



ROAD STABILIZATION COMMITTEE

TOWN OF SALEM NH

Date: April 11, 2024
To: Town Council
From: Roy E. Sorenson, Chairman – Road Stabilization Committee
Through: Joseph Devine – Interim Town Manager
Cc: Nicole McGee – Finance Director
James Danis, PE – Capital Projects Engineer
John Klipfel, PE – Engineering Director
RE: 2024 Road Program – Expenditure Authorization and Bids Summary

Recommended Motion:

“The Board of Selectmen, as agents to expend the Salem Roadway Improvements Capital Reserve Fund, hereby authorizes \$3,400,000 as approved via Article 13 of the 2024 Town Meeting Warrant and \$200,000 from the Roadway Capital Reserve, to be disbursed for the 2024 Road Construction and Engineering Program, as submitted by the Roadway Stabilization Committee and as presented tonight.”

Background:

The following information has been prepared by James Danis, PE, Vice-Chairman of the Road Stabilization Committee, regarding the 2024 Road Program:

A. Overall 2024 Road Program Budget:

• 2024 Road Program Budget (Warrant Article 13)	\$ 3,400,000
• Roadway Capital Reserve	\$ 200,000
• Total Road Program Budget	\$ 3,600,000
• Total Road Program as bid*	\$ 4,816,775
*(Includes Crack Seal Program and Design Engineering)	
• Total after reduction in scope	\$ 3,600,000

B. Engineering and Survey

2023 Construction Engineering & 2024 Road Program Engineering Design

In September of 2021, the Engineering Division published an Engineering Services Request for Qualifications & Proposal (RFQ/P). Under the RFQ/P the Town selected an engineering consultant for Road Program related design projects for up to three years of engineering services. Five engineering firms submitted qualifications statements. Three of the five perspective firms were shortlisted for submission of detailed price proposals. McFarland Johnson, Inc. was selected as the most qualified firm. McFarland Johnson, Inc. will provide

construction engineering services as needed as well as engineering designs for 2025. The 2024 and 2025 Road Program engineering and design efforts are estimated at **\$110,000**.

2024 Construction Inspection Services

In March of 2024, the Engineering Division published a Request for Qualifications (RFP) for Construction Inspection services in support of the 10-year Road Program. Under the RFP the Town selected a consultant for up to three years of construction inspection services. Only one firm submitted qualified proposals for consideration. S.W. Cole Engineering, Inc. was selected as the most qualified firm. 2024 Road Program construction inspection budget is **\$47,450**.

C. Detail of Bids Received for Planned Projects:

2024 Neighborhood Roads Reconstruction – Contract 1 (Dennison Ave, London Rd, Greenwood St, High St, Mountain Ave, Union St, Pawtucket Ln, King St)

On April 10th, one (1) qualified bid was received for the 2024 Neighborhood Road Project – Contract 1. The low bidder was Busby Construction, Inc. of Atkinson, NH. The bid result is 10% over the Engineer's Opinion Cost using the 2023 bid results as a basis for estimate. The high single bid is a result of continued labor shortages and material increases post COVID and US assistance in war efforts which have created a dramatic increase in costs. Costs have continued to rise at a steeper rate than is typical year to year. There further appears to be additional costs carried in contract items potentially related to logistical challenges of the project.

Busby Construction, Inc., Atkinson, NH	\$ 1,675,000.00
--	-----------------

Recommendation: Reduce work, specifically Greenwood Street, Union Street, High Street and Mountain Avenue, and award contract to Busby Construction, Inc., subject to satisfactory reference check. The reduction in work is necessary to reduce the Road Program to the max budget of \$3,600,000. Work removed should be reincorporated where savings are realized.

2024 Neighborhood Roads Reconstruction – Contract 2 (Emilio Lane, Duffy Avenue, Dwight Avenue, Helen Road, Hitching Post Lane, Riversedge Drive, Edmunds Circle)

On April 10th, one (1) qualified bid was received for the 2024 Neighborhood Road Project – Contract 2. The low bidder was Busby Construction, Inc. of Atkinson, NH. The bid result is 5.6% over the Engineer's Opinion Cost using the 2023 bid results as a basis for estimate. While the bid result is fairly close to the engineer's estimate, it is still high. The high single bid is a result of continued labor shortages and material increases post COVID and US assistance in war efforts which have created a dramatic increase in costs. Costs have continued to rise at a steeper rate than is typical year to year.

Busby Construction, Inc., Atkinson, NH	\$ 1,605,649.00
--	-----------------

Recommendation: Reduce work, specifically Duffy Avenue, Dwight Avenue, and Edmunds Circle, and award contract to Busby Construction, Inc., subject to satisfactory reference check. The reduction in work is necessary to reduce the Road Program to the max budget of \$3,600,000. Work removed should be reincorporated where savings are realized.

2024 Road Stabilization (Mill/Overlay)

On February 6th, one (1) qualified bid was received for the 2024 Roadway Stabilization (mill/overlay) Program. The low bidder was Busby Construction, Inc. of Atkinson, NH. The bid result is significantly high at 30% over the Engineer's Opinion Cost using the 2023 bid results as a basis for estimate. In addition to higher-than-normal bidding practices, Busby Construction has not completed a mill/overlay project in Salem before as the general contractor. As Busby is new to this type of project it is logical to assume that they inflated their costs as a means of protection against inefficiencies during the prosecution of work.

Busby Construction, Inc., Atkinson, NH \$ 1,262,626.00

Recommendation: Reduce work, specifically Kiowa Road, Hemlock Lane, and Chestnut Drive, and award contract to Busby Construction, Inc., subject to satisfactory reference check. The reduction in work is necessary to reduce the Road Program to the max budget of \$3,600,000. Work removed should be reincorporated where savings are realized.

BUDGET SUMMARY				
2024 Road Program Item:	Original Estimate	As- Bid	Final Budget	
Neighborhood Roads Reconstruction - Contract 1	\$ 1,105,325	\$ 1,675,000	\$ 1,259,235	
Neighborhood Roads Reconstruction - Contract 2	\$ 1,521,086	\$ 1,605,649	\$ 1,172,346	
Mill/Overlay Program	\$ 975,000	\$ 1,262,626	\$ 863,684	
Design (Survey, Misc. Equipment, & Expenses)				
- Engineering 2025 Road Program	\$ 100,000	\$ 100,000	\$ 110,000	
- Construction Inspection Services	\$ 50,000	\$ 47,450	\$ 47,650	
Crack Seal Program	\$ 50,000	\$ 116,050	\$ 116,050	
Design (Survey, Misc. Equipment, & Expenses)	\$ 10,000	\$ 10,000	\$ 31,034	
2024 Road Program Total Budget	\$ 3,811,411	\$ 4,816,775	\$ 3,600,000	

Associated Water Work:	Construction Bid		
Helen Rd Water Main Improvements	\$ 120,000	\$ 192,330	
Total	\$ 120,000	\$ 192,330	