

REQUEST FOR COUNCIL ACTION

ORDINANCE: O-2006-16

SUBJECT: Additional Work, 2006 Overlay and Patching Program (Bid No. 2579)

RECOMMENDATION: Public Works recommends that City Council authorize the City Manager to execute a change order with Premier Paving Inc. in the amount of \$1,448,469 for the 2006 Overlay and Patching Program, and in addition approve a supplemental budget appropriation in the Capital Improvement Fund for \$1,448,469 and a transfer of \$1,448,469 from the General Fund to the Capital Improvement Fund.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

In February of 2006, bids were opened on the 2006 Overlay Program. The prices submitted by the low bidder, Premier Paving Inc. were very competitive, and 6.5% lower than the next bidder.

Since this bid opening, prices for asphalt overlay work have been escalating quickly. The major work items on the overlay project are rotomilling of the existing pavement and placement of the new asphalt overlay. Below are the prices currently being paid by Lakewood compared to prices of similar projects bid in the last few months:

<u>Item</u>	<u>Lakewood Overlay</u>	<u>Arvada Overlay</u>	<u>CDOT Highway 7</u>	<u>Chatfield State Park Overlay</u>	<u>Douglas County Roads</u>
Rotomilling (square yard)	\$0.90	\$1.70	\$ 2.45	N/A	\$ 2.25
Asphalt Overlay (ton)	\$39.15	\$46.00	\$48.00	\$65.00	\$47.00

CDOT publishes a quarterly Construction Cost Index Report. The report indicated an inflation rate for road construction costs of 8.9% in the first quarter of 2006, and 25.9% in the last year.

As the above information indicates, the City is receiving a very good price for asphalt overlay work, and the price for this type of work is inflating rapidly.

In order to take advantage of the existing low prices and avoid further inflation, Public Works recommends change ordering additional work into Premier Paving's contract. The contract allows for up to 25% in change orders, which would amount of \$1,448,469 in additional work. Premier Paving has agreed to perform this work at existing contract unit prices.

The work to be done is on streets that are currently scheduled for overlay in 2007, as shown below:

	<u>Years Since Last Overlay</u>	<u>Target Overlay Cycle in Years</u>
1. Alameda Avenue, Wadsworth to Kipling	18	10 (arterial)
2. Bear Creek Boulevard, Morrison Road to Jewell	20	16 (collector)
3. Mississippi Avenue, Garrison to Wadsworth	23	16 (collector)
4. Florida Avenue, Sheridan to Wadsworth	22	16 (collector)

These streets are scheduled for overlay in 2007, but they are all “past due” for overlay, and their condition merits overlay in 2006.

To fund this change order, reserve funds are available and will be transferred from the General Fund to the Capital Improvement Fund. This supplemental budget appropriation will allow for 2006 Street Resurfacing to be increased by \$1,448,469. The reserve funds would then be restored in 2007 by reducing the budgeted 2007 Street Resurfacing Program budget by \$1,448,469 and transferring the funds from the Capital Improvement Fund back to the General Fund.

All indications are that asphalt overlay prices in 2007 will be at least 20% higher than 2006 prices. This means that the City can complete at least 20% more paving in 2006 for \$1,448,469 compared to spending the same amount of money in 2007.

The attached ordinance contains an emergency provision so that this additional work can be completed during the 2006 construction season.

FUNDING SOURCE: Reserve funds in the amount of \$1,448,469 will be transferred from the General Fund to the Capital Improvement Fund.

DATE OF FIRST READING: July 24, 2006

DATE OF SECOND READING: August 14, 2006

ORIGINATED BY: Department of Public Works

STAFF PERSON RESPONSIBLE: Richard J. Plastino
Director of Public Works, 303-987-7901

DOCUMENTS ATTACHED: Ordinance O-2006-16

SUBMITTED BY:

REVIEWED BY:

Richard J. Plastino
Director of Public Works

Joni Inman, Director of Mayor
and City Manager's Office

Michael J. Rock
City Manager