

ITEM #:	49
DATE:	06-09-26
DEPT:	PW

COUNCIL ACTION FORM

SUBJECT: 2025/26 ASPHALT STREET PAVEMENT IMPROVEMENTS (HILLCREST AVENUE, ELLIS STREET, KENTUCKY AVENUE, ILLINOIS AVENUE, INDIANA AVENUE, OKLAHOMA DRIVE, AND DELAWARE AVENUE)

BACKGROUND:

This annual Capital Improvement Plan (CIP) program utilizes rehabilitation and reconstruction techniques to improve existing Asphalt streets. These pavement improvements will restore structural integrity, serviceability, and rideability. Targeted streets are experiencing accelerated deterioration, and timely intervention will extend their service life. **The 2025/26 program locations include Hillcrest Avenue, Ellis Street, Kentucky Avenue, Illinois Avenue, Indiana Avenue, Oklahoma Drive and Delaware Avenue.**

On June 3, 2026, bids for the project were received as follows:

Bidder	Bid Amount
<i>Engineer's Estimate</i>	\$4,356,402.00
Manatts Inc	\$4,830,760.34

Revenue and expenses associated with the project are estimated as follows:

Description	Revenues	Expenses
2025/26 GO Bonds	\$4,000,000	
Unallocated GO Bonds	425,000	
Water Systems Improvement Program	230,000	
Sanitary Sewer Systems Improvement Program	150,000	
Stormwater Improvement Program	150,000	
Construction		\$4,830,760.34
Engineering (HR Green)		302,000.00
Administration		298,000.00
TOTAL	\$4,955,000	\$5,430,760.34

Following the bid opening, staff closely reviewed the bid that was received in comparison to the Engineer's Estimate. It would appear that the revenue available in the storm water improvement funds for the necessary storm sewer work on this project is not sufficient enough to cover the as-bid expenses. **A value engineering exercise on a unit price project such as this is unlikely to produce results that would allow portions of the project to proceed**

without further redesign.

Staff is recommending that the City Council accept the report of bids, but reject the bid to allow staff time to perform further evaluation and redesign to align the project closer to the approved budget.

ALTERNATIVES:

1. City Council may:
 - a. Accept the report of bids
 - b. Reject all bids, awarding no contract
 - c. Direct staff to make modifications to the project to align project expenses with budgeted revenue and bring the revised project back to City Council at a later date
2. Direct staff to identify available funding and award the project to Manatts, Inc. of Ames, IA.

CITY MANAGER'S RECOMMENDED ACTION:

The available revenue, especially in the storm sewer improvement funds, is not sufficient to cover anticipated project expenses. Staff is unable to modify the existing project scope enough at this stage to bring the project in alignment with the budgeted revenue. Staff believes that rejecting all bids, modifying the project scope, and soliciting for bids again at a later date, likely in fall 2026, is the most appropriate course of action. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

ATTACHMENT(S):

[2025-26 Asphalt \(Hillcrest Ave and Ellis St\) Location Map.pdf](#)

[2025-26 Asphalt Street Kentucky, Illinois, Indiana Location Map.pdf](#)

[Delaware and Oklahoma.pdf](#)