



City of San Leandro

Meeting Date: July 16, 2018

Staff Report

File Number: 18-330

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.E.

TO: City Council

FROM: Jeff Kay
Acting City Manager

BY: Keith Cooke
Engineering & Transportation Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for a Resolution of the City Council for the City of San Leandro to Award a \$1,754,160 Construction Contract to Granite Construction Company for the Annual Street Overlay / Rehabilitation 2016-17 Phase 2, Project No. 2017.0050; to Authorize the City Manager to Negotiate and Approve Individual Change Orders Up to 5% of the Original Contract Amount; and to Authorize the City Manager to Negotiate and Approve Change Orders Up to a Cumulative Value of 15% of the Original Contract Amount; and City Council Approval to Appropriate \$900,000 from the Measure BB Grant Fund

SUMMARY AND RECOMMENDATIONS

This contract provides for repaving of City streets as listed on an attachment to this report.

Staff recommends the following actions:

- Award a construction contract to Granite Construction Company in the amount of \$1,754,160;
- Authorize the City Manager or his designee to negotiate and approve individual change orders up to 5% of the original contract (\$87,700);
- Authorize the City Manager or his designee to negotiate and approve a total change order amount up to 15% of the original contract (\$263,100);
- Appropriate \$900,000 from the Measure BB Grant Fund for the project.

BACKGROUND

The City of San Leandro maintains approximately 180 centerline miles of paved roadways with an average pavement condition index score of 59 out of 100 with 100 representing a newly paved road. Each year the City conducts two pavement maintenance projects, one for street sealing and one for street overlay / rehabilitation. This contract is for replacement of pavement (overlay) and for repair of subgrade below pavement (rehabilitation), to address pavement in poor and

failed condition.

The City's streets are divided into approximately 1,000 maintenance segments which are each inspected every two years. The street conditions are tracked in a software application, StreetSaver, that can also predict deterioration over time and evaluate the cost effectiveness of maintenance alternatives. Based on current construction prices, the condition of City streets, and the rate at which pavement is deteriorating, StreetSaver calculates that \$10,500,000 per year is required to maintain the City's road system in its current condition and further recommends that 76% of that funding (approximately \$8,000,000) be spent each year on overlay and reconstruction.

This project has already funded two design contracts and one construction contract. Design contracts were issued to NCE Engineers and WRECO Engineers for design of streets to be repaired under this project as well as a subsequent project. Data collection and design work is a lengthy process and designing enough street repair for two years of funding will accelerate the delivery of the work. Construction of phase one of this project was performed by DeSilva Gates Construction, L.P. and included improvements in the northern half of the City, most notably on San Leandro Boulevard north of San Leandro Creek.

This is the second construction contract to be awarded for this project. This contract will overlay and reconstruct 1.0 lane-mile of roadway on 8 different streets. The streets selected for overlay were the worst streets that could be preserved utilizing overlays. The streets selected for rehabilitation were the worst streets within the City. When selecting streets, priority is given to streets that carry more vehicles than the norm and streets that are on a bike route. Whereas the first phase of this construction project contained arterials, collectors, and bike routes, this phase consists of residential streets. A list of the work locations is attached to this staff report. This contract will also construct approximately \$200,000 in Americans with Disabilities Act (ADA) ramp upgrades that are adjacent to and required by the street work. Plans and Specifications setting forth in detail the work to be done can be viewed on the City's website at the following location: <https://www.sanleandro.org/civicax/filebank/blobdload.aspx?BlobID=28472>

Additionally, this contract will construct speed cushions on four streets as part of the Neighborhood Traffic Calming Program. A list of those locations is attached to this staff report.

This construction contract is an important step toward improving the City's streets and the design work done sets the City on a course that will deliver street improvements at a faster pace than at any time in the past.

Analysis

Bids were opened on June 19, 2018. Three bids were received ranging from \$1,700,203 to \$1,887,276. The pre-bid engineer's estimate for construction was \$1,518,747. The lowest bid, from PMK Contractors LLC, did not contain all of the required proposal paperwork. The missing paperwork is listed in the project's contract specification book as a material aspect of the bid, such that its omission is not a minor waivable irregularity. Thus, staff rejected the apparent lowest bid as non-responsive.

The apparent second low bid, in the amount of \$1,754,160, from Granite Construction Company was determined by staff to be the lowest responsive bid.

None of the bidders have an office in San Leandro that would qualify them as a local business per the Local Inclusion Policy Ordinance. Also, none of the bidders met the Local Business Participation Goal by subcontracting with San Leandro businesses for 25% of the contract value. Each bidder had one local subcontractor, Columbia Electric, whose subcontract for approximately \$60,000 represents 3% of the total contract value. Additionally, the lowest responsive bidder provided documentation that demonstrated completion of the required good faith efforts to meet the local business participation goal.

