



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Barry Ng  
Angel Rios, Jr.  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** February 6, 2017

Approved

Date

2/17/17

**COUNCIL DISTRICT: 6**

**SUBJECT: ACTIONS RELATED TO THE 7715 – TRAIL: THREE CREEKS (LONUS STREET TO MINNESOTA AVENUE) PROJECT**

## RECOMMENDATION

- (a) Report on bids and award of a contract for 7715 – Trail: Three Creeks (Lonus Street to Minnesota Avenue) Project to the low bidder, GradeTech Inc., in the amount of \$2,714,500, and approve a ten percent contingency in the amount of \$271,450.
- (b) Adopt the following 2016-2017 Appropriation Ordinance Amendments in the Subdivision Park Trust Fund:
  - (1) Increase the appropriation to the Parks, Recreation and Neighborhood Services Department for the TRAIL: Three Creeks (Lonus Street to Guadalupe River) by \$531,000; and
  - (2) Decrease the Future PDO/PIO Projects Reserve by \$531,000.

## OUTCOME

Award of the construction contract to GradeTech Inc. will enable the Three Creeks Trail (Lonus Street to Minnesota Avenue) Project to proceed. Approval of a ten percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project. Adoption of the appropriation ordinance and funding source resolution will provide additional funding needed to construct the project.

## **BACKGROUND**

The Three Creeks Trail (Lonus Street to Minnesota Avenue) project site was acquired by the City in late 2011. It is a former Union Pacific Railroad corridor from Lonus Street to Minnesota Avenue in Willow Glen (map attached).

The project supports the construction of a 0.9-mile paved trail from Los Gatos Creek to Minnesota Avenue. The design includes native planting, irrigation, trail gateways and interpretative stations that speak to the site's historical roots as an access corridor in the cannery business. Three at-grade street crossings occur at Broadway Avenue, Willow Street and Minnesota Avenue, linking the project to the existing trail segment between Minnesota Avenue and Guadalupe River.

The 200 foot section of trail between Lonus Street and the west bank of Los Gatos Creek will not be constructed at this time. Staff did solicit cost information from the bidders by means of a Bid Alternate discussed below. Had the cost proposals for the Bid Alternate in combination with the base bid been extremely favorable, staff would have considered constructing this section of the trail at this time.

It is also important to note that this project does not include a pedestrian bridge over Los Gatos Creek. The pedestrian bridge was advancing as a separate project until it was delayed by a court action. The City prevailed in the Court of Appeal, and the matter is now back in Superior Court, which is expected to rule on the matter this spring.

The project budget is partially funded through a grant. The State of California Natural Resources Agency awarded a \$1,000,000 grant per the Urban Greening for Sustainable Communities Grant Program. Allowable expenses will be invoiced per the terms of the grant, and paid funds will be returned to the Council District 6 Construction and Conveyance Tax Fund and the Park Trust Fund as applicable. The grant deadline is June 30, 2018.

Construction is scheduled to begin in April, with completion in February 2018.

## **ANALYSIS**

Public Works requested bids for the base bid work and one Bid Alternate. The Bid Alternate consists of all trail improvements (paving, signage, irrigation, and planting) for the 200 foot section of trail from Lonus Street to Los Gatos Creek. Neither the base bid nor the Bid Alternate included a pedestrian bridge. Bids were opened on December 22, 2016, with the following results:

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<u>Contractor</u>	<u>Base Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
<b>Engineer's Estimate</b>	<b>\$2,315,000</b>	---	---
GradeTech, Inc. (San Ramon)	2,714,500	399,500	17
Suarez & Munoz Construction, Inc. (Hayward)	3,005,000	688,000	30
Granite Rock Company (San Jose)	3,099,430	784,430	34
Gordon N. Ball, Inc. (Alamo)	3,190,000	875,000	38
Wattis Construction Company, Inc. (San Jose)	3,335,436	1,020,436	44
<u>Contractor</u>	<u>Bid Alt No. 1</u>		
<b>Engineer's Estimate</b>	<b>\$90,000</b>		
GradeTech, Inc.	130,000		
Suarez & Munoz Construction, Inc.	105,000		
Granite Rock Company	77,000		
Gordon N. Ball, Inc.	100,000		
Wattis Construction Company, Inc.	130,060		

The lowest responsive bidder is GradeTech Inc. Public Works staff determined the lowest responsive bidder as follows:

1. **Specification Requirements:** The project specifications require determining the low bid by adding the cost of the bid alternates to the base bid in ascending numerical sequence until a total is reached to which no more bid alternates can be added without exceeding the total budget of \$2,315,000. The low bid is the one that includes the greatest number of bid alternates, or that offers an equal number of bid alternates for the lowest price. Alternatively, if the addition of the first bid alternate to the base bid results in a number greater than \$2,315,000 *for every responsive bidder*, then low bid is determined on the base bid amount alone.
2. **Base Bid Determines Low Bid:** The base bid for all of the bidders exceeds the \$2,315,000 ceiling. In accordance with the project specifications, the low bid must be determined on the base bid amount alone, which results in GradeTech Inc. being the lowest responsive bidder.

