



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Ortbal

SUBJECT: 2018 ARTERIAL RESURFACING
PROJECT

DATE: April 9, 2018

Approved

D. D. S. Y. L.

Date

4/20/18

RECOMMENDATION

- (a) Approve award of a construction contract for the 2018 Arterial Resurfacing Project to the low bidder, MCK Services, Inc. in the amount of \$12,923,358.
- (b) Approve a 5% contingency in the amount of \$646,168.

OUTCOME

Approval of this construction contract will resurface approximately 23 miles of Major Streets. Approval of the standard 5% contingency will provide funding for any unanticipated work necessary for the proper construction and completion of the project.

BACKGROUND

The Department of Transportation (DOT) annually schedules streets to be resurfaced to improve their structural integrity, ride quality, and appearance, and extend the useful life of the streets in order to defer more costly reconstruction. Resurfacing of streets generally includes the repair or replacement of damaged pavement, application of a new layer of asphalt, installation of new roadway striping and markings, and installation or retrofit of curb ramps where needed to comply with the Americans with Disabilities Act. The 2018 Arterial Resurfacing Project will resurface approximately 23 miles of major streets.

The 2018 Arterial Resurfacing Project is one of five pavement maintenance projects occurring on the Major Streets Network during the 2018 construction season. A description of the 2018 pavement maintenance projects with a list of streets being maintained was provided in an information memo to the City Council distributed on January 23, 2018.

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Information provided by the City's pavement management database is used to identify candidate streets for resurfacing. The final list of streets to be resurfaced was established using the following criteria:

- Funding availability and funding use restrictions
- Streets on the Major Streets 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 equity across the City and street network

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

ANALYSIS

In addition to the base bid scope of work, DOT added two bid alternates to maximize the use of available funding and the number of miles receiving pavement maintenance based on bid results. The bid alternates are as follows:

Bid Alternate No. 1: Resurface a total of 2.41 miles on three segments of Mckean Road: Almaden Road to Mckean Court, Harry Road to the City/County limit, and Baily Avenue to the southern City limit.

Bid Alternate No. 2: Resurface 0.75 mile of Yerba Buena Road between Silver Creek Road & Deans Place Way.

Bids were opened on March 08, 2018, with the following results:

Results of Base Bid and all Bid-Alternates

CONTRACTOR	BASE BID	TOTAL OF BID ALTERNATES	TOTAL BID	VARIANCE	% UNDER/OVER ENGINEER'S ESTIMATE
<i>Engineer's Estimate</i>	\$10,461,891.00	\$1,899,759.50	\$12,361,650.50	--	--
MCK Services, Inc. (Concord, CA)	\$11,008,389.50	\$1,914,968.50	\$12,923,358.00	\$561,707.50	4.54%
DeSilva Gates Construction LP (Dublin, CA)	\$11,912,010.00	\$2,269,576.00	\$14,181,586.00	\$1,819,935.50	14.72%
O'Grady Paving, Inc. (Mountain View, CA)	\$12,761,735.00	\$2,286,934.50	\$15,048,669.50	\$2,687,019.00	21.74%

Results of Individual Bid-Alternates

CONTRACTOR	BID ALTERNATE No. 1	BID ALTERNATE No. 2	TOTAL OF BID ALTERNATES
<i>Engineer's Estimate</i>	\$1,221,816.50	\$677,943.00	\$1,899,759.50
MCK Services, Inc. (Concord, CA)	\$1,206,648.50	\$708,320.00	\$1,914,968.50
DeSilva Gates Construction LP (Dublin, CA)	\$1,471,636.00	\$797,940.00	\$2,269,576.00
O'Grady Paving, Inc. (Mountain View, CA)	\$1,474,164.00	\$812,770.50	\$2,286,934.50

The project specifications state that the lowest bid shall be determined by the total of the base bid plus the bid alternates. The bid submitted by MCK Services, Inc. in the amount of \$12,923,358 had the lowest combination of base bid plus bid alternates and is 4.54% over the Engineer's Estimate. The estimate is based on bids received from similar past projects and current estimated construction prices. The bids are higher than the engineer's estimate due to a larger than anticipated increase in asphalt prices, but the bid is considered acceptable for the work involved in the project.

Staff is recommending that both bid-alternates be awarded because the resurfacing treatment will significantly improve conditions on those heavily traveled roads and can be completed with available and budgeted funding.

Council Policy provides for a standard contingency of 5% on projects involving street resurfacing and sealing. The funding budgeted for this project is sufficient to provide for a 5% contingency of \$646,168.

