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# Memorandum

**Date:** April 25, 2022

**To:** Burlington Board of Finance / City Council

**From:** Corey Mims, P.E., Senior Public Works Engineer  
Norman Baldwin, P.E., Assistant Director/City Engineer

**CC:** Chapin Spencer, Director

**Subject:** Champlain Parkway Project Initial Construction Contract – Award Authorization

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## Request

The Burlington Department of Public Works (DPW) respectfully request Board of Finance and City Council provide authorization to execute the Champlain Parkway Project Initial Construction Contract with S.D. Ireland Kubricky Joint Venture LLC, in an amount up to \$40,980,143.40 with an additional \$4,098,014 (10%) in contingency funds, totaling up to \$45,078,157.40.

## Background

On 9/13/2021 DPW staff presented to the Board of Finance and City Council the South End Construction Coordination Plan which introduced the idea of a two-phase construction of the Champlain Parkway project – as part of an overall sequencing plan for South End capital projects to minimize community impacts. With Council support, the Champlain Parkway project team split the project's construction into two separate construction phases, the "Initial" and "Final" phases.

By splitting the Parkway project into two separate contracts, the City is able to open the initial contract section once completed (between Home Avenue and Kilburn Street) and begin receiving the benefits of:

- **A new 25-mph grid street** between Home Avenue and Lakeside Avenue that will enhance connectivity and resiliency of the South End street network
- **A new stormwater pond and new stormwater sand filter** that will take 11.5 acres off the combined sewer system and reduce 6,344 pounds (over 3 tons) of sediment from being discharged into Lake Champlain annually
- **New shared use paths** providing a continuous ~2 mile off-road bike/pedestrian path from the Pine Street & Locust Street intersection to Queen City Park Road in South Burlington
- **Improved raised intersections** at Pine St & Kilburn St, Pine St & Marble Ave, and Pine St & Howard St
- **A new midblock crosswalk** Pine St & Arts Riot

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## Champlain Parkway Project Initial Construction Contract – Conditional Authorization

- **An enhanced Pine Street** with new granite curbs, reconstructed sidewalk with ADA-compliant access ramps on the eastern side, and new top pavement layer with improved surface drainage
- **Undergrounded utilities on Lakeside Avenue** between Pine St and the new portion of the Champlain Parkway
- **Renewed water and sewer lines throughout the South End** – approximately 4,000 feet of waterlines and 3,000 feet of sewer lines will be replaced
- **Reconstructed rail crossings** with new active warning system including new gates in all quadrants, improved bicycle and pedestrian accommodation and improvements to drainage and stormwater features

Making the Interstate Connection When Ready: The sequencing provides a window to get the South End community infrastructure in place before opening the Champlain Parkway's connection to I-189. The two-phase approach also provides the City Council the opportunity to approve the final construction contract when it is determined best to do so. The proposed schedule estimates the final Champlain Parkway construction contract, with the I-189 connection, being completed in 2027. During the interim period prior to the interstate connection, our Parkway consulting engineers project no substantive change in overall South End traffic even with the Champlain Parkway initial phase constructed and opened for public use.

On April 11, 2022, DPW returned to provide the newly seated council an update to the project following the results of the invitation to bid and in advance of this request for conditional authorization to award this contract.

### **Project Timeline**

DPW Staff issued an initial phase bid advertisement from February 3, 2022. Following the mandatory pre-bid meeting on February 16, 2022 it appeared there were four potential bidders. Bid opening was held on March 18, 2022 and only one bid was received from S.D. Ireland Kubricky Joint Venture LLC at \$40,980,143.40. This joint venture of S.D. Ireland Brothers and Kubricky Construction were two of the potential bidders that attended the mandatory pre-bid meeting.

On April 11, 2022 the final bid analysis was completed and provided to State and Federal partners for their approval. The result of the bid analysis was that the low bid should be accepted. The analysis had failed to indicate a disadvantage to the State in accepting the low bid. State approval and Federal concurrence of the bid analysis was received on April 13, 2022.