Staff verified that the contractor has a valid license with the Contractor's State License Board and is registered with the California Department of Industrial Relations. At the mandatory pre-bid meetings, staff presented the requirements of the Local Inclusion Policy Ordinance, responded to bidder questions, and provided contact information for free technical assistance if needed. Bidders were also provided with a list of San Leandro contractors performing trades applicable to this project's construction that currently hold business licenses with the City of San Leandro.

This project is subject to the provisions of the Community Workforce Agreement (CWA). Each bidder was advised of the agreement in writing and verbally at the mandatory pre-bid meetings. Each contractor was given contact information for the Bay Area Business Roundtable, an organization hired by the City to provide free technical assistance to comply with the CWA. All of the bidders signed the Community Workforce Agreement commitment form.

As is standard in the construction industry, staff balanced site investigation costs with the risk of finding unforeseen conditions during construction as well as the design costs with the level of detail on the plans. As a result, unforeseen conditions may be encountered during construction and plan details may need to be adjusted or clarified. In order to minimize delay to the project and ensure that the scope of work is adjusted as needed to provide the highest quality project for the City, staff requests that the City Council authorize the City Manager or his designee to negotiate and approve individual change orders up to 5% (\$87,700) of the original contract amount and cumulative change orders up to 15% (\$263,100) of the original contract amount. This will ensure efficient completion of the project on budget and on schedule.

Inclusion of the design work for the following year's paving project as well as construction costs that have increased faster than inflation have resulted in a project cost that is greater than the budget. Additional funding is required to construct the project as envisioned.

An additional Measure B Local Streets and Roads funds appropriation of \$900,000 is requested as the City Council originally approved \$6,065,000 for this project and the updated project estimate is now \$6,965,000. In order to meet the Alameda County Transportation Commission timely use of funds policy for Measure B funds, the City must allocate this money to projects before it is collected, which will result in a temporary negative fund balance. The City receives approximately \$1,400,000 in Measure B Local Streets and Roads money annually and will also receive \$7,000,000 in Measure BB Grant Funds in Fiscal Year 18-19 for street maintenance and rehabilitation purposes.

Current Agency Policies

- Maintain and enhance San Leandro's infrastructure.

Previous Actions

- On November 20, 2017, by Resolution No. 2017-165, the City Council authorized increasing the scope and fee of WRECO's contract to include design of pedestrian and safety features on San Leandro Boulevard.
- On July 17, 2017, by Resolution No. 2017-112, the City Council awarded a construction contract to DeSilva Gates Construction, L.P. for construction of phase 1.
- On July 17, 2017, by Resolution No. 2017-108, the City Council approved a contract with NCE for the street repair design scope of work.
- On November 7, 2016, by Resolution No. 2016-142, the City Council approved a contract with WRECO to design the street repairs.

Committee Review and Actions

On May 2, 2018 the City Council Facilities and Transportation Committee reviewed options for changes to vehicle and bicycle lane configurations on Hesperian Boulevard from Thornally Drive to Springlake Drive. The Committee directed staff to collect public input and defer work on Hesperian Boulevard until a decision is made for the lane configuration.

Applicable General Plan Policies

Policy CSF-6.8 Maintenance:

Ensure that sufficient funding is provided for the ongoing maintenance of City-owned facilities, including streets, street lights, traffic signals, landscaping, street trees, storm drains, public buildings and other infrastructure.

Environmental Review

This project is categorically exempt from the California Environmental Quality Act (CEQA) per Section 15301(c) of the CEQA guidelines. The Notice of Exemption was filed with the Alameda County Recorder on March 24, 2017.

Summary of Public Outreach Efforts

The streets to be repaved are posted on the City's website, and were displayed at the Cherry Festival and both of the 2018 Town Hall meetings. Properties adjacent to the work will receive a notification from the City and a second notification from the Contractor prior to the work.

A neighborhood meeting was held July 10, 2018 to discuss options for reconfiguring Hesperian Boulevard and work on that street will be deferred to a subsequent project.

The Notice to Bidders was published in the Daily Review, the South County Post, Visión Hispana

and Sing Tao. Staff also notified twenty-three builders' exchanges and construction data firms as well as a list of contractors that asked to be notified of bidding opportunities via email.

