITH THE TOP-RANKED CONTRACTOR, HORIZON CONTRACTORS, INC., IN THE AMOUNT OF \$7.683,901 FOR THE CONSTRUCTION OF THE PROJECT; FURTHER AUTHORIZE THE ADMINISTRATION TO ENGAGE IN VALUE ENGINEERING TO FURTHER REDUCE THE COST AND TIME FOR COMPLETION OF SAID PROJECT: FUNDING IS AVAILABLE FROM PREVIOUSLY APPROPRIATED SOUTH POINTE RDA FUND 379 IN THE AMOUNT OF \$6,639,811, AND SOUTH POINTE CAPITAL FUND 389 IN THE AMOUNT OF \$1.044.090 FOR CONSTRUCTION, AND \$768,390 AVAILABLE FROM THE SOUTH POINTE CAPITAL FUND 389 FOR CONTINGENCY.

#### <u>ADMINISTRATION RECOMMENDATION</u>

Approve the Award.

#### **FUNDING**

Funding is available in the amount of \$8,452,291, previously appropriated for in the Fiscal Year 2007-2008, Capital Budget, for Construction and Contingency of the Project as follows:

Account No. 379.2332.069357 - \$6,639,811 Account No. 389.2332.069357 - \$1,044,090 Account No. 389.2332.069358 - \$768,390 \$8,452,291

#### <u>ANALYSIS</u>

On February 4, 2004, the City Commission approved the Basis of Design Report (BODR), completed and submitted by Wolfberg Alvarez and Partners (WA) for the South Pointe RDA Phase II Project. This BODR was the culmination of a comprehensive planning effort that included input from and reviews by residents, various City Departments, the Design Review Board (DRB), the Historic Preservation Board (HPB), and a joint meeting of the Neighborhoods and Finance and Citywide Projects Committees.

City Commission Memorandum – SOUTH POINTE PHASE II CONSTRUCTION CONTRACT RE-BID December 10, 2008
Page 2 of 7

The Project area encompasses the entire Public Right-of-Way between Fifth Street and Second Street, excluding Third Street, west of Washington Avenue to Michigan Avenue, including Michigan Court and Lenox Avenue between Fourth and Fifth Streets. The South Pointe Phase II Project area is zoned primarily as Residential, Medium and Low Density (RPS-1, RPS-2).

The Project scope of work includes the replacement of existing water lines within the Courts to enhance the water pressure and water flow; the installation of new stormwater infrastructure, including twenty-one (21) gravity wells, to meet the Master Plan recommended Level of Service (LOS) throughout the project area; streetscape improvements, including traffic calming measures; enhanced pedestrian access; defined neighborhood entrances; landscaping; lighting; and parking improvements.

On December 7, 2007, 100% Construction Documents, including an estimate of probable construction costs for the Project were submitted to City staff for review. The permitting process, which is now completed, includes the submission of permit applications to various agencies having jurisdiction, including the Miami-Dade County Department of Health (DOH), Miami-Dade County Water and Sewer Department (WASD), Miami-Dade County Traffic Engineering Division, Miami-Dade County Department of Environmental Resources Management (DERM), Florida Department of Environmental Protection (FDEP), and the Florida Department of Transportation (FDOT).

On January 25, 2008, Invitation to Bid (ITB) No. 13-07/08, was issued. Seven (7) Addenda were issued to provide additional information and to respond to all questions submitted by the prospective bidders, thus extending the bid opening due date to April 17, 2008. A total of seven (7) contractors responded, and their base bid totals, including Alternates ranged from \$8,532,791 to \$10,257,187; all falling within the Project budget. On May 29, 2008, the review panel convened to review the Lump Sum Bids, Alternate Bid Items, and the Performance Evaluation Surveys received from clients of the seven (7) Contractors. The Performance Evaluation Surveys included the client's satisfaction rating of the overall firm, and their individual Project Manager to be assigned to the Project.

