

Eric Dyer

From: Eric Dyer <readfield.tmgr@roadrunner.com>
Sent: Friday, September 02, 2016 8:28 AM
To: 'reayexcavation'
Cc: 'Larry Perkins'; John Cushing (cushing_construction@yahoo.com); 'selectboard.td@ne.twcbc.com'; 'bourgoine.selectboard.readfield@outlook.com'; 'csammons@readfieldmaine.org'; 'jparent@readfieldmaine.org'; 'kwoodsum@readfieldmaine.org'; Robin Lint
Subject: RE: Plowing

Hi Sue,

The numbers in Items 2 and 3 represent no-salt costs, and so include the contractors costs for sand purchase, sand delivery, mixing of sand and salt, stockpiling of material, overhead, and any margin or buffer he built into those costs.

To arrive at a no-salt cost for Item 2, the per-ton cost for straight salt used by the contractor in developing his bid was multiplied by his estimated tonnage of salt for that item, and subtracted from the total he originally quoted for that item.

$$\$58,520 - (\$75.50 * 266) = \$38,437$$

To arrive at a no-salt cost for Item 3 the 266 tons quoted by the contractor to achieve the mix ratio was divided by the 4,000 yards to give tons of salt per yard of mixed material. This number was then multiplied by the per-ton cost for straight salt used by the contractor in developing his bid and subtracted from the total he originally quoted for that item.

$$\$15 - ((266/4000) * \$75.50) = \$9.98$$

These numbers represent the no-salt bid prices based on the contractor's costs. The Town will be responsible for providing the salt, and the contractor will be responsible for providing everything else and ensuring that the proper ratios are achieved by physically mixing 15 units (by volume) of sand with 1 unit (by volume) of salt prior to stocking.

Thank you,

Eric

From: reayexcavation [<mailto:reayexcavation@aol.com>]
Sent: Friday, September 02, 2016 6:34 AM
To: ERIC TOWNANAGER
Cc: Larry Perkins
Subject: Plowing

Eric,
Could you please send me a breakdown of how you arrived at all the numbers in the new agreement in the packet.

I am contesting that these numbers will provide the 15 to one ratio and 4000 yards.

Thank you

Sue reay



TOWN OF READFIELD

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MEMO

To: Readfield Select Board
From: Eric Dyer, Town Manager & Road Commissioner
Date: August 17, 2016
Subject: 2016 Snow and Ice Control Contract Bid Comparison

Introduction:

This memo is intended to provide a detailed comparison of the bids submitted by Cushing Construction and McGee Construction for the 2016 Snow and Ice Control Contract. The paragraphs below focus on the financial differences of the contracts and are followed by a comparison of the bid documents. Some estimation was required.

Standard Base Bid:

Items 1, 2, and an extension of Item 4 of the bid make up what I consider to be the base bid - the labor, equipment, and materials to perform the work identified in the contract. Items 1 and 2 are lump sum, while Item 4 is a per ton price for de-icing salt. The contract provides an estimate of 5 tons of straight de-icing salt per mile of road per season, which results in an estimated tonnage of 172.5. This tonnage results in an extended Item 4 price of \$14,123 for Cushing and \$16,388 for McGee. When Items 1, 2, and 4(extended) are added together they give a total "base price" of \$260,123 for Cushing and \$264,888 for McGee.

No-Salt Base Bid:

The Town of Readfield can purchase de-icing salt and have it delivered for \$59.48, which is well below the cost of either bidder. This is a savings that can easily be passed on to Readfield taxpayers without significant impacts on the successful bidder. However, it does complicate the comparison of bids to some extent. We need to back out the cost of the de-icing salt from the mixed salt and sand called for in Item 2.

We have a specified ration of 15:1 for the 4,000 yards of mixed material requested to initiate the contract. This volume ratio establishes 1/16 of the total yardage as being salt, or 250 yards. Using a figure of 2,160 pounds per yard for de-icing salt means we are dealing with about 270 tons of salt in the salted sand mix.

By taking the cost provided for de-icing salt by each contractor in Item 4, multiplying it by 270, and then subtracting that number from their 4,000 yard base cost in Item 2, we get estimated adjusted material prices for the two contractors of \$36,451 for Cushing and \$45,850 for McGee when salt is not provided by the contractor. In other words, the adjusted price would include only sand and the labor for mixing and stocking the material. This is an approximation. The per yard cost for sand and mixing, for reference, is estimated at \$9.72 and \$12.22 respectively.

When added to their labor and equipment costs identified in Item 1 we get estimated no-salt base prices of \$223,931 for Cushing and \$222,850 for McGee, less than ½ of 1% difference. As a side note, the savings realized if the Town purchases the salt for the contract work based on the bids received are estimated to be between \$10,000 and \$15,000 annually under normal conditions.

Contingencies - Bid Items 3 and 5:

Bid Items 3 and 5 (and 4 if the contractor provides de-icing salt) can be considered contingencies in the event of a particularly heavy winter or an event where the Town is unable to provide our usual basic maintenance services. Cushing bid consistently lower than McGee for these items. In absolute terms if the Town were to go over on salted sand by 500 yards (in considering the base bids) the price difference between the two bids would disappear. However, it needs to be noted that the contract structure calls for unused material in lighter years to be carried forward to the next year. The Town is also fully staffed and has much better equipment than in years past. Contingencies are minimized and their financial impacts are quite uncertain.

Bid Document Comparison:

2016 Snow and Ice Control Contract Bid Document Comparison

	Cushing Construction	McGee Construction
Mandatory pre-bid meeting	Attended	Attended
Instructions to Bidders	Followed with the exception of missing company name on envelope	Followed
Bidder information	Missing corporate status - later reported as LLC	Complete
ITEM 1	\$ 187,480.00	\$ 177,000.00
ITEM 2	\$ 58,520.00	\$ 71,500.00
ITEM 3	\$ 15.00	\$ 25.00
ITEM 4	\$ 81.87	\$ 95.00
ITEM 5 - A	\$ 70.00	\$ 75.00
ITEM 5 - B	\$ 70.00	\$ 75.00
ITEM 5 - C	\$ 70.00	\$ 75.00
ITEM 5 - D	\$ 70.00	\$ 75.00
ITEM 5 - E	\$ 36.00	\$ 42.00
Bid signature page	Complete	Complete
Bid Guaranty letter	Letter of Credit for \$204,800 + email statement from Androscoggin Bank	Guaranty letter provided
Contract initials and dates	Yes	Yes
Appendix A	Owens some minimum mandatory equipment, needs to lease or purchase 3 24,000+ gvw trucks with plows and sanders	Owens all minimum mandatory equipment
Appendix B	Wheeler, loader, plus intent to lease or purchase more	Multiple pieces of back-up equipment
Corporate experience	Extensive, regional, Readfield	Extensive, regional, Readfield
Personnel experience	Significant (82+ years for 5 staff)	Significant (80+ years for 6 staff)
References provided	Yes	Yes
Other	Included insurance certificate	
Other	Requests for further discussion	