



Date: April 18, 2022

To: Wanda S. Page, City Manager
Through: Bertha T. Johnson, Deputy City Manager
From: Jina B. Propst, Director, General Services Department
Subject: Construction, Engineering and Inspections Contract with SEPI Engineering & Construction, Inc. for the Durham Neighborhood Bike Boulevards Project (NCDOT TIP # C-5605 I)

Executive Summary

The City of Durham General Services and Transportation Departments are working collaboratively with the North Carolina Department of Transportation (NCDOT) as a part of its current strategic plans for the development of bicycle routes throughout the Durham community. Durham Neighborhood Bike Boulevards Project (NCDOT TIP # C-5605 I) is designed to add 7 miles of bicycle routes on thirty streets throughout the City.

The Request for Letter of Interest (RFLOI) for Construction, Engineering and Inspections (CEI) services was advertised on July 23, 2020, and re-issued on August 5, 2020. A pre-submittal conference was held on August 20, 2020. A total of ten submittals were received on September 3, 2020. City staff scored and ranked SEPI Engineering & Construction, Inc. as the highest-ranking firm per the guidance in the NCDOT Local Programs Management Office authorization letter dated July 23, 2020. NCDOT reviewed and approved SEPI Engineering & Construction, Inc. as the project CEI firm in December 2020.

Funding for CEI services is divided into a proportionate share with 80% borne by the Federal Government (administered by the NCDOT) and 20% borne by the City of Durham. Federal-funded projects require the City to hire a firm to perform CEI services to oversee daily construction activities throughout the duration of the project. SEPI Engineering & Construction, Inc.'s scope and fee for CEI services were reviewed and approved in December 2021 by NCDOT in the amount of \$134,644.65.

Motion

To authorize the City Manager to execute a contract for Construction, Engineering and Inspections with SEPI Engineering & Construction, Inc. for the Durham Neighborhood Bike Boulevards Project (NCDOT TIP # C-5605 I) in the amount of \$134,644.65;

To establish a contingency fund for the contract in the amount of \$20,196.70; and

To authorize the City Manager to execute amendments to the contract provided the total cost of the contract does not exceed \$154,841.35.

Background

The CEI contractor is a professional engineering firm prequalified by NCDOT with roadway construction experience to ensure a project complies with NCDOT specifications and standards. The NCDOT prequalified engineering firm selected to perform CEI services is required to oversee

daily construction activities throughout the duration of the project. A CEI firm will review and approve all potential change orders, certify a general contractor Application and Certification for payment and assist the City with federal project audits and grant reimbursement.

The CEI firm will monitor a general contractors' layout, installation and application of roadway markings and ground-mounted signage on thirty streets throughout the City. CEI services include safety inspections, record keeping and documentation for federal audits and grant reimbursement.

The firm SEPI Engineering & Construction, Inc. was selected by City staff through an RFLIO process to perform CEI services. In September 2021, City staff reviewed and approved the scope and fee proposal from SEPI Engineering & Construction, Inc. in the amount of \$134,644.65. In December 2021, NCDOT approved the scope and fee as proposed.

Issues and Analysis

City staff distributed an RFLIO to all interested firms prequalified by NCDOT by August 5, 2020. A total of ten CEI submittals were received. Submittals were evaluated, scored and ranked with a recommendation submitted to NCDOT for review and approval.

NCDOT policies and procedures were followed to select SEPI Engineering & Construction, Inc. based on qualifications and experiences with similar transportation projects. SEPI Engineering & Construction, Inc. has extensive experience providing CEI services on federally administered transportation projects. As required by NCDOT, CEI services are a key component to ensure the City is reimbursed federal grant dollars committed to the referenced project.

Alternatives

An alternative may be to negotiate with the next best qualified firm for a lower cost. Construction, Engineering and Inspections is a requirement on all NCDOT Projects. The construction industry has changed over the past two years and there is no guarantee that negotiating with the next most qualified firm would result in a lower cost.

Another alternative would be to delay the Project until construction costs stabilize. Construction market volatility continues due to labor market issues, supply chain shortages, and manufacturing facilities closures. A delay could impact the Federal Grant process and result in a reduction in funds or loss of funding altogether, as well as delaying construction.

A third alternative would be not advancing the project and redirect the City funds to another project. This would result in the city losing federal grant funds tied to the project.

Financial Impact

Funds for this CEI services contract are currently budgeted and are shared between the City and NCDOT/Federal Grant for infrastructure development.

FUNDING SOURCES

City of Durham – CEI Services	\$ 26,928.93
City of Durham – Contingency	<u>\$ 4,039.34</u>
Sub-Total City	\$ 30,968.27
NCDOT/Federal Grant – CEI Services	\$107,715.72
NCDOT/Federal Grant - Contingency	<u>\$ 16,157.36</u>
Sub-Total NCDOT/Federal	\$123,873.08

Total Revenues **\$154,841.35**

PROJECT COSTS

Construction, Engineering & Inspections Services	\$134,644.65
CEI Contingency	<u>\$ 20,196.70</u>
Total Expenditures	\$154,841.35

Equal Business Opportunity Summary

There are no Disadvantaged Business Enterprise (DBE) goals set by NCDOT due to limited subcontracting opportunities.

Contractor Workforce Diversity & Hiring Practices

According to the contractor’s responses to the “Contractor Workforce Diversity Questionnaire,” the contractor is a “large employer (over 100 employees)” consisting of “mostly “a mix of professional/skilled and unskilled” workers. The contractor “believes” it has a diverse workforce because employees come from different religious backgrounds and members of the LGBTQ group and other groups that are not captured in EEO reporting. The contractor has started diversity training and in-person engagements in 2021 and will continue moving forward. Contractor attends and participates in career fairs held at North Carolina Agricultural and Technical State University (NCATSU) when open positions align with programs offered at the university. The contractor has a committee of employees who are dedicated to improving company culture by encouraging others to respect differences, uncover biases and expect inclusion at every level within the company.

Part A – Employee Diversity Breakdown Table for Primary Location

Employment Category	Total Employees	Total Males	Total Females	M-----a-----l-----e-----s					F-----e-----m-----a-----l-----e-----s				
				White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native	White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native
Project Manager	18	14	4	11	1	0	2	0	4	0	0	0	0
Professional	45	32	13	30	1	0	1	0	13	0	0	0	0
Labor	62	56	6	48	7	0	1	0	6	0	0	0	0
Clerical	11	0	11	0	0	0	0	0	9	1	1	0	0
Totals	136	102	34	89	9	0	4	0	32	1	1	0	0

Part B – Employee Diversity Breakdown for the Consolidated Company

Employment Category	Total Employees	Total Males	Total Females	M-----a-----l-----e-----s					F-----m-----a-----l-----e-----s				
				White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native	White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native
Project Manager	31	25		22	1	0	2	0	6	0	0	0	0
Professional	65	46	19	43	2	0	1	0	17	0	2	0	0
Labor	133	123	10	111	10	0	1	0	10	0	0	0	0
Clerical	17	0	17	0	0	0	0	0	14	2	1	0	0
Totals	246	194	52	177	13	0	4	0	47	2	3	0	0

Attachments

- SEPI Engineering & Construction, Inc. CEI Services Contract
- Attachment A – SEPI Engineering & Construction, Inc. C-5605 I Letter of Interest (LOI)
- Attachment B – SEPI Engineering & Construction, Inc. Cost Schedule and Rates
- Attachment C - Compensation for Consultants Errors
- Attachment D - City of Durham Insurance
- Attachment E - NCDOT Title VI Assurances and Non-Discrimination Provisions