




PLANNING & DEVELOPMENT MEMORANDUM
#32-2022

DATE: Oct. 24, 2022

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager 

FROM: Brook Svoboda, Director of Planning & Development 
Kent Kisselman, Public Works Director 
Kiran Bhusal, Civil Engineer I

SUBJECT: 120th Avenue Improvements Project – Overview of Budget and Costs

PURPOSE

To serve as an overview of the three agenda items before City Council concerning the 120th Avenue Improvements Project and the budget implications for a supplemental appropriation.

BACKGROUND

Agenda Items Under Consideration

There are three agenda items associated with this overview:

- CR-157 – First Amendment to the City of Thornton Intergovernmental Agreement (IGA)
- CR-158 – First Amendment to the Karl's Farm Cost Share Agreement
- CR-159 – 120th Avenue Improvements Project (American West)

Project Scope

The 120th Avenue Improvements Project includes the segment of 120th Avenue between Washington Street and York Street. Aspects of the project include:

- Eliminating the existing two-lane bottleneck segment in both directions by expanding it to a three-lane roadway section
- Constructing traffic mitigation measures associated with the Karl's Farm development, including a traffic signal at Race Street and 120th Avenue
- Installing improvements that extend into the City of Thornton

When completed, 120th Avenue will have three lanes in each direction. This will significantly reduce traffic congestion, speed up travel time during peak hours and improve safety from Interstate 25 to Colorado Boulevard.

Funding Resources and Commitments

The City received two Federal grant funding allocations for \$9,481,000. These came from the Transportation Improvement Program (TIP), awarded through the Denver Regional Council of Governments (DRCOG) and administered by the Colorado Department of Transportation (CDOT). The TIP requires a local match, typically 20% or more. In this instance, the City overmatched the 20% in order to be competitive through the application process, which led to the award of the project through DRCOG.

The table below outlines the overall funding and match allocation:

Funding Match Allocation		
Source	Type	Amount
Federal	CDOT funding	\$ 6,997,000
Federal	CDOT funding	\$ 2,484,000 ¹
Local	City match	\$ 2,180,000
Local	Karl's Farm proportionate cost	\$ 1,960,851
Local	Thornton's proportionate cost	\$ 862,500
Total		\$ 14,484,351

The local match amount is \$5,003,351, with \$9,481,000 in Federal grant monies.

Karl's Farm Development entered into a cost share agreement with the City, committing to pay 100% of their related roadway improvements. The amount of \$1,960,851 reflects the cost for the improvements related to Karl's Farm – based on the bid received for the project.

The City of Thornton has agreed to fund 100% of the project scope that is within the City of Thornton in the amount of \$862,500. Their funding commitment is broken into two parts: 1) design – \$165,000; and 2) construction – \$697,500. Thornton entered into an IGA to pay for design costs at the time of award of the Federal grant. The construction portion is being addressed through an amendment to the IGA that will be discussed below.

Design/Construction Assistance Costs

The costs shown in the table below cover the Federal contract assistance (Stanley contract), engineering design (Felsburg Holt & Ullevig (FHU) contract) and construction administration (RockSol contract):

Design/Construction Assistance Costs:	Contract Amount
Stanley contract for project administration	\$ 96,950
FHU contract for design	\$ 1,404,654
RockSol contract for construction administration	\$ 341,616
Total	\$ 1,843,220

The Stanley Consultants and FHU contracts cover the design through bid award processes. The RockSol contract addresses the construction phase of the project and ensures compliance with all Federal guidelines related to the contract and work performed in the field.

¹ This amount would need to be included as a supplemental appropriation to the budget.

Construction Costs

In addition to the construction bid there are additional associated construction costs, which are detailed in the table below:

Construction Cost	
120 th Avenue construction bid amount	\$14,787,718.70
Adams 12 Five Star Schools fiber relocation	\$49,875.76
Field testing - Terracon contract	\$215,361.30
Independent Assurance Testing (IAT) - Rocksol contract	\$7,410.56
Owner's contingency	\$739,385.94
Total Construction Cost:	\$15,799,752.26

The City received two qualified bid proposals. The lowest responsible bid was for \$14,787,718; the second bid was in excess of \$16M. The lowest bid came in 25% above budget estimates. The estimate included contingencies to take inflation into account – just not at a rate of 25%. After receiving these bids, staff researched to confirm that this was not unique. The inflationary increase appears to be consistent with other pricing seen throughout the Front Range and with similar-sized projects CDOT has put out to bid.

Funding Allocation vs Total Project Costs

Currently, there is a \$3,158,621 budget deficit for the project; however, there is an additional temporary budget shortfall of \$1,367,303, for a total budget shortfall of **\$4,525,924**.

There are two aspects to the temporary budget shortfall – Karl's Farm and Thornton.

- **Karl's Farm:** As mentioned above, the project bid came in 25% over estimate. Karl's Farm Development set aside \$1.4M for their share, which leaves approximately a \$500,000 shortfall. Karl's Farm will be submitting the \$1.4M upon approval of the contract to American West Contractors for the project. Karl's Farm Development has committed to pay their full share but has requested additional time to pay the \$500,000 – within 12 months of the award of contract (CR-158). The Karl's Farm team believes that payment would likely occur much sooner.
- **City of Thornton:** Thornton has been invoiced for their design fee commitment of \$165,000 and will be making that payment as soon as possible. The First Amendment to the 120th Avenue IGA (CR-157) would memorialize the obligation to pay their share for the construction in the amount of \$697,500. Thornton should be approving the IGA in mid-November. Once the IGA is executed, a second invoice would be issued and Thornton would make the second payment.

This table depicts the above information:

Funding Allocation vs. Total Project Costs	
Committed funding resources	\$14,484,351
Total project cost (design + construction)	\$17,642,972
Project Budget Shortfall Total	-\$3,158,621
Additional Temporary Budget Shortfall	
Karl's Farm delayed payment	-\$504,803
Thornton payment (scheduled for November)	-\$862,500
Temporary Budget Shortfall Total	-\$1,367,303
Total Budget Shortfall for Award of Contract	-\$4,525,924

NEXT STEPS

As stated above, this memo is intended to provide an overview of these three items that will come before Council on Oct. 24. Council would need to consider all three for this project to move forward.

BUDGET/TIME IMPLICATIONS

The City would contribute \$5.3M (30%) towards this \$17.6 project, excluding the temporary budget shortfall amount, and would effectively leverage \$12.3M in Federal and other stakeholder dollars.

As a result of the identified budget shortfall, a supplemental appropriation would be prepared in the amount of \$6,781,704. This amount includes the second Federal grant award, the amended IGA with Thornton, the additional cost share from Karl’s Farm Developers, and \$3,158,621 of additional City funding.

On Nov. 14, a supplemental appropriation would come forward to recognize the increased revenue in the form of a contribution from the City of Thornton and Karl’s Farm as well as the related increase to the project expenses.

STAFF RECOMMENDATION

This is an informational memo only; no formal action is being requested. Three separate agenda items will be taken up in conjunction with this overview memo.

STAFF REFERENCE

If Council members have any questions, please contact Brook Svoboda, Director of Planning & Development, at bsvoboda@northglenn.org or 303.450.8937.