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September 18, 2023

RE: Transmittal of Contractor Bid Results
East Range Water Project
East Range Water Board
Town of White and City of Aurora, MN
SEH No. AUROR 159723

East Range Water Board
16 West 2nd Avenue North
P.O. Box 160
Aurora, MN 55705

Dear Board Members:

At 2:00 PM, Thursday, September 7, 2023, one (1) bid was received for the East Range Water Project. The bidder was Lakehead Constructors, Inc., of Superior, WI. A tabulation of the bid is presented below.

Contractor	Lakehead Constructors, Inc.	Engineer's April 2023 Estimate	Difference
Package A Water Main	\$4,631,765.75	\$4,649,740.00	-\$17,974.25
Package B Water Treatment Plant	\$21,930,000.00	\$11,941,102.00	\$9,988,898.00
Package C Raw Water Intake and Pumping Station	\$7,695,000.000	\$6,380,900.00	\$1,314,100
Contingencies	--	\$2,297,091.00	-\$2,297,091.00
Total	\$34,256,765.75	\$25,268,003.00	\$8,988,762.75

Bid Format:

The format of the bid proposal was divided into three (3) separate elements, or bid packages, that together, form the entirety of the intended construction contract. Those bid package elements include a water main portion, a water treatment plant portion, and a raw water intake and pumping station element. The following is a discussion of elements of the bid proposal:

Package A: Water Main: The scope of this package includes all raw and finished water main work. The raw water main portion connects the proposed raw water intake and pumping station to the proposed water treatment plant. The finished water main portion of this bid package connects the Pineville distribution system to the Scenic Acres system and provides for flushing hydrants in the two (2) cul-de-sacs in Scenic Acres. The pricing of this package required identification of unit prices for elements of this package due to the potential variability required in work quantities. Any quantity work not required would be credited back to the Board upon completion of the project.

Package B: Water Treatment Plant: The scope of this package includes all work related to constructing the water treatment plant, clearwell and backwash retention tank. The pricing of this package was denoted by a single, Lump Sum amount.

Engineers | Architects | Planners | Scientists

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Package C: Raw Water Intake and Pumping Station: The scope of this package includes all work related to constructing the raw water intake and pumping station. The pricing of this package was denoted by a single, Lump Sum amount.

Final Bid Amount: The final bid amount for which the project would be awarded is the sum total of all three (3) Packages A, B & C.

Discussion of the Bid Received

The only bid for this project was received from Lakehead Constructors, Inc.(Lakehead), of Superior, WI with a final bid amount of \$34,256,765.75. As of April 2023, the Engineer's Opinion of Probable Cost (OPC) for the construction bid was noted as being \$25,268,003.00, which is 26.2% less than Lakehead's bid. A comparison of Lakehead's bid with the Engineer's OPC indicates that the respective values for Bid Package B hold the greatest difference between bid amount and OPC. Using information provided by Lakehead and a few select subcontractors and suppliers, we have concluded the difference between the Package B bid and OPC came together as a result of higher material and labor pricing, a difference in understood quantities, added overhead and profit costs for Packages A and C, and a shortage of bidding contractors and subcontractors.

Discussion of Project Award

The value of the current bid exceeds the available funding for the project. After a review of the bid prices in comparison to the Engineer's OPCs, and a recognition that only one (1) bid was received for the project, it is the recommendation of SEH for the East Range Water Board to reject the bid and proceed with re-bidding the project in the three (3) separate contract packages; Package A, Package B, and Package C containing the previously described scopes. By separating the project into the three (3) bid packages, more contractors and subcontractors may be interested in participating in bidding process.

Closure

After you have had an opportunity to review this bid summary, please call me at 651.775.5031, or email me at mjensen@sehinc.com with any comments, concerns or questions you may have.

Sincerely,

SHORTE ELLIOTT HENDRICKSON INC.



Miles B. Jensen, PE
Project Manager