

MEMORANDUM

TO: Donna Barron, City Manager

VIA: Chris McGinn, Director of Neighborhood and Inspection Services

FROM: Jamey Kirby, Grants Coordinator

DATE: February 5, 2020

SUBJECT: **Approval of a Bid Award for CDBG Program Year 2019 Morningside Sewer Manhole and Sewer Main Line Rehabilitation Project to Canary Construction Company, Lewisville, Texas, in the Amount of \$543,738; and Authorization for the City Manager to Execute the Contract.**

BACKGROUND

The original allocation for the Morningside project, including a contingency, was only \$253,770. In July 2019, only one bid was received indicating a busy construction market. To attract more bidders, plans were redesigned to allow alternate construction methods. Also, a segment of the project was lengthened to avoid having to acquire a new easement, which added to cost. The final engineer’s estimate for the re-bid was \$400,000 to \$500,000. Now that bids are in and ready to award, the project construction costs stand at \$543,737.25.

Final budget for bid award	Construction	\$517,845.00
	5% Contingency	\$25,892.00
	Total Bid Award	\$543,737.25

ANALYSIS

While there is a considerable gap from the original budget to the current bid award, the City can cover this extra cost by using exist CDBG funding and water and sewer line repair funding. Reallocated CDBG funds will come from program income (money paid back through first-time homebuyer loans), balances for completed projects that came in under budget, reallocation of money for housing rehab program (on hold due to rewrite of program), and cancellation of 2016 Habitat for Humanity projects (cancelled due Habitat’s failure to meet deadlines). The total CDBG contribution will be **\$514,222**. The remainder of the funds will be paid for by Project U1910 Miscellaneous Water and Sewer Line Repair.

On February 4, 2020, the CDBG Advisory Committee discussed the project cost, CDBG timeliness, and project beneficiaries before voting 6-0 to recommend that the City Council increase the CDBG budget available for the bid award.

CDBG Funds are available in Projects R.4801 - 2017.11, 2017.99, 2017.02, 2016.02, 2015.09, and in the Grant Fund Balance. After using all available CDBG funding, \$29,515 remains and will come from the Public Services Department Project U1910 Miscellaneous Water and Sewer Line Repair.

RECOMMENDATION

It is City staff's recommendation that the City Council approve the bid award as set forth in the caption above and authorize the City Manager to execute the agreement.