On June 16, 2008, a second meeting was convened, to allow each Contractor to make a presentation, followed by a Question and Answer (Q&A) period with the Contractor's team and proposed Project Manager. The review panel made a recommendation to award a construction Contract to Ric-Man International, Inc., for the construction of the Project. This item was referred to the Capital Improvement Oversight Committee (CIPOC) for further review and discussion.

On July 16, 2008, the City Commission deferred and referred the recommendation for award to the CIPOC for further review. Although the CIPOC did not meet in August 2008, on August 12, 2008, a CIPOC Sub-Committee convened to discuss the Project. The CIPOC Sub-Committee agreed to recommend to the City Commission, that the City award the construction contract for the Project, as outlined in the July 16, 2008, Commission Memorandum. In addition, the Sub-Committee recommended in favor of including a form for the contractors to include unit price information as a requirement for future ITB responses. Upon additional discussion at its September 15, 2008 meeting, the CIPOC recommended to the City Commission, to reject all bids, and re-bid the Project as a lump sum bid with the requirement that bidders provide unit prices to support their bids. During the September 17, 2008, Commission meeting, the decision was made to reject all bids, and re-bid the Project.

On September 30, 2008, Invitation to Bid (ITB) 48-07/08, was issued, for the re-bid of the Project, with an initial bid opening date scheduled for October 29, 2008. On October 9, 2008,

City Commission Memorandum – SOUTH POINTE PHASE II CONSTRUCTION CONTRACT RE-BID December 10, 2008
Page 3 of 7

a Pre-Bid Conference was held. Five (5) Addenda were subsequently issued to provide additional information, and clarification, to respond to all questions submitted by the prospective bidders, and to extend the bid opening due date to November 14, 2008. Approximately one hundred (100), questions were received by the City, primarily related to the new bid format.

Bidsync issued bid notices to over one hundred (100) prospective bidders, and Bidnet issued bid notices to nine (9) prospective bidders. Additionally, the Procurement Division supplemented the notification listing and sent the bid notification to other Contractor listings, as well as those in the Blue Book online, and other construction related websites; thus inviting at least another 75 prospective bidders. The notices resulted in the receipt of the nine (9) bids (Bid Tabulation Attachment 1). The total of all Base Bids plus Alternates ranged from \$5,351,994 to \$10,309,394, falling within the Project budget. It should be noted that the lowest of the nine bidders (Downrite Engineering), withdrew its bid on November 18, 2008, due to an error in their submission. The total for the second lowest bidder was \$7,683,901.

The original bid documents (ITB 13-07/08), required only milling and resurfacing the north side of 2<sup>nd</sup> Street, as developers had previously constructed the South side of the road. However, as a result of bidders' questions (Addendum 1, question No. 6) regarding the current condition of the South side of 2<sup>nd</sup> Street, Wolfberg Alvarez and Partners (WA), the design Engineer of Record, agreed to include the reconstruction of the roadway as part of the new ITB 48-07/08. WA has indicated that the net cost increase to implement this change is \$25,000.

Similarly, during the first ITB, a question was asked by a potential bidder regarding the feasibility of milling and resurfacing the alleyways, scheduled to receive new water mains. As a result of additional research and site investigation by WA, City staff, and the Program Manager, the decision was made to reconstruct the alleyways within the Project Limits with valley gutters. The EOR has estimated that the net increase in cost for this scope of work is \$325,000. The total estimated cost increase between ITB 13-07/08, and ITB 48-07/08 is a total of \$350,000.

### The following Additive Alternates were selected:

- Additive Alternate No. 1, for the removal of encroachments.
- Additive Alternate No. 2, (Allowance) for the cleaning of the existing drainage system, including structures and pipes, as defined in the Contract Documents.
- Additive Alternate No. 3, (Allowance) for the pressure vacuuming, cleaning, testing and reconstitution of up to five (5) wells.
- Additive Alternate No. 4 for the crosses and Tees (NOT SELECTED).
- Additive Alternate No. 5 is a requirement of the Contract, to provide Public Information/Liaison Services. The Contractor will procure the services of a Public Relations Firm to provide labor, supplies, and essential communications as may be required for the fulfillment of the intent of the public information/liaison phase of the Work. The goal of these services shall be to allow the Contractor to keep stakeholders (City representatives, property owners, and residents) affected by the work scheduled to be performed, informed prior to, during, and after the Contractor's implementation of the infrastructure work. The Contractor will develop and implement an effective and successful public information/liaison program to ensure that,

working in concert with City representatives, all required authorizations/releases are received from affected property owners, and to follow-up with stakeholders on any required warranty work and/or complaint resolution that may result from the Work, until resolved by the Contractor.