The bid process requires contractors to hold their bid for 45 days – a period which ends on May 2, 2022. With the City Council's approval on April 25, the last Council meeting prior to May 2, the DPW will be in a position to execute the construction contract and prevent delays to the commencement of work. Construction for this initial construction phase is planned to commence by July 1, 2022 and is to be completed by mid-October 2024.

With the increased obligations in State and Federal contributions an amendment to the Chittenden County Transportation Improvement Program (TIP) will be required. With State support the project team will be attending the next Chittenden County Regional planning Commission (CCRPC) Board of Directors meeting on April 20 to speak to the request of the Champlain Parkway TIP amendment. The CCRPC Board is expected to vote on the TIP amendment at their May meeting.

**Bids Considerations**

The one received bid was ~57% over the engineer’s estimate for the work and will be split between the City and State/Federal partners. There were a number of factors that contributed to the significantly higher than estimated bid pricing.

- During the bid advertisement period Russian military forces invaded Ukraine. Since this action, a surge in energy costs has been seen and is anticipated to continue.
- Inflation rate in the US was announced to increase to 7.9%.
- Ongoing inflation, supply constraints, high demand and labor shortages will likely maintain inflation for longer.
- Infrastructure Investment and Jobs Act (IIJA) is providing additional funding for infrastructure projects throughout the country which is creating an increased demand on contractor services. This appears to be contributing to contractors being more regional and selective about projects they bid.
- A small bidding field likely lead to generally higher unit pricing.
- Since IIJA provides a funding source for five years, rebidding the initial phase is not anticipated to result in more competition nor a decrease in the contractor’s estimate to construct the project.

**Project Funding**

Work performed under this contract is split between participating and non-participating expenses. Participating expenses are approximately \$37,760,277.40 and will be eligible for reimbursement at the project’s funding split of 95% Federal, 3% State and 2% Local Match as outlined in the Cooperative Agreement, and its Amendments, between the State of Vermont Agency of Transportation and the City of Burlington. Non-participating expenses of approximately \$3,219,866 and are the full responsibility of the City.

**Proposed Funding Solution for additional Non-Participating Fund**

Currently the project has \$2,409,121.00 encumbered for Non-Participating Expense. This is projected to cover the City’s local match for FY’23 and FY’24. This leaves an additional \$1,019,568.00 of local match funding for additional Non-Participating Expenses in FY’25. The City’s inter-departmental Capital Committee met on April 18, 2022 and determined this future local match obligation will be met through one of the following sources: the City’s annual \$2M CIP bonding authority, the voter-approved FY23-25 Bond or from some other non-Federal funding opportunity.

**Proposed Funding Solution for additional 2% Local Match**

The project is anticipated to require an additional \$165,000 each year during the period of construction (\$494,936.27 total) to cover the 2% local match and the Street Capital Fund is prepared to assume this additional expense.

<b>Champlain Parkway - Phase I - Local Match Obligations (Project Expense)</b>			
<b>Item</b>	<b>Secured Funding Prior to Bid</b>	<b>Required Funding (Post Bid)</b>	<b>Additional Funding Required</b>
2% Local Match (Street Capital)	\$482,112.42	\$977,048.69	\$494,936.27
Non-Participating	\$2,409,121.00	\$3,428,689.00	\$1,019,568.00
<b>TOTAL</b>	<b>\$2,891,233.42</b>	<b>\$4,405,737.69</b>	<b>\$1,514,504.27</b>

**MOTIONS**

Board of Finance:

1. “To approve and recommend that the City Council authorize the Director of Public Works to execute a contract with S.D. Ireland Kubricky Joint Venture LLC in an amount up to \$40,980,143.40 with \$4,098,014 (10%) in contingency funds, totaling up to \$45,078,157.40, for the Champlain Parkway Initial Construction Contract, subject to the final review and approval by the Office of the City Attorney.”

City Council:

1. “To authorize the Director of Public Works to execute a contract with S.D. Ireland Kubricky Joint Venture LLC in an amount up to \$40,980,143.40 with \$4,098,014 (10%) in contingency funds, totaling up to \$45,078,157.40, for the Champlain Parkway Initial Construction Contract, subject to the final review and approval by the Office of the City Attorney.”