

## MEMORANDUM

To: Edgewood Ad-Hoc Task Force, Board of Selectmen

From: John Michaels, Chairman of the Southbury Board of Finance (1971 — Present)

Date: July 20, 2020

### **RE: Bidding and Budget Historical Practices Town of Southbury**

The Ad Hoc Task Force has asked for my opinion on their decision to use several professional estimates to determine the cost of replacing the Ballentine pool rather than recommending utilizing the Town's formal bid process. Please allow me to share my experience regarding similar major projects, and why I believe the formal, legal bid process would not apply.

Over that past few decades, the Town's standard practice has been to seek quotes from reliable experts to establish budget parameter so that the Board of Selectmen and the Board of Finance can determine if a project's benefits warrant the costs, both immediate and long-term

The reason the bidding process is not used to gather "ballpark costs" is that it is both time consuming and expensive. To conduct a fair and reasonable bidding process, the Town must provide each potential bidder with a set of design documents and specifications, so that accurate bids can be submitted.

The cost to have a firm develop these design documents will typically range from 7% to 10% of the total project cost, as verified by architect Hugh Sullivan, Bennett Sullivan Associates Inc. The estimated costs for developing design documents for a project such as Ballantine could easily approach \$400,000.

The design documents require a project concept that is specified and defined. Given the substantial financial commitment to developing the needed design documents, communities usually use a committee forum to gather community input. This process can and should take months of careful consideration. It is my understanding that in August 2019, such a committee was formed and met several times, attempting to develop such a program for Ballantine Pool. After considering input from local contractors, a professional engineer determined that the cost to replace the existing facility would be over three times the money put aside for the project. Several other professional estimates were obtained after an architect was retained to develop a more detailed specification based on the engineers' report and related codes.

It is understandable then why the Town of Southbury would not want to invest in the design phase of a project merely for the sake of obtaining ballpark estimates, especially considering that a lower-priced alternative, by any measure, is available. The use of professional experts to prepare funding estimates for Southbury projects has also been the practice for decades for roads, vehicle replacement, major equipment replacements, cyclical revaluations, bridges, communication systems, and other costly initiatives. Calls for a formal bid process are an exception, not the norm.

I would add as a final word of caution that for the vast majority of major municipal projects, formal bids come in higher than initial estimates, as a function of time elapsed, feature and specification creep, etc.

If the Task Force would like to break from precedent and recommend a formal bid process for obtaining cost estimates, my recommendation would be to engage the Board of Selectmen to see if they would support a Town expenditure in the range of \$300,000 to \$400,000 even to begin the design process.