



Agenda Item Details

Meeting	Feb 05, 2024 - Regular City Commission Meeting
Category	G. BUSINESS ITEMS
Subject	3. Consideration of bid award to Payne & Dolan under MDOT Contract #23-5524 for Salmon Run Way & Ord Street as part of the Carbide Dock & Easterday Avenue Truck Route Project #0740
Type	Action
Fiscal Impact	Yes
Budget Source	GL #0740
Recommended Action	<ol style="list-style-type: none">1. Motion to approve of award to Payne & Dolan, the low bidder, in the amount of \$824,732.10 and allow City Manager to sign.2. Motion to amend budget with reduction in MDOT CAT A grant funding by \$151,800 with local match from previously budgeted City ARPA funds, and increase to cover internal loan interest in the amount of \$102,000 to come from Gaming Fund.

BACKGROUND:

At a City Commission meeting held on December 18, 2023, approval was given to enter into a contract with MDOT for construction of Salmon Run Way, Ord Street Extension and Ord Street as part of the Carbide Dock & Easterday Avenue Truck Route project #0740.

Since this is an MDOT CAT A grant, the City had to work with MDOT to bid the work and then accept the grant funds. This step is to award the construction contract to the low bidder and move forward with the Notice to Proceed from MDOT to construct the project.

At its meeting on June 5, 2023, the City Commission approved an internal loan for this project from the Trusts. The going investment return at that time was approximately 5.1% so that rate was proposed, and for the full year June 1, 2023 through May 31, 2024 the cost of borrowing \$2,000,000 comes to a total amount of \$102,000. At that time, the expenditure was not budgeted as part of this project. A copy of that agenda memo and loan documents is attached titled 'trust loans for carbide dock doc'n.pdf'.

ANALYSIS:

Bids were procured following the City's Purchase Policy and MDOT guidelines for CAT A funding. During the bidding period we had 8 contractors that requested Bid Documents from which 2 bids were received. The low bidder was determined to be Payne & Dolan, Inc. with a bid of \$824,732.10.

FISCAL IMPACT:

The agreement between the Michigan Department of Transportation and the City of Sault Ste Marie has been executed for the TEDF-A #1456 grant project with a not to exceed participating grant amount of \$845,898.00. The low bid amount of \$824,732.10 with \$672,871.10 MDOT participation and \$151,861.00 city match was approved by MDOT. These funds will have 2 draws(direct grant) coming through SIGMA as direct deposits. 80% was requested on January 29, 2024, and the remainder will come at the project close with the final known cost. Project is set for 2024 construction with a completion date of July 15, 2024.

Additionally, interest for the internal loan from the Trusts, as described above, requires a budget amendment not previously done. It is not anticipated that the cost of this internal borrowing will be covered by any of the grants, including the City ARPA funds, so a budget amendment is being requested to cover

this expenditure of the project in the amount of \$102,000. Of this total, \$55,590 will be interest revenue for the Seal Trust, and \$46,410 will be interest revenue to Osborn Trust. The amounts borrowed are \$1,090,000 from Seal and \$910,000 from Osborn.

City administration expects to receive official grant awards in the next couple of months. Each award will be brought back to the Commission for approval as needed and the budget will be modified again if necessary at that time. Due to the complexity of funding for this large project, amendments have been numerous and help to maintain an accurate budget in separate line items for tracking purposes. The changes are clearly identified in the attached Source and Use worksheet called '02-05-24 Carbide Dock Truck Rte.pdf'.

ALTERNATIVES:

The City Commission has the following options to consider on this matter:

1. Adopt resolution as presented.
2. Direct staff to return with more information.
3. Other Alternative
4. Take no action.

[Notice to Proceed.pdf \(232 KB\)](#)

[TEDF-A #1456 Sault Ste Marie RFP.pdf \(483 KB\)](#)

[Plan Holder List.pdf \(218 KB\)](#)

[Bid Tab.pdf \(109 KB\)](#)

[RFP B-43-23.pdf \(9,789 KB\)](#)

[trust loans for carbide dock doc'n.pdf \(695 KB\)](#)

[02-05-24 Carbide Dock Truck Rte.pdf \(67 KB\)](#)

Motion & Voting

Motion to amend budget with reduction in MDOT CAT A grant funding by \$151,800 with local match from previously budgeted City ARPA funds, and increase to cover internal loan interest in the amount of \$102,000 to come from Gaming Fund.

Motion by Andrew Rubinstein, second by Ray Bauer.

Final Resolution: Motion Carried

Yea: Don Gerrie, Ray Bauer, Jodi Bosbous-Rath, Jay Gage, Scott Marble, Andrew Rubinstein

Motion to approve of award to Payne & Dolan, the low bidder, in the amount of \$824,732.10 and allow City Manager to sign.

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