

DATE: November 18, 2014

TO: Jerrold M. Jung, Chairman
State Transportation Commission

FROM: Kirk T. Steudle
Director

SUBJECT: **Waiver of Commission Approval**

The project and description documented in Exhibit A-2, attached, was let by the Michigan Department of Transportation on November 7, 2014. This project required pre-approval as the engineer's estimate was over \$500,000, however the low bid received was more than 10% over the engineer's estimate and therefore requires approval by the State Transportation Commission. The approximate three-week delay resulting if Commission approval were deferred to the December 4, 2014, Commission meeting would delay the transmittal of the contract documents to the low bidder, and could jeopardize the construction schedule for this project.

Thus, a waiver of the required Commission approval is requested, as provided in Commission Resolution 79-3, as amended, footnote F:

“If, in the opinion of the Director, the public interest requires that a certain contract be awarded or an agreement be executed prior to approval by the Commission, hereunder, the Director shall seek a waiver of the required approval from the Chairman of the Transportation Commission. If the request of the approval is verbal, the waiver shall be confirmed, in writing, within fourteen (14) days.”

If the waiver is granted, the Department will proceed to execute the item noted above.

Signed Original on File

Kirk T. Steudle, Director

The request for waiver of Commission approval of the above-mentioned item is approved.

Signed Original on File

Jerrold M. Jung, Chairman

November 18, 2014

Date Approved

DATE: November 18, 2014

TO: State Transportation Commission

FROM: Jack Cotter, CPA
Commission Auditor
Office of Commission Audits

SUBJECT: Justification Memorandum

Attached for your information is the department's justification memorandum for an Exhibit A-2 item where the low bid exceeded the engineer's estimate by more than ten percent.

Signed Original on File

Jack Cotter, CPA
Commission Auditor

Attachment



OFFICE MEMORANDUM

DATE: November 17, 2014

TO: Myron G. Frierson, Director
Bureau of Finance and Administration

FROM: Mark A. Van Port Fleet, Director
Bureau of Highway Development

SUBJECT: Justification Memo for Bid Acceptance in Excess of 10 Percent of Engineer's Estimate

Letting Date: November 7, 2014
Project Description: Electrical, mechanical and structural rehabilitation and high load hit repairs to operator's house on US-41/M-26 over Portage Lake in the cities of Houghton and Hancock, Houghton County.

Project Number: 31012-118271
Item Number: 1411 002
Low Bidder: Zenith Tech, Inc.

Eng. Est: \$5,372,592.12 Low Bid: \$8,397,873.83 Difference: \$3,025,281.71 Percent: 56.31

The following shows the engineer's estimate and the proposed bids received for this project:

Engineer's Estimate	\$ 5,372,592.12
Zenith Tech, Inc.	\$ 8,397,873.83
PCL Civil Constructors, Inc.	\$ 8,898,530.80
Cianbro Corporation	\$10,656,867.70
Anlaan Corporation	\$11,065,007.62

EXPLANATION FOR DIFFERENCES

The low bidder had unit prices that varied from the normal range. The main items found to be higher than the engineer's estimate were the minor traffic devices, barrier gate support, lower deck superstructure repair, steel structure, cleaning, partial, type 4, temp elevator enclosure and electrical rehabilitation. These items were bid higher than normal because of the expedited construction schedule, unique items of work with limited bid history, and United States Coast Guard (USCG) and maintaining traffic restrictions. Most of the work has to be completed when the channel is closed to navigation from December 15, 2014 through April 15, 2015. The wire rope replacement and the balance chain rehabilitation work to make lift span operable is required to be completed by April 3, 2015. All motor drive replacement work shall be completed by December 15, 2015 and all contract work shall be completed by April 22, 2016. This project also has many unique items of work with very little bid history to effectively compare prices to. Maintaining traffic restrictions require the exception of only two

overnight closures, sixteen two hour closures, and intermittent fifteen to twenty minute closures. A minimum of one lane of traffic in each direction shall be maintained at all times. Furthermore, the lift operations will only be permitted every hour, as-needed, from April 15, 2015 to June 15, 2015 and from September 15, 2015 to December 15, 2015, per USCG requirements. The estimator considered these factors when estimating this project, but was unable to precisely predict the unit prices.

OVERALL CONCLUSION

As indicated in the above analysis, the low bid is over the engineer's estimate because of the expedited construction schedule, unique items of work with limited bid history, and USCG and maintaining traffic restrictions. This project received four bids ranging from \$8,397,873.83 and \$11,065,007.62 which varied by 31.76 percent. The two lowest bids varied by 5.96 percent. We believe that rejecting these bids and re-letting this project will not result in lower bids and the low bid should be considered reasonable based on the factors discussed.

The Bureau of Highway Development and the Ishpeming TSC request that this project be awarded to the low bidder based on the above conclusion.

[Signature on File]

Director, Bureau of Highway Development

BOHD:DD:QA:MAS:st

cc: K. Steudle B. Wieferich K. Curtis H. Stinson MDOT-eProposal
L. Strzalka J. Mullins G. Johnson K. Farlin M. Fedewa
J. Cotter G. Frens D. Parker B. Rottiers M. Shulick
J. Garcia A. Anderson M. Maloney B. O'Brien R. VanPortfliet

REQUEST FOR MICHIGAN STATE TRANSPORTATION
COMMISSION APPROVAL
LETTING EXCEPTIONS AGENDA

November 18, 2014

The following projects have been pre-approved, and are being returned for re-approval after meeting the exception criteria by the State Transportation Commission.

STATE PROJECT

- | | |
|---|--|
| 1. Letting Of November 7, 2014
Letting Call: 1411 002
Project: ST 31012-118271, ETC
Local Agreement:
Start Date: 10 Days After Award
Completion Date: April 22, 2016 | Low Bid: \$8,397,873.83

Engineers Estimate: \$5,372,592.12

Pct Over/Under Estimate: 56.31 % |
|---|--|

Electrical, mechanical and structural rehabilitation and high load hit repairs to operator's house on US-41/M-26 over Portage Lake in the cities of Houghton and Hancock, Houghton County.

3.00 % DBE participation required

Bidder	As-Submitted	As-Checked	Ranking
Zenith Tech, Inc.	\$8,397,873.83	Same	1 **
PCL Civil Constructors, Inc.	\$8,898,530.80	Same	2
Cianbro Corporation	\$10,656,867.70	Same	3
Anlaan Corporation	\$11,065,007.62	Same	4

Total Number of Bidders: 4

On receipt of your approval, projects will, at the Director's discretion, be processed and awarded to the low bidder. I approve the projects described in this agenda and authorize the award by the responsible management staff of MDOT to the extent authorized by and in accordance with the December 14, 1983, resolution of the State Transportation Commission and the Director's delegation memorandum of June 17, 2014.

Respectfully submitted,

Signed Original on File

Kirk T. Steudle
Director