Council Resolution No. 71816, establishes a policy and framework for contractor "prequalification" for public works projects. The policy was enacted to ensure that awardees of

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low-bid contracts in which the project estimate exceeds \$10,000,000 meet minimum qualification, responsibility and deliverability requirements. The policy also states that the director of the department responsible for bidding a project has the authority to determine if prequalification is necessary. The specifications and bid documents for this project were approved by the directors of Transportation and Public Works, and both departments deemed prequalification unnecessary for the following reasons:

- The higher cost estimate for the project is primarily a function of the number of streets being resurfaced and not due to the complexity or variation of the work. The work involved in the project is routine for licensed paving contractors.
- Historically, the pool of contractors bidding on similarly sized San José resurfacing projects have been well-qualified and successful in delivering such projects
- DOT ensures successful, high-quality projects through industry accepted and proven specifications, as well as active inspection and project management
- Prequalification could add unwarranted time and cost to the project
- Prequalification may cause a decrease in bidders, including new and smaller contractors, who might otherwise bid on projects, potentially leading to less competitive bids

Construction is scheduled to begin in June 2018 and should be completed before the end of the 2018 construction season.

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 and the City Council. No further City Council action is necessary.

As described in the 2018 Pavement Maintenance Program information memorandum distributed to the City Council on January 23, 2018, DOT is planning a second resurfacing project that will resurface an additional 7.5 miles of major streets in 2018. Staff is expecting the Authorization to Proceed (E-76) from Caltrans shortly, which will allow the City to advertise, bid, and award the project for summer construction.

PUBLIC OUTREACH

The project was listed on BidSync (www.bidsync.com) and advertised in the San José Post Record. The complete bid package and project information for DOT construction projects are available on BidSync for interested contractors, contractor organizations and builders' exchanges. In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project,

and any appropriate schedule and lane closures to affected businesses and residents. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the schedule dates and time for work to occur on the street. This project will be partially funded by the Senate Bill 1 (SB1), and signage will be posted along project corridors reflecting that information per California Transportation Commission (CTC) requirements. This memorandum will be posted on the City's Council Agenda website for the May 1, 2018 Council Meeting.

COORDINATION

This project, including specifications and bid documents, has been coordinated with the Department of Public Works and this memo has been coordinated with the 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:

Project Delivery	\$1,292,336
Construction Contract	\$12,923,358
Contingency	<u>\$646,168</u>
TOTAL PROJECT COSTS:	\$14,861,862

2. SOURCE OF FUNDING: Funding for this project is included in the 2017-2018 Adopted Capital Budget in the Construction Excise Tax Fund (Fund 465) from Construction Excise Tax revenue, State Gas Tax revenue, and 2010 Measure B – vehicle registration fees.

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

BUDGET REFERENCE

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2017-2018 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
465	6123	Pavement Maintenance - City	\$24,082,000	\$550,000	Pg. 1010	2/13/18, 30071
465	7440	Pavement Maintenance - Measure B (VRF)	\$8,888,466	\$4,881,707	Pg. 1013	2/13/18, 30070
465	406C	Road Repair & Accountability Act 2017	\$7,202,000	\$6,852,000	N/A	10/17/17, 30014
465	5216	Pavement Maintenance - State Gas Tax	\$4,759,821	\$639,651	Pg. 1011	10/17/17, 30014
Totals			\$44,932,287	\$12,923,358		

CEQA

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

/s/
 JIM ORTBAL
 Director of Transportation

For questions please contact Rick Scott, Division Manager, at (408) 794-1925.

Attachment

ATTACHMENT

List of Streets

STREET NAME	BEGINNING LOCATION	ENDING LOCATION	CD
16TH ST	SAN CARLOS ST	MARGARET ST	3
17TH ST	SANTA CLARA ST	SAN CARLOS ST	3
BIRD AV	SAN CARLOS ST	WILLOW ST	3,6
BLANEY AV	PROSPECT RD	BOLLINGER RD	1
CANOAS GARDEN AV	ALMADEN RD	ALMADEN EX	6
MCKEAN RD	ALMADEN RD	MCKEAN CT	10
MCKEAN RD	HARRY RD	CITY/COUNTY LIMIT	10
MCKEAN RD	BAILEY AVE	S CITY LIMIT	10
MCKEE RD	WHITE RD	VALLEY VIEW AV	5
NORWOOD AV	WHITE RD	GURDWARA AV	8
PAYNE AV	SARATOGA AV	CITY LIMIT	1
PLUMERIA DR	1ST ST	MONTAGUE EX	4
RINGWOOD AV	TRADE ZONE BL	BIRCHMEADOW LN	4
SAMARITAN DR	BASCOM AV	UNION AV	9
SAN SALVADOR ST	MARKET ST	10TH ST	3
VIOLA ST	S MARKET ST	ALMADEN AV	3
WILLOW ST	LINCOLN AV	1360'SMERIDIAN AV	6
YERBA BUENA RD	SILVER CREEK RD	DEANS PLACE WAY	8