



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

SUBJECT: SEE BELOW

DATE: March 13, 2023

Approved

Date

3/21/22

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 10254 - 2023
MAJOR STREETS SEALING PROJECT**

RECOMMENDATION

Report on bids and award a construction contract for the 10254 – 2023 Major Streets Sealing Project, to the lowest responsive, responsible bidder, Graham Contractors, Inc., in the amount of \$5,105,023 and approve a 10 percent contingency in the amount of \$510,000.

SUMMARY AND OUTCOME

Approval of this construction contract award to Graham Contractors, Inc. enables the surface-sealing of approximately 41 miles of streets along the Major Street Network. Approval of the 10% contingency provides funding for any unanticipated work necessary for the proper completion or construction of the project.

BACKGROUND

The Major Street Network consists of 944 miles of the City's most heavily traveled streets, which collectively carry over 85% of the traffic in the City. A total of 75 miles of Major Streets is planned for maintenance in 2023. Approximately 41 miles will be surface-sealed, while the remaining 34 miles will be resurfaced. Sealing is a preventative maintenance measure that extends the useful life of a street and reduces long-term maintenance cost to the City. Resurfacing treatment is reserved for streets that are in poor condition and require more extensive repairs.

The process used for sealing is called "micro-surfacing" and involves the application of a thin layer of asphalt emulsion blended with rock approximately 3/8 of 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 the installation or retrofit of Americans with

Disabilities Act curb ramps, and the removal and replacement of any structurally failed sections of the pavement. The final surface treatment is applied to the entire street after preparation phase is complete. To maximize the number of pavement miles sealed in one construction season, the preparation phase is executed under separate contracts, and mobilized concurrently on different streets.

The Department of Transportation utilizes a Pavement Management System to collect and store roadway condition data that is used to generate a candidate list of streets to be considered for the annual pavement maintenance program. The candidate list is 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

As part of the Department of Transportation’s equity analysis in the development of the 2023 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, 20 miles of the streets within this contract are in Equity Priority Communities and represents 26% of the 75 miles of Major Streets selected for maintenance. The attachment to this memorandum contains the list of streets to be sealed. The list may change if unforeseen circumstances arise or new information regarding other projects becomes available.

ANALYSIS

Bids were opened on February 16, 2023, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	--	\$4,904,719.55	--	--
Graham Contractors, Inc.	San José	\$5,105,022.78	\$200,303.23	4.08
Pavement Coatings Company	Sacramento	\$5,797,989.10	\$893,269.55	18.21

The Engineer's Estimate for this project is \$4,904,719.55 and was based on bids received from similar past projects and current estimated construction prices. The low bid submitted by Graham Contractors, Inc. is \$5,105,022.78 and is 4.08% above the Engineer's Estimate. The bid is considered acceptable for the work involved in the project.

The bids are higher than the Engineer's Estimate due to the larger than anticipated increase in materials and labor costs for the removal and installation of roadway striping and markings, particularly the removal of pavement markings and the installation of 12" thermoplastic striping. Collectively, the removal and installation of roadway striping and markings were 26% over the Engineer's Estimate, while bid items directly related to sealing the streets with new asphalt were 8% under the Engineer's Estimate. The primary reason for the increased bid prices on these items is a high demand for striping services across the region with high expectation by contracting agencies for timely application of roadway striping, in conjunction with a limited supply of striping contractors that can perform the work required. Both bidders used the same striping subcontractor and submitted similar bids for all striping related line items. Additionally, the striping contractors that have worked on similar pavement maintenance projects in the past may be anticipating striping work that requires more extensive traffic control and time and materials to safely perform to work, thus adding to the bid prices.

Despite the higher than anticipated bids, staff recommends awarding the contract for the following reasons:

- Given the current bidding environment – high demand for paving contractors, very low supply of striping contractors, and time of year when bids traditionally increase as contractors are starting to or already have secured projects – it is improbable that rebidding the project to receive more favorable bids would be successful.
- Rebidding the project would also delay implementation of the project and may require a portion of the streets to be placed on winter suspension for completion in spring of 2024.
- The Pavement Maintenance Program has sufficient funding to deliver the project as specified without impacting other planned projects.

