



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

SUBJECT: Report on Bids and Award
of Contract for the 10637 –
2026 Major Streets
Resurfacing #1 Project

DATE: March 23, 2026

Approved  Date: 4/1/26

COUNCIL DISTRICTS: 1, 2, 3, 4, 5, 6, 8

RECOMMENDATION

- (a) Report on bids and award of a contract for the construction of 10637 – 2026 Major Streets Resurfacing #1 Project, to the lowest responsive, responsible bidder, MCK Services, Inc., in the amount of \$5,849,718.77; and
- (b) Approve a 10% contingency in the amount of \$584,972.

SUMMARY AND OUTCOME

Award of the contract to MCK Services, Inc. enables the construction of the 10637 – 2026 Major Streets Resurfacing #1 Project (Project), which will resurface and rehabilitate pavement on approximately 10 miles of streets along the Major Streets 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. 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. As part of this effort, this Project will resurface about 10 miles of Major Street Network streets in poor to failed condition. Resurfacing serves as a

maintenance measure to extend the streets' useful life and reduce long-term maintenance costs to the City.

Resurfacing involves removing a depth of two to five inches of damaged asphalt concrete and replacing it with a new layer. This is typically performed in two separate phases - preparation and final surface application. The preparation phase includes Americans with Disabilities Act-compliant curb ramp installations and retrofits. Preparation also includes the removal and replacement of any structurally failed areas of pavement that can be observed after the top layer of asphalt concrete is removed. The surface layer is applied along the street after the preparation phases are complete.

To decrease 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. This Project is for the resurfacing of the pavement and is the final phase of the pavement treatment.

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 four miles designated as Equity Priority Communities in the Project, roughly 8% 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 June 2026 with a substantial completion in August 2026.

ANALYSIS

Bids were opened on February 26, 2026, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
MCK Services, Inc. (Concord)	\$5,849,718.77	(\$1,480,281.23)	(20)
DeSilva Gates Construction (San José)	\$6,440,227.00	(\$889,773.00)	(12)
O.C. Jones & Sons, Inc. (Berkeley)	\$6,560,349.94	(\$769,650.06)	(11)
O’Grady Paving, Inc. (Mountain View)	\$6,650,894.36	(\$679,105.64)	(9)
Engineer’s Estimate	\$7,330,000.00	--	--

The low bid submitted by MCK Services, Inc. is 20% below the Engineer’s Estimate. All bids were below the Engineer’s Estimate. Staff expected the price of paving-related items to increase significantly compared to previous years, but prices did not change as much as anticipated. Striping-related items were relatively low across the board, with the winning bid being 10% to 40% below the estimate for striping items. Prices for utility lowering and adjusting were between 5% and 10% below the estimate across the board, indicating that labor prices for this work have not gone up as much as expected since these bid items are labor intensive.

MCK Services, Inc. has previously completed paving projects for the City of San José, including the 10522 – 2025 Major Streets Resurfacing Project; 10493 – 2025 Local Streets Remove and Replace Project accepted in June 2025; 10491 – 2025 Local Streets Resurfacing East accepted in October 2025; and 10490 – 2023-2025 Local Streets Resurfacing Option Term 2.

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Contingency

San José Municipal Code Section 27.04.050 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 February 26, 2026, and again on March 4, 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 not a Local Business Enterprise nor a Small Business Enterprise. One local company was listed as a subcontractor on the Project. Bear Electrical Solutions (San José) will be performing electrical work valued at approximately \$73,750.

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, two additional major street pavement maintenance projects and four additional local and neighborhood street pavement maintenance projects are scheduled for City Council action this spring.

FISCAL IMPACTS

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	\$1,742,000
Construction	\$5,849,719
Contingency	\$584,972
TOTAL PROJECT COSTS	\$8,176,691

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

Utility Adjustment	\$737,230
New Paving	\$4,192,360
Thermoplastic Striping	\$716,959
Other Construction Costs	\$203,170
TOTAL CONTRACT AMOUNT	\$5,849,719

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	\$5,849,719	1006	10/21/2025 31252

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.

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PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the April 14, 2026 City Council meeting.

When the Project commences, the contractor will provide advance notification regarding working hours, duration of the Project, and any appropriate schedules 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.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Categorically 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/
JOHN RISTOW
Director, Department of Transportation

/s/
MATT LOESCH
Director, Public Works

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

ATTACHMENT: List of Streets

List of Streets

Street Name	Street From	Street To	Council District
2 ND ST	TAYLOR ST	JULIAN ST	3
CHYNOWETH AVE	MONTEREY RD	SNELL AVE	2
HUMBOLDT ST	2 ND ST	3 RD ST	3
MCCOY AVE	QUITO RD	HARRIET AVE	1
SAN CARLOS ST	BASCOM AVE	LEIGH AVE	6
SAN FELIPE RD	THE VILLAGES PKWY	CITY LIMIT (850' S HEARTLAND WAY)	8
TOYON AVE	PENITENCIA CREEK RD	MCKEE RD	5
TRADE ZONE BLVD	LUNDY AVE	MONTAGUE EXPY	4