The low bid submitted by GradeTech, Inc. is 17 percent higher than the Engineer's Estimate. Staff confirmed that the reasons for the higher bid include the current competitive bidding climate within the construction industry, and increased demand for materials leading to higher material prices. Staff will continue to monitor issues affecting construction costs and adjust our Engineer's Estimates accordingly. The bid is considered acceptable for the work involved in the project.

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Award of the Bid Alternate is not recommended due to overall project costs and insufficient funding for the Bid Alternate. As discussed previously, this 200 foot section of the corridor is also a key construction access area for a future pedestrian bridge project.

GradeTech is currently working on the Lake Cunningham Bike Park project, and has completed several City projects in compliance with the contracts: Guadalupe River South Trail (2000), Coyote Creek/River Oaks Levee Trail Reach 3A/3B (2004), and Highway 237 Bikeway Trail (2012). On the basis of this analysis, staff believes GradeTech is a responsible bidder.

Staff does not recommend a rebid because the schedule and cost impacts for value engineering the project will further strain the budget and will risk loss of the grant funding with a June 2018 deadline. Staff recommends awarding the base bid to GradeTech Inc. in the amount of \$2,714,500.

Council Policy provides for a standard contingency of ten percent on trail projects. The standard contingency is considered appropriate for this project.

Included in this memorandum is a recommendation to allocate additional funding of \$531,000 to the project in the Park Trust Fund from the Future PDO/PIO Projects Reserve, which will ensure sufficient funding is available to award the construction contract. Funding is available within the nexus of the project, which is currently allocated in the Future PDO/PIO Projects Reserve in the Subdivision Park Trust Fund.

### **EVALUATION AND FOLLOW-UP**

No follow up action with the Council is expected at this time.

### **PUBLIC OUTREACH**

Three community workshops were conducted during the Master Planning phase. Progress updates have been, and will continue to be posted on Twitter@SanJoseTrails.

This project was listed on BidSync ([www.bidsync.com](http://www.bidsync.com)) and advertised in the *San José Post Record*. The complete bid package and project information for all Department of Public Works construction projects are available on BidSync for interested contractors, contractor organizations and builders' exchanges. This memorandum will be posted on the City's Council Agenda website for the February 28, 2017, City Council Meeting.

### **COORDINATION**

This proposed project and memorandum have been coordinated with Departments of Planning, Building and Code Enforcement, Transportation, and the City Attorney's Office.

**COMMISSION RECOMMENDATION**

The Master Plan for this trail project was approved by the Parks and Recreation Commission on October 1, 2014, and approved by City Council on November 4, 2014.

**COST SUMMARY/IMPLICATIONS**

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$2,714,500	
	Project Delivery	\$1,049,050 *
	Construction	2,714,500
	Contingency	<u>271,450</u>
	<b>TOTAL PROJECT COSTS</b>	<b>\$4,035,000</b>
	Prior Year's Expenditures	(580,858)
	<b>REMAINING PROJECT COSTS</b>	<b>\$3,454,142</b>

\* Project delivery includes \$615,050 for design and bid/award, and \$434,000 for Construction Management and Inspection Services.

2. COST ELEMENTS OF CONTRACT:

Mobilization, and Temporary Facilities and Controls	\$230,000
Utility Conflict Allowance	50,000
Stormwater Pollution Control Plan Allowance	50,000
Emergency Erosion and Sediment Control	20,000
Site Clearing and Demolition	137,000
Signage, Milestone Markers & Site Furnishings	199,000
Fences and Gates	78,000
Grading	318,000
Flexible Paving & Decomposed Granite	250,500
Rigid Paving	383,000
Planting & Irrigation	482,000
Storm Drainage Utilities	210,000
Trail Retroreflective Striping & Marking	20,000
Coe Ave Ped Crossing with Warning Beacons	80,000
Broadway Ave Ped Crossing	28,000
Minnesota Ave Ped Crossing with Traffic Signal	175,000
Operations and Maintenance Period	<u>4,000</u>
<b>TOTAL CONTRACT AMOUNT:</b>	<b>\$2,714,500</b>

3. SOURCE OF FUNDING: 375 – Subdivision Park Trust Fund  
 384 – Construction Tax and Property Conveyance Tax Fund:  
 Parks Purposes Council District 6

4. OPERATING COSTS: This facility is anticipated to have an annual operating and maintenance impact on the General Fund of approximately \$96,000. Funding was allocated for these costs in the 2016-2017 Operating Budget (first year cost in 2016-2017 was anticipated to be \$24,000 and annualized to \$96,000 in 2017-2018). The operating and maintenance funding for this project is already available in the base budget for Parks, Recreation and Neighborhood Services Department.

