



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow

**SUBJECT:** 2021 MAJOR STREETS  
SEALING PROJECT

**DATE:** June 7, 2021

Approved

Date

6/9/2021

## **RECOMMENDATION**

Approve award of a construction contract for the 2021 Major Streets Sealing Project, to the low bidder, Graham Contractors, Inc. in the amount of \$4,478,003.59 and approve an approximate 10% contingency in the amount of \$447,800.

## **OUTCOME**

Approval of this construction contract will surface seal approximately 47 miles of streets on the Major Street Network. Approval of a 10% contingency will provide funding for unanticipated work necessary for the proper construction and completion of the project.

## **BACKGROUND**

The Department of Transportation (DOT) will maintain approximately 80 miles of streets on the Major Street Network in the 2021 construction season. Approximately 47 of those miles will be surface sealed (micro-surfaced) and are the subject of this memorandum.

Micro-Surfacing is the application of a thin layer of asphalt emulsion blended with rock approximately 3/8 an inch in depth to the pavement. This is typically performed in two separate phases: preparation and a final surface sealing application. The preparation phase includes minor concrete repairs as well as ADA curb ramp installations and retrofits prior to the commencement of the pavement treatment. Streets to be surface sealed will also require the removal and replacement of any structurally failed areas of pavement along the approved 47-mile stretch. The final surface treatment is applied to the entire street after preparation phases are complete.

To decrease the overall timeframe for completing the preparation work, reduce cost, and provide more bidding opportunities for small and local contractors, DOT divided the Concrete and ADA ramps preparation work into one major and four minor public works projects across the City. A

description of the 2021 pavement maintenance projects was provided in an information memorandum to the Council in February 2021.

The Major Street Network consists of 967 miles of the City's most heavily traveled streets, which collectively carry over 85% of the traffic in the City. DOT utilized information provided by the City's Pavement Management System to generate a candidate list of streets for pavement maintenance. The candidate list was then thoroughly analyzed by staff using the following criteria to create the final list of streets:

- Funding availability and funding use restrictions
- Streets on the Major Street Network
- Streets not affected by current or future street related projects
- Maintenance history and prescribed treatment schedules
- Streets associated with planned safety, bikeway or other "complete streets" projects
- Community and City Council office feedback regarding roadway conditions and priority street segments
- Relative location of street segments to create multiple, continuous segments, consistency within neighborhoods, and project efficiency
- Multi-year geographic spread across the City and street network

While equity was not specifically considered in the development of the 2021 Major Streets paving program, DOT cross-referenced the selected streets relative to census tracts designated by the Municipal Transportation Commission (MTC) as "Communities of Concern." Based on this analysis, DOT will be maintaining a total of 21.5 COC miles which is roughly 27% of the 80 miles selected for maintenance on the Major Streets Network in 2021. This project in particular will provide approximately 19 miles of streets in COC neighborhoods, which account for approximately 41% of the scope of work.

The Attachment to this memo contains the list of streets to be surface sealed. The list may change if unforeseen circumstances arise or new information regarding other street-related projects becomes available.

## **ANALYSIS**

Bids for the 2021 Major Streets Sealing Project were opened on May 6, 2021 with the following results:

CONTRACTOR	CITY	BID AMOUNT	VARIANCE	% UNDER/OVER ENGINEER'S ESTIMATE
Graham Contractors, Inc.	San Jose, CA	\$ 4,478,003.59	\$ 3,625,303.61	-44.74%
VSS International, Inc.	West Sacramento, CA	\$ 4,644,120.00	\$ 3,459,187.20	-42.69%
Pavement Coating Company	Sacramento, CA	\$ 6,475,795.00	\$ 1,627,512.20	-20.08%
<i>ENGINEER'S ESTIMATE</i>	--	\$ 8,103,307.20	--	--

The low bid submitted by Graham Contractors, Inc. \$4,478,003.59 and is 44.74% below the Engineer's Estimate. The Engineer's Estimate for this project is \$8,103,307.20. The estimate is based on bids received from similar past projects and current estimated construction prices. The bid is considered acceptable for the work involved in the project.

The bids are lower than the engineer's estimate largely due to an unexpected decrease in micro-surfacing costs and the cost for the installation of roadway striping and markings. Roadway striping and markings bid items for the low bidder Graham Contractors, Inc. were collectively 62% under the engineer's estimate, while pavement related items were 30% below estimate.

The emergence of a new striping subcontractor creating competition is likely a primary factor of the price decreases on striping and marking items. These market conditions are reflected in other project bids, as two of the three bidders used the same striping subcontractor and submitted similar bids for all striping line items. Staff recommends that the construction contract be awarded to the lowest bidder, Graham Contractors, Inc.

San Jose Municipal Code Section 27.04.050 provides that the contingency for all public works contracts (except those involving the renovation of a building or buildings) cannot exceed 10% of the total contract amount. A 10% contingency is appropriate for this project.