Contingency

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

Project Labor Agreement Applicability

The Project Labor Agreement is applicable to this project because the Engineer's Estimate is over \$1.2 million.

Local and Small Business Outreach

Public Works procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San José Municipal Code defines a “local business enterprise” as one with a legitimate business presence in Santa Clara County and “small business enterprise” as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 8,154 vendors, and documents were downloaded by 18 vendors, two of which were located within Santa Clara County. The recommended contractor is a local and a small business enterprise. No local or small business enterprises were listed as subcontractors on the project.

EVALUATION AND FOLLOW-UP

The Department of Transportation provides an ongoing evaluation of the City’s pavement conditions and provides periodic reports on this topic to the Transportation and Environment Council Committee. In addition to the projects discussed in this memorandum, two additional major street projects consisting of 34 miles, and six additional local and neighborhood street pavement maintenance projects totaling 161 miles are tentatively 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 with 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 480 – State Gas Tax Pavement Maintenance Fund. This project will have no net operating and maintenance costs to the General Fund.

1. TOTAL COST OF PROJECT:

Programmatic Project Delivery Estimate	\$510,500.00
Construction Contract	\$5,105,022.78
Contingency	\$510,500.00
TOTAL PROJECT COSTS:	\$6,126,022.78

BUDGET REFERENCE

The table below identifies the fund and appropriation being used to fund the contract recommended in this memorandum.

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2022-23 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Source of New Funding						
480	406C	Pavement Maintenance-SB1 Road Repair & Accountability Act 2017	\$39,274,833	\$5,105,022.78	1081	10/18/22, 30833
Total Current Funding Available			\$39,274.833	\$5,105,022.78		

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the April 4, 2023 City Council meeting.

To solicit contractors, this 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.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

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CEQA

Environmental status granted by the Planning, Building and Code Enforcement Department.
Exempt, File No. ER23-009, 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

Acting Director of Public Works

/s/

JOHN RISTOW

Director of Transportation

For questions, please contact Frank Farshidi, Transportation Division Manager, at (408) 794-1945 or Mathew Nguyen, Deputy Director, Department of Public Works at (408) 535-8300.

Attachment: 2023 Major Streets Sealing Project

List of Streets

Street Name	Street From	Street To	Council District
1 ST ST	LIBERTY ST	SOUTHBAY DR/HOLGER WY	4
4 TH ST	ST. JAMES ST	SANTA CLARA ST	3
ABORN RD	RUBY AV	GURDWARA AV/MURILLO AV	8
BERRYESSA RD	MABURY RD	LUNDY AV	3, 4
CARLTON AV	NATIONAL AV	130' W/O WINTON AV	9
CLASSICO AV	FOWLER RD	EVERGREEN VILLAGE SQ	8
COTTLE AV	PINE AV	KOCH LN	6, 9
EVERGREEN VILLAGE SQ	RUBY AV	CLASSICO AV	8
FOWLER RD	SAN FELIPE RD	BIANCO WY	8
HOLGER WY	1 ST ST	ZANKER RD	4
JULIAN ST E	6 TH ST	21 ST ST	3
KIRK AV	CITY LIMIT W	MADLINE DR	5
LEIGH AV	SOUTHWEST EXPY	HAMILTON AV	6
LOS GATOS ALMADEN RD	TAFT DR	LEIGH AV	9
MABURY RD	BERRYESSA RD	OAKLAND RD	3
MARKET ST	SANTA CLARA ST	REED ST	3
MERIDIAN AV	PARK AV	FRUITDALE AV	6
MT. PLEASANT RD	CLAYTON RD	KOHLER AV	5
RUBY AV	ABORN RD	EVERGREEN VILLAGE SQ	8
SAN ANTONIO ST	SUNSET AV	SCHARFF AV	5
STORY RD	CAPITOL EXPY	CLAYTON RD	5
TULLY RD	ALVIN AV	CAPITOL EXPY	5, 7, 8