

TOWN OF PALM BEACH

Information for Town Council Meeting on: July 9, 2024

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

VIA: Robert Miracle, CPA Deputy Town Manager, Finance and Administration

FROM: Dean Mealy, II NIGP-CPP, CPPO Town Procurement and Contract Manager

RE: Resolution awarding the GMP for Phase 7 South to Burkhardt Construction in the amount of \$11,442,769.58 and establishing a project budget in the amount of \$13,159,184

DATE: May 31, 2024

STAFF RECOMMENDATION

Staff recommends the Town Council approve Resolution No. 061-2024, awarding the GMP for Phase 7 South to Burkhardt Construction in the amount of \$11,442,769.58 and establishing a project budget in the amount of \$13,159,184.

SUMMARY EXPLANATION/BACKGROUND

The Town of Palm Beach selected Burkhardt Construction (BCI) as the Construction Manager at Risk for the Phase 7 South Undergrounding Conversion. On May 17, 2024, BCI submitted a Guaranteed Maximum Price (GMP) for the project to the Town and Kimley-Horn for review. The GMP received included costs for the Phase 8 South Undergrounding project. Kimley-Horn reviewed the GMP to identify any abnormalities with the various bid items, CMAR costs, and Exceptions and Clarifications submitted by BCI. Procurement and Contract Management, Public Works Engineering, Kimley-Horn and Associates and BCI met on May 28, 2024, to review the GMP submittal. BCI submitted a revised GMP on May 28, 2024.

BCI had reached out to both C.R. Dunn and Wilco Electrical, LLC for bids. Only C.R. Dunn responded to the bid invitation.

Below is the cost overview for the total construction cost since the master plan estimate was revised in 2019.

Phase Area	Construction Cost Proposal	Master Plan OPC	Difference	% Difference
3S	\$8,029,384.83	\$7,710,000.00	\$319,384.83	+4.1%
4N	\$4,843,009.99	\$5,360,000.00	(\$516,990.01)	-9.6%
4S	\$8,803,506.00	\$6,400,000.00	\$2,403,506.00	+37.6%

5N	\$7,147,435.31	\$6,960,000.00	\$187,435.31	+2.7%
5S	\$7,962,327.89	\$8,940,000.00	(\$977,672.11)	-10.9%
6N	\$7,867,296.00	\$5,620,000.00	\$2,247,296.00	+40.0%
6S	\$8,149,565.00	\$10,040,000.00	(\$1,890,435.00)	-18.8%
7N	\$10,472,977.00	\$5,980,000.00	\$4,492,977.00	+75.1%
7S	\$11,442,769.58	\$6,300,000.00	\$5,142,769.58	+81.6%
Totals	\$74,718,271.60	\$63,310,000.00	\$11,408,271.60	+18.0%

As shown in the table above, while there is volatility in the individual phases, the overall construction cost for these eight phases is within 18% of the updated, pre-pandemic Master Plan opinion of cost. Additionally, it should be noted that there is anticipated to be a cost savings of over \$540,000 across Phase 4 North, Phase 5 North, and Phase 5 South through the elimination of chicanes. These anticipated savings are reflected in the table.

The cost proposal for Phase 7 South was predominantly based on unit prices that were originally developed for Phase 7 North, without any adjustment. Phase 7 North was also significantly above the Master Plan opinion of cost for that phase due to it being predominantly based on unit prices that were impacted by historically significant changes in market conditions.

FUNDING/FISCAL IMPACT

With this latest contract, the cost for the undergrounding project will be in the 140-150 million dollar range. We will know more when the Phase 8 bid comes in later this year. As the council has reiterated to residents, any cost overruns will not increase their underground assessment. This continues to be a challenge as capital project costs continue to increase in the South Florida market. The Town started to transfer funds from the Marina fund to try to cover the increase in costs to the undergrounding project. In 2017, the Marina transferred 2.4 million dollars to the undergrounding project. This amount has increased to 5.5 million dollars in the fiscal year 2024. The proposed Marina transfer for fiscal year 2025 will be 6 million dollars.

One item that has been discussed since the undergrounding project was started is the need to pave the roads after each phase is completed. This cost was not part of the original undergrounding project. We will need to pay this over the next five years from the Capital Improvement Fund. This is causing increased pressure in that fund to pay for all of the other needed capital projects. This will be discussed more with Council at the Budget Workshop on July 11th.

TOWN ATTORNEY REVIEW

This format has been utilized by the Town in previous recommendations and was approved by the Town Attorney.