

To: Peter Ingalsbe, Supervisor
Town Board Members
Robin MacDonald, Water and Sewer Superintendent

CoPY: David Herman

FRom: Bill Davis

DATE: December 21, 2021 **MRB GROUP PROJECT No:** 0610.19002

RE: BRICKYARD TANK & TRANSMISSION MAIN - POST BID FINDINGS

The Town received bids for the Brickyard Road Tank & Transmission Main project on December 14, 2021. There were two (2) bids opened for the Tank Contract, \$7,932,000 from Caldwell Tanks, Inc. and \$9,172,000 from Landmark Structures. No bid was received from BC&I (McDermott).

These bids were higher than our expected range of \$6M to \$7M, which was a recent budget number provided by BC&I for the tank construction alone. After the bid opening, we initially contemplated the possibility of a re-bid of the project and further researched this as a possible option for the Town. We reached out to each of four potential tank manufacturers, including the two bidders to discuss their bids and factors relating to the increased price. Both bidders mentioned the following as the primary cost factors in their bids:

- Steel prices have increased substantially (cost for plate steel has increased by 250% since August 2020).
- Elevated costs for concrete and steel (rebar)
- Subcontractor quotes for site work were very high, specifically citing the work to install the watermain under the access drive and concern over tree protection.
- MWBE participation goal was challenging to meet and quotes from MWBE subcontractors were very high.

In discussion with these tank manufacturers regarding recent price escalations due to COVID and the escalation of material and labor costs, it seemed more apparent that our bids were not far excessive to what would be expected at this time.

To further evaluate the bids and costs, we searched for other elevated water storage tank projects that bid in the last few years to identify other potential bid results and also the trend in rising prices. Using various online plan rooms and construction data sites, we were able to compile a list of comparable projects as shown in the attached table. Please note that each project scope is different and may be difficult to compare directly to the Brickyard Road Tank project. However, it is apparent that pricing since 2018-2019 has drastically increased over the course of 2020 and 2021. Based on this information, the sharp rise in material costs, and the comparison to recently bid tank projects, the low bid price from Caldwell Tanks, Inc. appears to be in a reasonable range.

In consideration of a potential re-bid, it is also important to note that both tank contract bidders, as well as other manufacturers that we talked to, stated that it is likely that steel prices may rise again around January 1, 2022 to account for the current state of the market and uncertainty in material availability and prices. This cost increase would likely offset the savings of any contract changes incorporated for the purpose of rebidding.

Upon these discoveries, it appears that re-bidding the tank project may have significant risks as obtaining more competitive bids on the second round of bidding may not be a guarantee and could likely result in even higher costs. We wanted to provide this summary of our findings on the Tank Contract bid and associated costs in the market. Please feel free to contact us with any questions on the above or more detailed information on our discoveries.