



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

SUBJECT: 10623 – 2026 Major Streets
Remove and Replace
Pavement Project

DATE: February 23, 2026

Approved  Date: 3-4-26

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Report on bids and award of a contract for the construction of 10623 – 2026 Major Streets Remove and Replace Pavement Project, to the lowest responsive, responsible bidder, O’Grady Paving, Inc., in the amount of \$1,110,540; and
- (b) Approve a 10% contingency in the amount of \$111,054.

SUMMARY AND OUTCOME

Award of the contract to O’Grady Paving, Inc. enables the construction of the 10623 – 2026 Major Streets Remove and Replace Pavement Project (Project), which will remove and replace failed pavement of approximately 26 miles of streets along the Major Street Network. Approval of the 10% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

BACKGROUND

The Department of Transportation (DOT) will maintain approximately 201 miles of roadway during the 2026 construction season. As part of this effort, within the Major Streets Network, 26 miles of streets will be sealed to extend pavement life and improve overall roadway conditions, and 21 miles of streets in poor to failed condition will be resurfaced. The Major Street Network consists of 944 miles of San José’s most heavily traveled streets, which collectively carry over 85% of the traffic in the city.

Pavement maintenance is typically performed in two separate phases: preparation and a final surface application. The preparation phase includes American with Disabilities Act-compliant curb ramp installations and retrofits prior to the commencement of the pavement treatment. Streets to be sealed will also require the removal and replacement of any structurally failed areas of pavement. The final surface treatment, also known as sealing application, is applied to the entire street after preparation phases are complete. The sealing process results in the application of a thin layer of asphalt emulsion blended with rock approximately three eighths of an inch in depth to the pavement.

To reduce the overall timeframe for completing the preparation work, DOT is managing multiple projects for the concrete and curb ramp improvements, most of which are currently in the construction phase. The removal and replacement of failed asphalt pavement areas as included in the scope of this Project, where required, is the final preparation project prior to the final surface application.

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; and
- Multi-year geographic spread across the city and street network.

As part of DOT's equity analysis in the development of the 2026 Major Streets Paving program, staff cross-referenced the selected streets relative to census tracts designated by the Metropolitan Transportation Commission as "Equity Priority Communities." Based on this analysis, DOT will be maintaining 13 miles designated as Equity Priority Communities in the Project, roughly 28% of the 47 miles of major streets selected for maintenance. Between 2023 and 2025, the Major Streets Paving program has maintained 53 miles designated as Equity Priority Communities, roughly 28% of the 192 miles of major streets selected for maintenance.

The Attachment to this memorandum contains the list of streets to be maintained with a combination of the removal and replacement of failed areas of asphalt pavement via this Project and followed by a future sealing project. The list may change if unforeseen circumstances arise or new information regarding other projects becomes available.

Construction is scheduled to begin in May 2026 with a substantial completion in July 2026.

ANALYSIS

Bids were opened on January 15, 2025, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
O'Grady Paving, Inc. (Mountain View)	\$1,110,540.00	(\$290,881.80)	(21)
Terocons Inc. (San Francisco)	\$1,135,220.90	(\$266,200.90)	(19)
Rapid Services LLC (Hayward)	\$1,241,460.19	(\$159,961.61)	(11)
G. Bortolotto & Company, Inc. (San Carlos)	\$1,256,987.60	(\$144,434.20)	(10)
Radius Earthwork Inc. (Campbell)	\$1,287,623.16	(\$113,798.64)	(8)
QA Constructors, Inc. (San Francisco)	\$1,379,130.45	(\$22,291.35)	(2)
Engineer's Estimate	\$1,405,000.00	--	--
Granite Rock Company (San José)	\$1,546,470.00	\$145,048.20	10
Wattis Construction Company, Inc. (San José)	\$1,896,146.00	\$494,724.20	35
Interstate Grading and Paving, Inc. (San Francisco)	\$2,021,924.50	\$620,502.70	44

The low bid submitted by O'Grady Paving, Inc. is 21% below the Engineer's Estimate. The bids are lower than the Engineer's Estimate likely due to a decrease in material prices compared to the expected price. Staff expected prices to increase for the remove and replace pavement items, but these prices did not change as much as anticipated when compared to last year. The three-inch remove and replace pavement item was 15% lower than the Engineer's Estimate. The water-based paint striping items were significantly lower coming in between 70% and 80% below the Engineer's Estimate. The unit costs for bid items such as sewer manhole raising and lowering and installation of monument boxes align similarly to unit costs last year with variances ranging from 25% to 45% below the Engineer's Estimate. However, loop replacement unit costs continued to increase likely because of higher material costs and labor complexity. For example, the replacement of Type D detector loops was 344% higher than the Engineer's

Estimate. O’Grady Paving, Inc.’s bid is considered acceptable for the work involved in this Project. O’Grady Paving, Inc. has previously completed paving projects for the City of San José including: 10269 – 2023 Local Streets Remove and Replace project accepted with a beneficial use of December 2023; 10362 – 2024 Local Streets Remove and Replace Project accepted in December 2024; and 10402 – 2024 Major Streets Remove and Replace Project accepted in October 2024.