**BUDGET REFERENCE**

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

Fund #	Appn #	Appn. Name	Total Appn	Rec. Budget Action	Amt. for Contract	2016-2017 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
375	7839	TRAIL: Three Creeks (Lonus Street to Guadalupe River)	\$2,700,000	\$531,000	\$2,714,500	V-570	6/21/2016, 29762
375	8845	Future PDO/PIO Projects Reserve	\$6,480,684	(\$531,000 )		V-592	12/13/2016, 29846
384	7771	TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design	\$224,000			V-390	10/18/2016, 29803

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**CEQA**

Three Creeks Trail Master Plan – Western Alignment Mitigated Negative Declaration, File No. PP14-012.

/s/

BARRY NG  
Director of Public Works

/s/

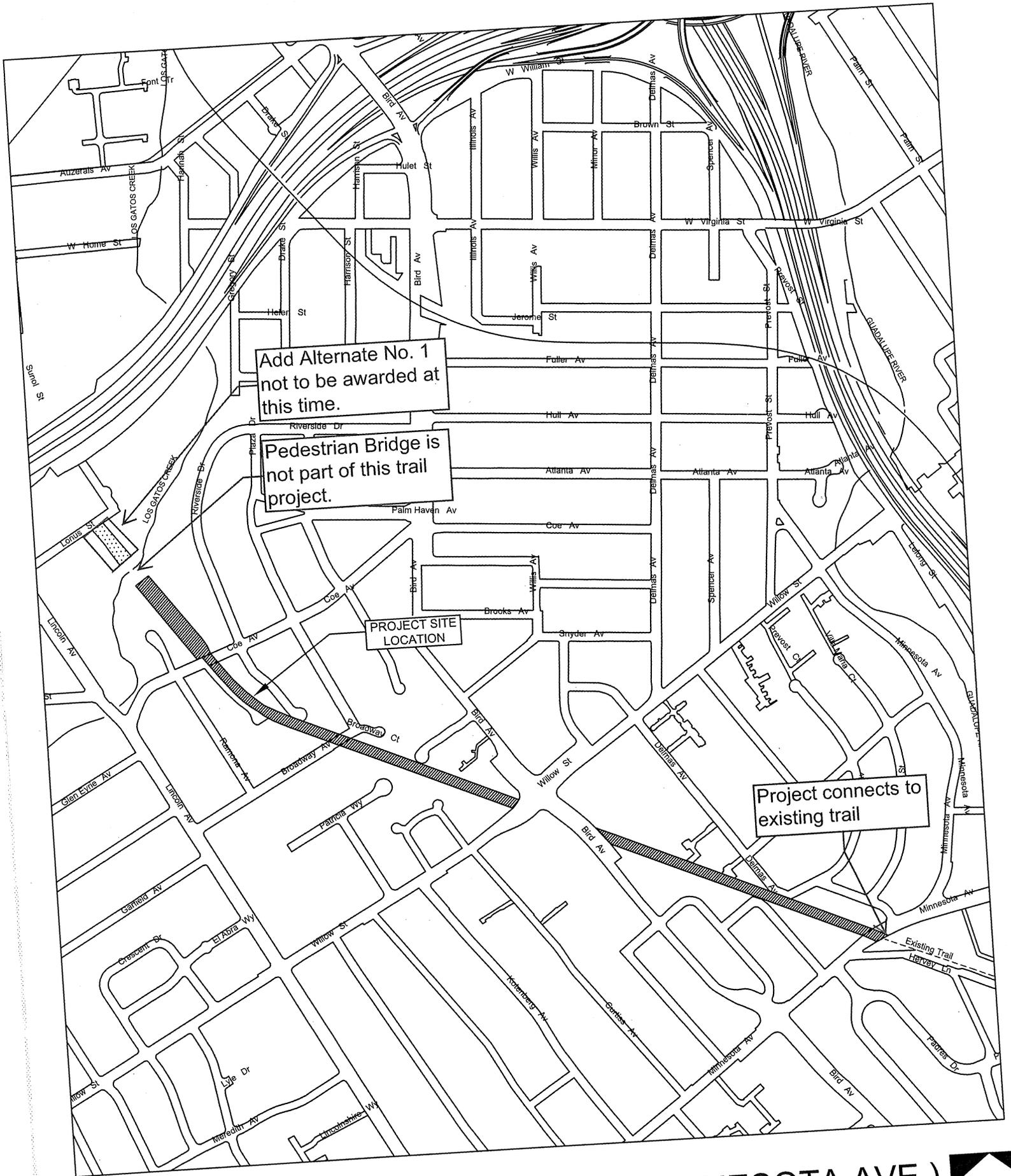
ANGEL RIOS, JR  
Director of Parks, Recreation and  
Neighborhood Services



JENNIFER A. MAGUIRE  
Senior Deputy City Manager/  
Budget Director

Attachment: Three Creeks Location Map

For questions, please contact Michael O'Connell, Deputy Director, Public Works Department at 408-535-8300.



# THREE CREEKS (LONUS ST. TO MINNESOTA AVE.) LOCATION MAP

NOT TO SCALE