Additive Alternate No. 6 is a requirement of the Contract Documents, for the

Contractor to provide Staging and Field Office space, as required by the work defined in the Construction Document Project Specification, Section 01026.

The Bid informed all bidders that the project shall be substantially completed within seven-hundred and thirty (730) calendar days from the issuance of the second Notice to Proceed (NTP), and completed and ready for final payment within sixty (60) calendar days from the date certified by Consultant as the date of Substantial Completion. However, the Administration will engage in value engineering of the project in an effort to reduce both cost and time for completion of said project.

The Project's General Conditions and Specifications state that the contractor is allowed to perform work to a maximum of 650 lineal feet in the area's streets and 450 lineal feet in the area's alleyways. The contractor is also allowed to perform work in alternate streets and alternate alleyways as long as at least one lane of traffic is kept operational in the streets in the work areas to allow traffic to flow during construction. If at any time traffic must be restricted completely due to construction installations, then the contractor must perform the work promptly and the street where work is being performed must be opened daily at the end of the construction activities. If longer periods are required then the contractor must request permission form the Contract Administrator and the Public Works Department and submit an appropriate Maintenance of Traffic request. The approach described above allows the contractor to work with more than one crew in more than one area at a time to expedite the project.

As part of the Risk Assessment plan, contractors provided a phasing plan that took into consideration the restrictions and approach stated in the project specifications and described above. This contractors' plan indicated that work would be performed in a street simultaneous to work performed in an alleyway in another section of the project area. This plan would be in compliance with the requirements of the contract documents to perform the work in as little intrusive a manner as possible while maximizing the effort and expediting the work.

These restrictions are part of the City's effort to insure that the impact to residents of any neighborhood is managed and controlled reasonably. The construction of infrastructure in residential areas is by nature quite intrusive and the City makes every necessary effort to reduce this intrusiveness, while providing an environment for contractors where work can be performed effectively, efficiently, and as economically as possible, and at the same time respect the needs of the neighborhood residents. This approach allows the contractors to price and plan their work properly while taking into consideration the impact of construction to the citizens.

On November 26, 2008, the City's Project Team members, as well as support staff from the City's Program Manager, Hazen and Sawyer, the Design Engineer of Record (EOR), Wolfberg Alvarez and Partners, convened to review the bids submitted for the South Pointe Phase II Right of Way Project. The Team members were also provided with Performance Evaluation Surveys received from clients of the remaining eight (8) Contractors and their proposed Project Manager to be assigned to the Project. Each Contractor made a ten (10) minute presentation followed by a twenty (20) minute Question and Answer (Q&A) session.

City Commission Memorandum – SOUTH POINTE PHASE II CONSTRUCTION CONTRACT RE-BID December 10, 2008 Page 5 of 7

The Team based its recommendation on the following factors:

- 1) Risk Assessment Plan (RAP)/Value Added Submittal (VAS). A Preliminary Project Schedule was attached to the RAP/ VAS. The description for the risks identified in the RAPs, had no additional cost or time associated with t hem, but are risks that the contractor will try to minimize. The VAS identified opportunities to add value to the project, as well as the corresponding cost and schedule impact (10 points).
- 2) Past Performance based on number and quality of the Performance Evaluation Surveys received (5 points).
- 3) Presentation and Interview of key personnel (25 points).
- 4) Base Bid plus Alternates Price (60 points).