Project Labor Agreement Applicability

A project labor agreement (PLA) is not applicable to this project as it meets the following exemption: More than 50% of the total cumulative engineer's estimate for the project is for street maintenance.

Local and Small Business Outreach

This project does not have a preference for local and/or small businesses.

## **CONCLUSION**

Based on the evaluation of bids for the 2021 Major Streets Sealing Project, the low bid is considered acceptable and staff recommends awarding the construction contract to Graham Contractors, Inc.

## **EVALUATION AND FOLLOW-UP**

DOT provides an ongoing evaluation of the City's pavement conditions and provides periodic reports on this topic to the Transportation and Environment Committee.

## **CLIMATE SMART SAN JOSE**

The recommendations in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

To solicit contractors, the project was listed on an online bid solicitation website, Biddingo, where bid packages were made available to download for contractor organizations and builders' exchange. When the project commences the contractor will provide advance notification regarding working hours, duration of project, and any appropriate schedule and lane closures to affected businesses and residents, as stated in the specifications. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the scheduled date and time for work to occur on the street. This memorandum will be posted on the City's Council Agenda website for the June 22, 2021 Council Meeting.

## **COORDINATION**

This project has been coordinated with the Department of Public Works, and this memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, City Attorney's Office and the City Manager's Budget Office.

## **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

**FISCAL/POLICY ALIGNMENT**

This project supports the Transportation and Aviation Services City Service Area goal to *Preserve and Improve Transportation Assets and Facilities.*

**COST SUMMARY/IMPLICATIONS**

1. **COST OF PROJECT:**

Programmatic Project Delivery Estimate	\$447,800
Construction Contract	\$4,478,004
Contingency	<u>\$447,800</u>
<b>TOTAL PROJECT COSTS:</b>	<b>\$5,373,604</b>

2. **SOURCE OF FUNDING:** 480 – Pavement Maintenance – SB1 Road Repair & Accountability Act 2017 Fund

3. **FISCAL IMPACT:** This project will have no net operating and maintenance costs to the General Fund.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the recommended contract awards, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contracts	2020-2021 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
480	406C	Pavement Maintenance-SB1 Road Repair & Accountability Act 2017	\$29,100,176	\$4,478,003.59	V-623	10/20/20, 30494
<b>Total Current Funding Available</b>			<b>\$29,100,176</b>	<b>\$4,478,003.59</b>		

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**CEQA**

Categorically Exempt, File No. PP18-029, CEQA Guidelines Section 15301(c), Existing Facilities.

/s/  
JOHN RISTOW  
Director of Transportation

For questions, please contact Frank Farshidi, DOT Division Manager, at (408) 794-1945.

Attachment

**List of Streets**

<b>2021 MAJOR STREETS SEALING PROJECT</b>			
<b>STREET NAME</b>	<b>BEG LOCATION</b>	<b>END LOCATION</b>	<b>CD</b>
1ST ST N	ROSEMARY	TAYLOR	3
4TH ST	ST JAMES	SANTA CLARA	3
24TH ST	WILLIAM	SANTA CLARA	3
BERNAL RD	SANTA TERESA BL	HEATON MOOR DR	2
CAPITOL AV S	WILBUR AV	BERRYESSA RD	4,5
EDEN AV	MOORPARK AV	PAYNE AV	1
FARNSWORTH DR	SILVER CREEK VALLEY RD	SAN FELIPE RD	8
FOXWORTHY AV EB	OLD ALMADEN RD	HILLSDALE AV	6,9
FRUITDALE AV	SOUTHWEST EX	RACE ST	6
GRAND BL	LOS ESTEROS RD	N END	4
HEATON MOOR DR	BERNAL RD	ENDMOOR DR	2
HILLSDALE	CAMDEN	ALMADEN	9
HOSTETTER RD	PIEDMONT RD	MORILL AV	4
KIELY BL	SARATOGA AV	STEVENS CREEK	1
LEAN AV	CURIE DR	BLOSSOM HILL RD	2
MCABEE RD	CAMDEN	ALMADEN	10
MCLAUGHLIN	WILLIAM	STORY	3, 7
OLD TULLY RD	TULLY RD	MONTEREY RD	7
PEARL AVE	HILLSDALE AV	CHYNOWETH AV	9
QUITO RD	ASPESI DR	MCCOY AV	1
QUITO RD SB	SARATOGA AV	COX AV	1
REDMOND AV	ALMADEN EX	COLEMAN RD	10
SNOW DR	COYOTE RD	WAR ADMIRAL AV	2
THORNWOOD DR	SANTA TERESA BL	WINFIELD BL	10
WHITE RD S	ABORN RD	MARTEN AV	8
WINCHESTER BL	MOORPARK AV	WILLIAMS RD	1
YERBA BUENA RD	KAUAI DR	TUERS RD	7,8
YERBA BUENA RD	TUERS RD	DEANS PLACE	2,7
WINFIELD DR	ALMADEN EX	CROSS SPRING DR	10