



Request for City Council Committee Action From the Department of Public Works

Date: October 11, 2011

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **25th Avenue SE & Granary West Pond Construction – Veit and Company, Inc**

Recommendation:

Authorize the proper City officers to increase Contract No C-31022 with Veit and Company from the current contract amount of \$838,379.55 to a revised contract amount of \$1,693,497.19. The project budget is adequate to cover this increase; therefore no additional project appropriation is required.

Previous Directives:

- January 13th, 2006: Resolution 2006R-004, City Council increased the appropriation and revenue source for the CPED Agency in the State Grants & Loans Fund by \$2,000,000 for implementation of the SEMI stormwater management plan.
- December 22nd, 2006: Resolution 2006R-621, adopting Modification No. 8 to SEMI Area Redevelopment Plan, Modification 1 to the SEMI Area Phase 1 Tax Increment Financing (TIF) Plan, Modification No. 2 to the SEMI Area Phase 2 TIF Plan, Modification No. 2 to the SEMI Area Phase 3 TIF Plan and Modification No. 1 to the SEMI Area Phase 5 TIF Plan to permit the pooling of tax increment revenues for public infrastructure in a Bioscience Subzone
- February 9th, 2007: Resolution 2007R-055, City Council accepted and appropriated a Minnesota Department of Employment and Economic Development (DEED) Bioscience Business Development Public Infrastructure Grant; increased the CPED appropriation & revenue budget by \$1,000,000; and authorized execution of an agreement to implement the grant
- August 20th, 2010: Resolution 2010R-383, City Council accepted a Hennepin County Environmental Response Fund (ERF) Grant Award in the amount of \$96,350 for the SEMI West Pond and increased the appropriation and revenue source for the CPED Grants Other Fund accordingly.
- May 27th, 2011: Resolution 2011R-251, increasing the appropriation in the Department of Community Planning and Economic Development by \$900,000 from available fund balance for roadway and utility construction purposes of the 25th Avenue SE construction project
- May 27th, 2011: Resolutions 2011R-273 through 2011R-278, ordering the work to proceed, adopting the special assessments and requesting the Board of Estimate and Taxation to issue and sell City of Minneapolis bonds for the purpose of paying the assessed cost of improvements in the 25th Ave SE Street Construction Project
- June 17th, 2011, City Council and Mayor granted approval of bids for OP# 7454 low bid of Veit and Company, Inc, Inc. in the amount of \$838,379.55.

Prepared by: Larry Matsumoto, Transportation Maintenance and Repair, 612-919-1148

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Michael D. Kennedy, P.E., Director of Transportation Maintenance and Repair

Reviews

Permanent Review Committee (PRC):	Approval <u>NA</u> Date _____
Civil Rights Approval	Approval <u>YES</u> Date <u>4/14/09</u>
Policy Review Group (PRG):	Approval <u>NA</u> Date _____

Financial Impact

No financial impact

Community Impact

Neighborhood Notification:

City Goals: A SAFE PLACE TO CALL HOME: the city's infrastructure will be well-maintained, people will feel safe in the city.

Comprehensive Plan:

Zoning Code:

Background/Supporting Information

Public Works and CPED are working to extend 25th Avenue SE (designated Municipal State Aid Route 446) northward to connect to a City-owned parcel and the right-of-way of the proposed Granary Road and install related sanitary sewer, water main, storm sewer and a storm water management pond and other utilities. This extension will provide better access to developable parcels and connect the street grid with a paved roadway.

The estimate of the total cost of the project, including right-of-way acquisition, is \$2,500,000. Funding for the project comes from a public infrastructure grant from the Minnesota Department of Employment and Economic Development (DEED), assessment dollars, Municipal State Aid (MSA) funding, a grant from the Mississippi Watershed Management Organization (MWMO), and tax increment revenue in the Southeast Minneapolis Industrial (SEMI) area for the express purpose of infrastructure development in SEMI. The City has secured the needed right-of-way and construction is in progress.

On June 17, 2011, the City Council and Mayor awarded the bid for a portion of the 25th Avenue SE & Granary West Pond Construction project to Veit and Companies for the amount of \$838,379.55 Construction on the roadway began on July 6, 2011 and project completion is anticipated for October, 2011.

Change Order #1

During the excavation for the pond, large buried concrete structures were uncovered. These buried structures exceeded the contract. Removal and disposal was needed to complete this project. The Engineer has determined that the concrete structure removal constitutes Extra Work under the Contract. The Contractor will remove and dispose of this concrete structure and pay for this work as lump sum amount \$21,143.50 dollars.

Change Order # 2

This Contract provides for the removal and disposal of contaminated soils, and replacement of these contaminated soils with clean soil. During the construction of 25th Avenue Southeast more contaminated soils were discovered resulting in additional disposal and replacement. The contract does have unit prices for both items. The Engineer has determined that the Contractor shall perform this addition work at the contract unit prices, total is \$807,427.59 dollars.

Change Order No. #3

During the excavation for the pond a large buried tank was uncovered. This buried tank was not in the contract. Removal and disposal was needed to complete this project. The Engineer has determined that the buried tank removal and disposal constitutes Extra Work under the Contract. The Contractor will removal and dispose of this concrete structure and paid for this work as lump sum amount \$4,934.55 dollars.

Change Order No. #4

During the site grading and removals additional railroad tracks and railroad ties were discovered which resulted in an increase to the contract amount. These items were originally included in the contract and this change order is to increase this quality. The Engineer has determined that the additional railroad tracks and railroad ties removal and disposal constitutes Extra Work under the Contract. The Contractor will removal and dispose of this items and for this work in the amount of \$15,612.00 dollars.

Change Order No. #5

During the underground utility work additional items were needs for the installation of the water, storm sewer and sanitary sewer. The these items total approximately \$6,000.00 dollars.

Therefore, the current contract amount with Veit Construction of \$838,379.55 shall be increased by \$855,117.64 to a revised contract amount of \$1,693,497.19. The combination of CPED grant and TIF funds previously granted and appropriated to the SEMI project and MSA reimbursement will cover the additional costs. The project budget is currently sufficient to accommodate these additional costs, no adjustments to the project appropriation are required at this time.

cc: Gary Warnberg – Procurement
Don Elwood – Public Works
Mike Kennedy – Public Works
Bob Carlson – Public Works
Jeff Handeland-Public Works
Bill Schroeder - Finance