Since Downrite Engineering withdrew its bid proposal, the Base Bid prices submitted by the remaining eight (8) Contractors, including the selected Additive Alternates, are all within the Engineer's Estimate of Probable Costs, of \$9,683,901 for the Base Bid, and \$10,309,393 for the Base Bid plus Alternates; and within the budget appropriated for the construction of the Project. City staff, its Program Manager and Engineering Consultants, performed extensive reviews of the presentation materials which chronicled the history and past performance of the firms. In addition, the Performance Evaluation Surveys (PES) completed by previous clients were reviewed and evaluated.

The contracting firms that participated in the bid process for the second time were Horizon Contractors, Ric-Man International, Acosta Tractors, Inc., Central Florida Equipment, and Lanzo Construction. With the exception of Lanzo Construction, all the other contractors who had previously bid the Project submitted a lower bid price. The new contractors who have participated in the new ITB are M. Vila, John Moriarty & Associates, and MCM (See Attachment).

The Staff recommendation to the City Manager is to recommend to the City Commission that Horizon Contractors, Inc. be awarded the bid as the lowest and best bidder.

#### **Market Conditions**

As part of the discussion at the September 17, 2008 City Commission Meeting, the Administration was asked for its opinion as to whether or not re-bidding the project would result in a lower price. In response to this question from the Commission, staff advised that given market conditions at the time, our belief was that there would be a reduction in price but it was difficult to be specific on how much. A reduction in price has been realized as part of the current bids.

As part of the interview process, the contractors were individually asked what factors contributed to lower prices, since the bids from the previous process were known. The predominant responses, which are directly reflective of the current market and economy, included:

- the decrease in fuel costs, which dramatically impacted the price of materials, including asphalt and piping, and transportation costs.
- costs from sub-contractors are reduced, particularly in sub-overhead and profit.
- several bidders also indicated that they absorbed portions of the General Conditions and Overhead costs, in order to be more competitive
- profit margins were reduce or eliminated in order to be more competitive
- several bidders stated that they are cutting their costs in order to maintain their key staff in this challenging economic time.

City Commission Memorandum – SOUTH POINTE PHASE II CONSTRUCTION CONTRACT RE-BID December 10, 2008
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## **CONCLUSION:**

Based on the analysis of the bids received, the Administration is requesting approval to award a Contract, pursuant to Invitation to Bid No. 48-07/08, for the construction of the City of Miami Beach Right of Way Infrastructure Improvement Program, Neighborhood No. 12C, South Pointe Phase II, accepting the City Manager's recommendation relative to the ranking of Contractors, and authorizing the Mayor and City Clerk to execute an Agreement with the top-ranked Contractor, Horizon Contractors, Inc., in the amount of \$7,683,901; for the construction of the Project; with funding available from previously appropriated South Pointe RDA Fund 379 in the amount of \$6,639,811, and South Pointe Capital Fund 389 in the amount of \$1,044,090 for construction, and \$768,390 available from the South Pointe Capital Fund 389 for Contingency; and further authorize the City Manager to engage in value engineering to reduce the cost and time to complete the project.

