

presented w/ CM 98-47  
8/24/98  
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WASILLA CITY COUNCIL INFORMATIONAL MEMORANDUM IM No. 98-90

**SUBJECT: Council Resolution 98-47,  
EAST SUSITNA AVENUE PAVING BIDS**

PREPARED BY: Mike Krieber.  
*Mike K*

DATE: August 17, 1998

FOR AGENDA OF: August 24, 1998

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**SUMMARY:** The bid opening for the East Susitna Avenue project was held August 17. Only two bids were received. The low bid was approximately 50% higher than the engineer's cost estimate. (The engineer's cost estimate was based upon other 1998 City projects with increased cost factors applied to account for the small size of the project.) Public Works believes that a slightly revised project should be bid again in Spring, 1999 to obtain a lower price.

1. Interviews with the two companies revealed several reasons why the bids were so high.

- ◆ Both companies already have many projects underway. An additional job strains company resources.
- ◆ This is a late season job and weather has been poor, and companies are concerned that weather will be a factor.
- ◆ Significant costs for overtime to complete the job before snowfall.
- ◆ This is a small job, hence higher unit prices.
- ◆ Utilities (MTA and Rogers Cable) have their major underground lines in Susitna Avenue and Boundary Street, creating significant liability issues for the contractor. Unknown delays when working around utilities resulted in higher prices.

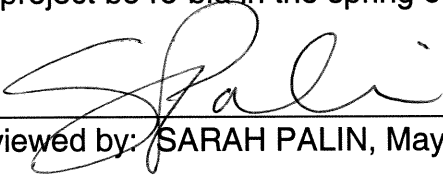
In sum, the City did not receive bids from any contractors that needed work at the end of the season.

2. A second issue is that the paving special assessment district (LID) costs would be more than 50% higher than the cost presented to the property owners. This requires a minimum 15-day period to notify those property owners to allow them the opportunity to object to the increased cost. This 15-day period would cause a delay entering a contract with the low bidder. This delay would likely cause the project to not be completed this year. A half-constructed project would create significant issues over the winter.

3. If the project is bid in Spring, 1999 certain factors would favor a lower price.

- ◆ Contractors will have not established footholds in communities for the construction season. (Wilder and D&L have nearly all of the 1998 road construction work in the Mat-Su Borough, hence they were the only bidders) Therefore, there should be interest from several more contractors who desire to establish a foothold in the MSB in 1999 in order to do more road jobs in 1999.
- ◆ Concerns of an approaching winter will not be a factor.
- ◆ The project can be done during regular hours, so overtime and weekend rates will not be a factor.

**RECOMMENDED ACTION:** The City's best interest would not be served by awarding this contract. Public Works recommends that the Council not award the contract and the project be re-bid in the spring of 1999.



Reviewed by: SARAH PALIN, Mayor