



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

**SUBJECT: 2024 MAJOR STREETS
REMOVE AND REPLACE
PAVEMENT PROJECT**

DATE: March 18, 2024

Approved

Date

3/27/24

RECOMMENDATION.

- a) Report on bids and award a contract for the construction of 10402 – 2024 Major Streets Remove and Replace Pavement Project, to the lowest responsive, responsible bidder, O’Grady Paving, Inc., in the amount of \$1,692,749; and
- b) Approve a 10% contingency in the amount of \$169,275.

SUMMARY AND OUTCOME

Approval of this construction contract award to O’Grady Paving, Inc. will enable the removal and replacement of failed pavement on approximately 31 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) is planning to surface-seal (micro-surface) 31 miles of streets out of the approximate 64 miles planned for maintenance on the Major Street Network in the 2024 construction season as a preventative maintenance measure to extend the useful life and reduce long-term maintenance costs to the City.

Micro-surfacing is 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 American with Disabilities Act (ADA) curb ramp installations and retrofits prior to the commencement of the pavement treatment. Streets to be sealed also require the removal and

replacement of any structurally failed areas of pavement. The final surface treatment is applied to the entire street after preparation phases are complete.

To decrease the overall timeframe for completing the preparation work, DOT is managing multiple projects for the concrete and ADA curb ramp improvements, most of which are in the construction phase. This project for the removal and replacement of failed asphalt pavement areas, where required, is the final preparation project prior to the final surface application.

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

As part of DOT's equity analysis in the development of the 2024 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 12 miles in designated Equity Priority Communities in the 2024 Major Streets Remove and Replace Pavement Project, roughly 19% of the 64 miles of Major Streets selected for maintenance.

The **attachment** contains the list of streets that have removal and replacement of failed asphalt pavement performed on, and eventually sealed, through the surface-sealing contract. The list may change if unforeseen circumstances arise or new information regarding other projects becomes available.

ANALYSIS

Bids were opened on January 11, 2024, with the following results.

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$1,652,902	--	--
O'Grady Paving, Inc. (Mountain View)	\$1,692,749	\$39,847	2%
G. Bortolotto & Company, Inc (San Carlos)	\$1,799,878	\$146,976	9%
Radius Earthwork, Inc. (Campbell)	\$1,931,462	\$278,560	17%
McKim Corporation (Gilroy)	\$2,088,286	\$435,384	26%

The low bid submitted by O'Grady Paving, Inc. is 2.41% 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 an increased price in labor costs and materials costs. The overall largest increase was in the water-based striping items. The water-based striping items were on average 93% above the engineers estimate. This is likely due to an increase in the demand for striping services. Among the four bidders, three of them used the same striping subcontractor and submitted similar bids for all striping-related line items.

Despite the higher than anticipated bids, staff recommends awarding the contract for the following reasons listed below.

- 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 as specified 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 2025.
- The Pavement Maintenance Program has sufficient funding to deliver the project as specified without impacting other planned projects.

O’Grady Paving, Inc. has previously completed multiple major paving projects for the City of San José. In the 2022 construction season, O’Grady Paving, Inc. performed preventative maintenance work on approximately 26 miles of City streets through a major construction project.

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 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 11, 2024 and on March 5, 2024. 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 over \$1.22 million.

Local and Small Business Outreach

The recommended contractor is a local 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 the City’s pavement conditions and provides periodic reports on this topic to the Transportation and Environmental Committee. In addition to the projects discussed in this memorandum, five additional major streets pavement maintenance projects are scheduled for City Council action this spring, with six additional projects planned on local and neighborhood streets.

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	\$169,275
Construction Contract	\$1,692,749
Contingency	\$169,275
TOTAL PROJECT COSTS:	\$2,031,299

BUDGET REFERENCE

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

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2023-24 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
480	406C	Pavement Maintenance-SB1 Road Repair & Accountability Act 2017	\$32,560,768	\$1,692,749	1075	02/13/24, 31040
Total Current Funding Available			\$32,560,768	\$1,692,749		

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the April 9, 2024 City Council meeting.

When the project commences, the contractor will provide advance notification regarding working hours, duration of the 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.

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

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
Director of Public Works

/s/
JOHN RISTOW
Director of Transportation

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

ATTACHMENT - List of Streets

List of Streets

CD	STREET NAME	FROM	TO
3,6,7	ALMA AVE	MINNESOTA AVE	SETER RD
3	ALMADEN BLVD	SANTA CLARA ST	GRANT ST
7	ALMADEN EXPY	ALMA AVE	360' N OF SAN JOSE AVE
9,10	BLOSSOM HILL RD	ALMADEN EXPY	CAHALAN AVE
9	FOXWORTHY AVE	BASCOM AVE	MANDA DR
1	HAMILTON AVE	CAMPBELL AVE	400' E OF BECK DR
4,5	MABURY RD	N CAPITOL AVE	N WHITE RD
1	MOORPARK AVE	SAN TOMAS EXPY	SARATOGA AVE
5,8	OCALA AVE	130' W OF RIDGEMENT DR	CAPITOL EXPY
6	PARK AVE	180' E OF MONTGOMERY ST	DELMAS AVE
7	PHELAN AVE	SETER RD	BEVIN BROOK DR
8	QUIMBY RD	TULLY RD	CAPITOL EXPY
5,7	STORY RD	KING RD	CAPITOL EXPY
6	TAYLOR ST E	THE ALAMEDA	STOCKTON AVE
2	VISTAPARK DR	CAPITOL EXPY	HYDE PARK AVE
1	WESTMONT AVE	HARRIET AVE	QUITO RD
5,8	WHITE RD	MT VISTA DR	OCALA AVE
6	WILLOW ST	LINCOLN AVE	LELONG ST
10	WINFIELD BLVD	BLOSSOM HILL RD	OLD QUARRY RD
3	WOZ WAY	PARK AVE	ALMADEN BLVD