

**CITY COUNCIL
COMMUNICATION:**

02-526

AGENDA:

OCTOBER 7, 2002

SUBJECT:

ORDERING
CONSTRUCTION AND
APPROVING
INCENTIVE PAYMENT
MARTIN LUTHER KING,
JR. PARKWAY FROM
THE RACCOON RIVER
TO INGERSOLL
AVENUE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JEB E. BREWER, P.E.
CITY ENGINEER

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On May 6, 2002, City Council authorized a new design for the Martin Luther King, Jr. Parkway that reduced the anticipated project cost by over \$15 million. The plans and specifications being presented for the Grand Avenue Bridge and Ingersoll Avenue to the Raccoon River grading and sewer phase, have incorporated these changes including an increase of the closure time of Grand Avenue. An option is being proposed that will include an incentive payment of \$5,000 per calendar day for a reduction in the closure time. A maximum incentive payment of \$350,000 may be made to the contractor for reduction of the Grand Avenue closure by 70 calendar days.

FISCAL IMPACT —

Funding is provided in the City Capital Improvement Program (CIP) Budget, CIP Index Code 483842, Martin Luther King, Jr. Parkway (North/South) – Account 543070 – Fund CP038 – Organization ENG990000 – Project STR138 – Activity ID 06-2001-011 and 12-2003-001, for construction cost. Maximum incentive payment of \$350,000 would be an additional potential payment to be programmed in the Fiscal Year (FY) 2003-04 CIP bringing the total Martin Luther King, Jr. Parkway Budget to \$130,350,000, an increase of \$350,000.

RECOMMENDATION —

To order construction and set date of hearing for November 18, 2002, for the Martin Luther King, Jr. Parkway Grand Avenue Bridge and Ingersoll Avenue to Raccoon River grading and sewer; and to approve a maximum incentive payment of \$350,000 to reduce anticipated closure of Grand Avenue by 70 calendar days.

BACKGROUND —

The City Council on November 19, 2001, by Roll Call No. 01-3482, rejected all bids on the Martin Luther King, Jr. Parkway Paving Project from the Raccoon River to Ingersoll Avenue. These bids included the grading, paving, and sewer from the Raccoon River to

Ingersoll Avenue as well as the Grand Avenue Bridge over the Martin Luther King, Jr. Parkway.

These bids were rejected because the low bid received was more than \$5.8 million over the 1999 budget estimate and more than \$3.0 million higher than the revised construction estimate. Council directed the City Engineer to redesign the project to include closure of Grand Avenue for an extended time period, and other design changes to reduce costs, and rebid the project at a future date.

The City Council on May 6, 2002, by Roll Call No. 02-1104, approved an alternative design which resulted in reducing the expected project cost by over \$15 million. This redesign incorporated a number of measures to reduce costs including a new Fleur Drive - Martin Luther King, Jr. Parkway intersection design and changes to the Ingersoll Avenue to Raccoon River section. These changes have been incorporated into a new design. One cost savings measure proposed was to significantly increase the closure time allowed for Grand Avenue for up to 12 months from the original 120 days. The contractors indicated that the original closure period was one factor that resulted in high bids in October of 2001. The May 6, 2002 approved budget of \$130 million anticipated these savings from allowing a longer Grand Avenue closure time.

During the continued public participation process, neighbors and advisory committee members expressed a concern regarding the length of the closure of Grand Avenue. The contract documents for these projects include provisions to close Grand Avenue for a total of 210 days commencing on or before April 14, 2003, and ending approximately November 9, 2003. An incentive program has been proposed that would pay the contractor additional money if the closure time of Grand Avenue is reduced. The contractor would be paid an incentive of \$5,000/day for every day that the closure is reduced up to a maximum of \$350,000. The incentive has a potential to reduce the Grand Avenue planned closure of April 2003 to mid-November 2003 to a best case scenario of April 2003 to early September 2003. This incentive payment was not in the original \$130 million budget estimate. If the incentive is approved by Council, the budget for Martin Luther King, Jr. Parkway must be increased correspondingly by \$350,000 for FY2003-04.

The contract documents for these projects issued by the Iowa Department of Transportation (IDOT) includes provisions to close Grand Avenue for a total of 210 days with incentive payment clause as outlined above. The City Council is requested to indicate its preference to either:

- A. Accept these recommendations and approve incentive payment to the contractors for early completion of work

associated with Grand Avenue closure.

or

- B. Reject these recommendations and direct staff to work with IDOT to issue an addendum to the bidding documents to delete the incentive provisions from the proposals and specifications for the above projects prior to receipt of bids on October 29, 2002.