



July 29, 2021

Patricia Strayer, P.E.
Town of Palm Beach Public Works
951 Old Okeechobee Road, Suite A
West Palm Beach, FL 33401

RE: Phase 5 – Construction Management Proposal and Bid Proposal Review
KHA Job No. 044063229

Dear Patricia,

The Town of Palm Beach selected Burkhardt Construction (BCI) as the Construction Manager and solicited bids for *Phase 5 South* and *Phase 5 North* of the Town-Wide Undergrounding of Utilities Program.

BCI submitted a Construction Phase Services Proposal for both phases to the Town and Kimley-Horn for review on 7/14/21. Preliminary comments were provided to BCI on 7/21/21 and a revised proposal was submitted on 7/27/21. The revised proposal resolves the comments that were provided and has resulted in a cost savings of \$243,846.85 over the original proposal received. Kimley-Horn does not have any further comments on the Construction Manager's proposal for *Phase 5 South* and *Phase 5 North*.

On 7/14/21, the Town received an apparent low bid for *Phase 5 South* from Wilco Electrical in the amount of \$6,629,360.64. Adding the *Phase 5 South* allocation of the BCI proposal results in a project total of \$7,618,666.89. The current Engineer's Opinion of Probable Construction Cost is \$8,280,000 while the Master Plan Opinion of Probable Construction Cost, which was updated in 2019, was \$8,940,000.

Also on 7/14/21, the Town received an apparent low bid for *Phase 5 North* from C.R. Dunn in the amount of \$6,416,941.56. Adding the *Phase 5 North* allocation of the BCI proposal results in a project total of \$7,347,435.31. The current Engineer's Opinion of Probable Construction Cost is \$7,130,000 while the Master Plan Opinion of Probable Construction Cost, which was updated in 2019, was \$6,960,000.

The costs for *Phase 5 North* are approximately \$390,000 over the 2019 Master Plan Opinion of Probable Construction Cost. This difference can be attributed to the following:

- *Non-Ideal Equipment Placement.* As described in previous phases, the easement acquisition process does not always yield the most efficient equipment locations from a cost perspective. Combining this with the difficulties experienced in this phase with acquiring easements, more creativity was needed in order to bring this design to a point where it can be implemented in the field. This results in the need to relocate existing utilities, add nine chicanes, install numerous curbs, and place various pieces of equipment in locations that create significant increases in the amount of primary and feeder cable that must be installed. These improvements and related restoration drive up project costs.
- *Current Construction Industry Climate.* The first half of 2021 has seen some of the sharpest increases in construction costs than have been seen in many years. Supply chain disruption, building material and equipment price increases, and labor shortages, combined with an extremely active construction market, have driven project costs significantly higher during the first half of 2021.

For *Phase 5 South*, the 2019 Master Plan Opinion of Probable Construction Cost and the current Engineer's Opinion of Probable Construction Cost are higher than the costs received partially because portions of this phase are being constructed in conjunction with the S Lake Dr Water Main project (\$320,311) and the Phase 4 South project (\$163,350). However, once these costs are considered, the total cost for *Phase 5 South* is still below both the current Engineer's Opinion of Probable Construction Cost and the 2019 Master Plan Opinion of Probable Construction Cost.

While *Phase 5 North* is about 5.5% above the 2019 Master Plan Opinion of Probable Construction Cost, the phase as a whole is about \$450,000 under the 2019 Master Plan Opinion of Probable Construction Cost for Phase 5. Additionally, the binding cost estimate received from FPL for *Phase 5 South* is about \$360,000 below the 2019 Master Plan Opinion of Probable Construction Cost which increases the surplus for the total phase to over \$810,000. The FPL binding cost estimate for *Phase 5 North* has not yet been received.

Should you have any questions or comments, please do not hesitate to contact me at (561) 840-0820.

Sincerely,
KIMLEY-HORN AND ASSOCIATES, INC.

A handwritten signature in blue ink, appearing to read 'KS' or 'K. Schanen', is positioned above the printed name.

Kevin Schanen, P.E.
Sr. Vice President

Cc: File

K:\WPB_Civil\044063229 - Phase 5 Design\Phase 5 South\Bidding\2021_0729_BidReviewP5.docx