Attachment JMG/TH/JECH/JC/CDV

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#### **BID TABULATION**

BIDDERS	TOTAL BASE BID	Permit Fee & Indemnification	Encroachment Rem.	Cleaning of Drainage System	Reconstitute Wells Alternate No.	Public Information Liason	Staging Area	BASE BID + ALTERNATES
		lea en Nace e la colonia le estado.	Alternate No.1	No. 2	3	5	Alternate No. 6	1,2,3,5,& 6
Horizon Contractors	\$7,683,900.75	\$110,306	Included in base bid	Included in base bid	Included in base bid	Included in base bid	Included in base bid	**\$7,683,901.00
Acosta Tractors, Inc.	\$7,555,867.00	\$110,306	\$47,600	\$50,000	\$42,424	\$115,000	\$1,000	\$7,922,197.00
Ric-Man International	\$7,843,377.70	\$110,306	\$31,360	\$0	\$39,000	N/A	N/A	***\$7,953,683.70
M Vila	\$7,709,039.61	\$110,306	\$16,000	\$50,000	\$25,000	\$28,000	\$50,000	\$7,988,345.61
Central Florida Equipment	\$7,563,107.79	\$110,306	\$90,000	\$50,000	\$40,000	\$94,000	\$98,000	\$8,045,413.79
John Moriarty & Associates	\$8,004,424.00	\$110,306	\$600	\$50,000	\$40,000	\$100,000	\$96,000	\$8,401,330.00
Munilla Construction Management	\$8,451,810.18	\$110,306	\$45,000	\$50,000	\$125,000	\$85,000	\$54,225	\$8,921,340.82
Lanzo Construction	\$9,899,087.76	\$110,306	\$25,000	\$50,000	\$5,000	\$80,000	\$100,000	\$10,269,393.76
Downrite (Bid Withdrawn)	\$4,975,797.96	\$110,306	\$16,000	\$50,000	\$50,000	\$100,000	\$25,000	*\$5,327,103.96

<sup>\*</sup>DOWNRITE ENGINEERING WITHDREW ITS BID ON NOVEMBER 19, 2008.

ALTERNATE NO. 4 WAS FOR ADDITIONAL ISOLATION GATE VALVES FOR THE WATER DISTRIBUTION SYSTEM, AND WAS NOT SELECTED BY CIP TO BE INCLUDED IN THIS PROJECT

\*\*\*RICMAN, ON THE RECORD, AND BY LETTER (ATTACHED), STATED THAT THEIR GRAND TOTAL BID AMOUNT IS CORRECT. AN ERROR WAS MADE IN THEIR UNIT PRICING.

<sup>\*\*</sup>HORIZON'S ON THE RECORD, DURING THE INTERVIEW, STATED THAT THEIR GRAND TOTAL BID (\$7,683,901) INCLUDES THE BASE LUMP SUM BID AND ALL ADD ALTERNATES. THERE IS NO ARITHMETIC ERROR ON THEIR PART. ALTERNATES ITEMIZED PER BID ARE: ADD ALT 1-\$65,000; ADD ALT 2-\$50,000; ADD ALT 3-\$56,250; ALT ADD 5\$130,000; ADD ALT 6-\$48,000.



# RIC-MAN INTERNATIONAL, INC.

**GENERAL CONTRACTORS** 



2601 N.W. 48th Street • Pompano Beach, Florida 33073 BROWARD: (954) 426-1042 • FAX: (954) 426-0717 www.Ric-man.us

November 26, 2008

Gus Lopez, Director Procurement Department City of Miami Beach 1700 Convention Center Drive Miami Beach, Florida 33139

RE: South Pointe Phase II Re-Bid ITB 48-06/07

Subject: Request for Correction and Rescinding of City's Modification of Ric-Man's Lump Sum Bids

Ric-Man International believes that the City of Miami Beach has incorrectly and inappropriately changed the Lump Sum Base Bid and Grand Total Bid Lump Sum amounts provided in the bid documents submitted.

The intent use of the unit price breakdown is stated in various areas of the ITB, in several Addendums, and in the Bid Breakdown sheet which reads,

"The following unit quantity breakdown is <u>provided for informational purposes only</u>. Bidders shall rely on their own quantity take-offs in the development of their lump sum prices. Cost component of award will be based on the grand total bid (lump sum base bid plus none, any or all alternates which will be selected by the City's sole discretion)."

This statement can only be interpreted to mean that the unit price values and quantities provided in this breakdown will have no bearing on the evaluation of the bids and this information cannot be used to correct or modify the lump sump bids by the City.

Ric-Man International hereby formally requests that the City rescind its modification of the lump sum totals and instead consider the actual bid numbers of \$7,843,377.70 for the base lump sum bid and \$7,953,683.70 for the grand total lump sum bid as submitted by Ric-Man International.

Thank you for your prompt attention to this most important manner.

Sincerely,

David Mancini, President

Ric-Man International

Cc: Wayne Pathman, Esquire, Pathman Lewis LLC