



INDIAN RIVER COUNTY, FLORIDA DEPARTMENT OF UTILITY SERVICES

Date: May 10, 2017

To: Jason E. Brown, County Administrator

From: Vincent Burke, P.E., Director of Utility Services

Prepared By: Arjuna Weragoda, P.E., Capital Projects Manager

Subject: North Sebastian Septic to Sewer (S2S) Phase 1- Bid Status of Bid No. 2017-046

DESCRIPTIONS AND CONDITIONS:

On December 20, 2016, the Indian River County Board of County Commissioners (BCC) approved the following:

1. Approve the County's Funding Mechanism - to allocate the necessary dollars to reduce the construction and connection costs as much as possible for property owners:
 - (a) Construction Cost Funding (Utility Assessment Fund 473 at 20%, Optional Sales Tax Contribution at 20%, and Property Owner Assessment at 27%); and
 - (b) Impact Fee Funding with the Optional Sales Tax Contribution of 100%, with a 5-year sliding benefit for existing septic and not to apply to new construction;
2. Begin implementation of a Phase 1 Septic to Sewer Assessment Project for the construction costs for all properties, both inside the City of Sebastian and unincorporated County by:
 - (a) Directing staff to follow assessment procedures for notifying benefitting property owners, preparation of assessment roll, and the necessary resolutions, and
 - (b) Holding necessary public meetings for property owners and interested parties;
3. Approve the special 2% APR interest rate for the Commercial Phase 1 S2S project area;
4. Direct staff to finalize the bid package and go out for competitive bids;
5. Formalize a connection policy for existing structures within the North County Phase 1 S2S area, with a 5-year timeline for mandatory hook-up; and
6. Direct staff to conduct an updated rate study to include looking at recouping any cost of the construction and the future removal and replacement (R&R) costs.

Staff moved forward with item No. 4 and advertised the North Sebastian Septic to Sewer Phase I on March 9, 2017. The bids were opened April 12, 2017. The purpose of the subject agenda is to outline possible financing options with actual construction prices that will enable benefitting property owners to connect to a central sewer system in a way that encourages maximum participation.

ANALYSIS/ENGINEERING:

Masteller and Moler, Inc., (M&M) evaluated four (4) alternatives in the sewer feasibility study for the north Sebastian area. The study recommended the gravity collection alternative as the preferred method for a centralized sewer system in this area. Due to the complexity of the project along US Hwy 1, the technical specifications offered two methods of construction. The first method would be the standard open cut method and the second would be a trenchless method. A non-mandatory pre-bid meeting was held March 22, 2017, at the City of Sebastian Community Centre located on Central Avenue adjacent to the subject project area. Five (5) prospective bidders attended the pre-bid meeting and a site visit of the project area. Although there were twenty one (21) plan holders, only three (3) submitted bids. The bid tabulation of the three bidders, after corrections, are as follows:

Bidder	Total Price
Timothy Rose Contracting, Inc.	\$2,977,931.58
Blue Goose Construction	\$3,051,182.70* Non-responsive*
Pipeline Utilities	\$3,253,545.35*

*Original unit price on line item 60 was revised to comply with Bid Specification Section 01025

* Blue Goose failed to submit a signed, original revision, executed in the same manner as the original bid, to Purchasing.

The lowest, responsive, responsible bid, even after the revised submittal, is approximately \$1 million, or over 50% the initial estimated construction cost. The Engineer's opinion of probable cost did not include a force account of \$200,000. The purpose of a force account is to cover any additional work not covered in the contract drawings per technical Speciation 01024. Therefore, subtracting this amount from the total price results in a 41.2% increase over the Engineer's opinion of probable cost. The lack of participation and higher than anticipated bids could possibly be attributed to the complexity of the project, and the abundance of construction activity available for potential bidders in the Treasure Coast area. The County's Consulting Engineer, M&M, has reviewed the bids and has recommended that the bid be awarded to the lowest responsive, responsible bidder, Timothy Rose Contracting, Inc., for a Total Bid Price in the amount of \$2,977,931.58 (See Attachment 2).

FINANCING/FUNDING:

Staff reached out to the City of Sebastian (COS) on this project as they are a major stakeholder. The COS has voiced their willingness to support the county's efforts for a centralized sewer system. As part of their support, the City has proposed to allocate \$10,000 per qualified applicant from the City's CRA funds and \$5,000 per applicant from the Indian River Lagoon Council grant for a total of \$15,000 per applicant. The subject project also has an existing Cost Share Program grant that is administered by the St. Johns River Water Management District (SJRWMD) that covers 33% of the initial \$1.97M construction cost up to a maximum of \$649,240, which will expire in September, 2018.