Fiscal Impacts

The estimated project cost is \$6,950,000 as described below

NCE design contract	\$626,000
WRECO design contract	\$361,000
Other design costs	\$300,000
Phase 1 construction contract	\$3,395,092
Phase 2 construction contract	\$1,754,160
Construction management and inspection	\$265,648
Construction Contingency	<u>\$263,100</u>
Total	\$6,965,000

Budget Authority

This street rehab project will be funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount</u>
141-39-024-5240	FY 2016-17 Budget, Measure BB Grant	\$3,000,000
141-38-377-5240	FY 2016-17 Budget, Measure BB	\$1,275,000
144-38-377-5240	FY 2016-17 Budget, Measure B	\$ 310,000
142-38-377-5240	FY 2016-17 Budget, Gas Tax	\$ 380,000
210-38-377-5240	FY 2016-17 Budget, General Fund	<u>\$1,000,000</u>
	Sub Total	\$5,965,000

The neighborhood traffic calming work will be funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount</u>
210-38-391-5240	FY 2017-18 Budget, General Fund	<u>\$100,000</u>
	Sub Total	\$100,000

Total currently appropriated	\$6,065,000
<u>Appropriation requested by this action in account 144-38-377-5240</u>	<u>\$900,000</u>
Total Proposed Project Funding	\$6,965,000

Attachment to Staff Report

- Project street list

PREPARED BY: Nick Thom, City Engineer, Engineering and Transportation Department

Annual Street Overlay/Rehabilitation 2016-17 Phase 2 - Limits of Work

Pavement

<u>Street Name</u>	<u>Start Location</u>	<u>End Location</u>
Arena Street	Mendocino Street	Elvina Drive
Del Mar Circle	Portola Drive	North End (Cul-de-sac)
Marne Street	Breckenridge Street	Belleau Street
Belleau Street	Marne Street	Maureen Street
Vining Drive	Farnsworth Street	Cranbrook Street
Kappa Avenue	Laverne Drive	Elvina Drive
Nelson Street	Hebron Court	Farnsworth Street
San Leandro Blvd	Park Street	Lorraine Blvd

Speed Cushion Installation

<u>Street Name</u>	<u>Start Location</u>	<u>End Location</u>
Castro Street	Joyce Avenue	Hilding Avenue
Maud Avenue	San Jose Street	Morgan Avenue
Dolores Avenue	Bancroft Avenue	Morgan Avenue
Neptune Drive	Marina Blvd	Williams Street



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Resolution - Council

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FROM: Jeff Kay
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TITLE: RESOLUTION of the City Council for the City of San Leandro to Award a \$1,754,160 Construction Contract to Granite Construction Company for the Annual Street Overlay / Rehabilitation 2016-17 Phase 2, Project No. 2017.0050; to Authorize the City Manager to Negotiate and Approve Individual Change Orders Up to 5% of the Original Contract Amount; to Authorize the City Manager to Negotiate and Approve Change Orders Up to a Cumulative Value of 15% of the Original Contract Amount; and City Council Approval to Amend to the City of San Leandro Budget for the Annual Street Overlay / Rehabilitation 2016-17 project and the Annual Street Overlay / Rehabilitation 2018-19 project. (Provides for replacement of deteriorated pavement on various streets throughout the City)

WHEREAS, the City of San Leandro did, on June 19, 2018, publicly open, examine and declare all sealed proposals or bids for doing the work described in the bid documents for the subject project; and

WHEREAS, said proposals were submitted to the Engineering and Transportation Director who has found that the proposal hereinafter mentioned is the lowest responsive bid by a responsible bidder for doing said work.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said City Council hereby rejects all of said proposals or bids except that herein mentioned; hereby waives any irregularities in the proposal or bid of the lowest responsible bidder; and hereby awards the contract for doing said work to the lowest responsible bidder therefore, to wit Granite Construction Company, in the amount of \$1,754,160;

That the City Manager or his designee is authorized to negotiate and approve individual change orders up to a maximum of \$87,700, which is 5% of the original contract amount, each;

That the City Manager or his designee is authorized to negotiate and approve cumulative change orders up to a maximum of \$263,100, which is 10% of the original contract amount;

That the 2018-19 Budget is hereby amended as follows:

Annual Street Overlay / Rehabilitation 2016-17	\$900,000
Annual Street Overlay / Rehabilitation 2018-19	(\$900,000) ; and

BE IT FURTHER RESOLVED:

That if the above named contractor is unable to execute the contract, then the City Manager is authorized to award this contract to the next lowest responsive bid by a responsible bidder, execute all documents to effect the award, and take all actions necessary to recover any bid security from the low bidder necessary to make the City whole in its acceptance of the lowest bid.