Contingency

San José Municipal Code Section 7.04.050 provides for a standard contingency of 10% on all public works contracts except those involving the renovation of building or buildings. The standard 10% contingency is appropriate for this Project.

Wage Theft Prevention Policy Check

The Office of Equality Assurance reviewed bidders for compliance with the City’s Wage Theft Prevention Policy on January 16, 2026, and again on January 29, 2026. No wage theft issues were identified.

Project Labor Agreement Applicability

The City’s Project Labor Agreement is applicable to this project because the Engineer’s Estimate is more than \$730,000.

Local and Small Business Outreach

The recommended contractor is a local business enterprise but not a small business enterprise. No local or small business enterprises were listed as subcontractors on the Project.

EVALUATION AND FOLLOW-UP

DOT provides an ongoing evaluation of San José’s pavement conditions and provides periodic reports on this topic to the Transportation and Environment Committee. In addition to the Project discussed in this memorandum, four additional major streets pavement maintenance projects and four additional local and neighborhood street pavement maintenance projects are scheduled for City Council action this spring.

COST SUMMARY/IMPLICATIONS

This project supports the Transportation and Aviation Services City Service Area goal to preserve and improve transportation assets and facilities. By performing pavement maintenance through this Project, the extension of the useful life of the project streets

will defer more costly reconstruction. The source of funding for this Project is through the Construction Excise Tax Fund - State Gas Tax Pavement Maintenance Fund (Fund 480). This Project will not result in any net operating and maintenance cost increases to the General Fund.

1. TOTAL COST OF PROJECT

Programmatic Project Delivery	\$406,954
Construction	1,110,540
Contingency	111,054
TOTAL PROJECT COSTS	\$1,628,548

2. COST ELEMENTS OF CONTRACT AS RECOMMENDED AS PART OF THE MEMORANDUM:

Utility Adjustment	\$88,650
New Paving	796,498
Pavement Striping	83,892
Other Construction Costs	141,500
TOTAL CONTRACT AMOUNT	\$1,110,540

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2027 Adopted Biennial Capital Budget Page	Last Budget Action (Date, Ord. No.)
480	406C	Pavement Maintenance – SB1 Road Repair & Accountability Act 2017	\$33,770,314	\$1,110,540	1006	10/21/2025 31252

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COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 17, 2026 City Council meeting.

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.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Exempt, File No. ER24-313, CEQA Guidelines Section 15301(c), Existing Facilities.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
MATT LOESCH
Director of Public Works

/s/
JOHN RISTOW
Director, Department of Transportation

For questions, please contact Jennifer Seguin, Deputy Director, Department of Transportation, at jennifer.seguin@sanjoseca.gov or (408) 794-6453.

ATTACHMENT: List of Streets

ATTACHMENT - LIST OF STREETS**Subject: 10623 - 2026 Major Streets Remove and Replace Pavement Project****Page 1 of 1****List of Streets**

Street Name	Street From	Street To	Council District
1ST ST N	TASMAN DR	HOLGER WY	4
ABORN RD	RUBY AV	KING RD	8
ALMA AV	MONTEREY RD	SENER RD	3, 7
ALMADEN RD	ALMADEN EXPY	135' S MINORU DR	10
ALUM ROCK AV	HWY 101	CAPITOL AV	5
BRYAN AV	ALMADEN EX	CHERRY AV	9
CROPLEY AV	MORRILL AV	N CAPITOL AV	4
FORD RD	MONTEREY RD	SILVER LEAF RD	2
JACKSON AV S	STORY RD	ALUM ROCK AV	5
OAKLAND RD	MONTAGUE EX	ATTEBERRY LN	4
RINCON AV	CITY LIMIT AT 140' E/O VIOLET WY	SAN TOMAS AQUINO RD	1
SANTA TERESA BL	BLOSSOM HILL RD	CA 87	2, 9, 10
STEVENS CREEK BL	BASCOM AV	1-18 FWY OVERPASS	6
YOUNGER AV W WB	N 1ST ST	SAN PEDRO ST	3