Now that the North Sebastian Septic to Sewer Phase I project has actual unit bid prices for construction, staff has re-evaluated the funding mechanism that was approved by BCC on December 20, 2016.

Construction Costs:

Prior to the bids being opened, the funding was broken down based on the initial estimate of \$1.97M as follows:

Funding Allocations	Based Initial Estimate of \$1.97M approved by BCC 12/20/16	
	Percentage	Amount
Cost Share Grant	33.00%	\$649,240
Utility Assessment Fund (473)	20.00%	\$393,479
Sales Tax Contribution	20.00%	\$393,479
Assessment- (Owner) Portion	27.00%	\$531,197
OWNER PORTION PER ERU		\$2,330

Based on the \$2.97M construction cost bid, staff presents three options for the BCC to consider:

Option I: The grant funding, optional sales tax assistance and utility fund contribution held the same. An increase of 52% vs. 27% would be required by property owners.

Option II: Keep the percentage the same, which increases the assessment fund and sales tax amounts. Owner percentages would increase to 38.2% vs. 27%.

Option III: Transfer the balance of the Impact Fee Funding dollars that cannot be allocated for new construction (vacant parcels) as directed by BCC on December 20, 2016, with the utility fund percentage remaining as presented in Option I. The costs to the owner would be 40.51%.

Funding Allocations	Option I- Hold \$\$ the same as 12/20/16		Option II- Hold % the same as 12/20/16		Option III-Re-allocate impact \$\$ from vacant parcels	
	%	Amount	%	Amount	%	Amount
Cost Share Grant	21.80%	\$649,240	21.80%	\$649,240	21.80%	\$649,240
Utility Assessment Fund (473)	13.21%	\$393,479	20.00%	\$595,586	13.21%	\$393,479
Sales Tax Contribution	13.21%	\$393,479	20.00%	\$595,586	24.48%	\$728,999
Assessment- (Owner) Portion	51.77%	\$1,541,734	38.20%	\$1,137,519	40.51%	\$1,206,214
OWNER PORTION PER ERU =		\$6,762		\$4,989		\$5,290

Notes:

Cost Share: Maximum allowed is \$649,240.

Option I, II & III: SJRWMD cost-share allocation amount cannot change.

SCHEDULE/TIMELINE:

On October 4, 2016, the BCC approved the SJRWMD cost share funding agreement for the septic to sewer project for a maximum reimbursement of up to \$649,240, or 33% of the construction cost of the project based on the Engineers Opinion of Probable Cost. There are some key dates/milestones to remember (subject to change):

Date	Description
12/20/2016	BCC approve funding mechanism
12/2016 to 04/2017	Bid project
05/2017	Award project
06/2017	Prepare Resolution I and II for mandatory assessment
07/2017	Prepare Resolution III confirming the project for mandatory assessment
05/2018	Finish Project**
Summer 2018	Begin to connect property owners
** The grant agreement terminates on June 30, 2018. There is an option for extension, but such requests must be made on or before April 1, 2018. There is a tight timeline imposed by the SJRWMD to expedite completion of the work.	

The notice to proceed will only be issued once Resolution III confirming the project has been adopted.

RECOMMENDATION:

Staff recommends the following:

- a. The project be awarded to Timothy Rose Contracting, Inc., in the amount of \$2,977,931.58 as the lowest, responsive, responsible bid. Please note that notice to proceed will only be issued once Resolution III has been adopted by the BCC.
- b. Approve the County's revised funding mechanism to be based on Option III. Allocate the necessary dollars to help defray assessment costs for property owners.

Construction Cost Funding

Description	Account Number	Amount
Utility Assessment Fund (473) (13.21%)	473-169000-15501	\$ 393,479
Optional Sales Tax Contribution (24.48%)	31526836-066510-15501	\$ 728,999
Property Owner Assessment (40.51%)	Assessment	\$1,206,214

- c. Begin implementation of a Phase 1 septic to sewer assessment project for the construction costs for all properties both inside the City of Sebastian and unincorporated county.
 - o Direct staff to follow assessment procedures for notifying benefitting property owners, preparation of assessment roll and the necessary resolutions.
 - o Hold necessary public meetings for property owners and interested parties
- d. Approve the attached sample agreement.

ATTACHMENT(s):

1. Sample Agreement
2. M&M Septic to Sewer Bid Review & Recommendation Letter