



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow  
Matt Loesch

**SUBJECT:** SEE BELOW

**DATE:** April 8, 2024

Approved

Date

4/17/24

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE  
CONSTRUCTION OF 10407 – 2024 MAJOR STREETS SEALING  
PROJECT**

## **RECOMMENDATION**

- a) Report on bids and award a contract for the construction of 10407 – 2024 Major Streets Sealing Project to the lowest responsive, responsible bidder, Graham Contractors, Inc., in the amount of \$6,872,202; and
- b) Approve a 10% contingency in the amount of \$687,220.

## **SUMMARY AND OUTCOME**

Award of the contract to Graham Contractors, Inc. will enable the sealing of 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 seal 31 miles of streets out of the approximate 64 miles planned for maintenance in the Major Street Network in the 2024 construction season as a preventative maintenance measure to extend their useful life and reduce long-term maintenance costs to the City.

Street sealing is typically performed in two phases: preparation and a final surface sealing application. The preparation phase includes Americans with Disabilities Act curb ramp

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installations and retrofits prior to the commencement of the pavement treatment. Streets to be sealed will also require the removal and replacement of any structurally failed areas of pavement. Sealing is the application of a thin layer of asphalt emulsion blended with rock approximately 3/8 of an inch in depth to the pavement and is the final surface treatment that 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 Americans with Disabilities Act curb ramp improvements, most of which are in the construction phase. This project is specifically for the sealing of the pavement and is the final phase of the pavement treatment.

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; and
- 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 designated as equity priority communities in the 2024 Major Streets Sealing Project, roughly 19% of the 64 miles of Major Streets selected for maintenance.

The **Attachment** to this memorandum contains the list of streets to be surface-sealed. The list may change if unforeseen circumstances arise or new information regarding other projects becomes available.

## **ANALYSIS**

Bids were opened on March 14, 2024, with the following results.

| <b><u>Contractor</u></b>                                  | <b><u>Bid Amount</u></b> | <b><u>Variance<br/>Amount</u></b> | <b><u>Over/(Under)<br/>Percent</u></b> |
|---|--------------------------|-----------------------------------|--|
| <b>Engineer's Estimate</b>                                | <b>\$6,699,401</b>       | --                                | --                                     |
| Graham Contractors, Inc.<br>(San José)                    | \$6,872,202              | \$172,801                         | 3                                      |
| Pavement Coatings Co.<br>(Sacramento)<br>(non-responsive) | \$8,786,687              | \$2,087,286                       | 31                                     |

The bid from Pavement Coatings Co. was deemed non-responsive for failing to meet the specific bidder's experience required by the City.

The low bid submitted by Graham Contractors, Inc. is 3% 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 striping materials costs. This is likely due to an increase in the demand for striping services and material costs. Both bidders 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 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.

Graham Contractors, Inc. has successfully completed similar surfacing projects for the City of San José, including the 2022 Major Streets Sealing Project and 2022 Local Streets Sealing Project, and projects for other cities with this kind of construction work.

#### *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 March 14, 2024 and on March 21, 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, three additional major streets pavement maintenance projects are tentatively 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

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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 | \$687,221                 |
| Construction                           | 6,872,202                 |
| Contingency                            | 687,221                   |
| <b>TOTAL PROJECT COSTS</b>             | <b><u>\$8,246,644</u></b> |

## 2. COST ELEMENTS OF CONTRACT:

|                                  |             |
|----------------------------------|-------------|
| New Paving                       | \$2,476,350 |
| Thermoplastic Striping           | \$3,525,741 |
| Signal Detector Loop Replacement | \$43,710    |
| Other Construction Costs         | \$826,401   |

**TOTAL BASE BID AMOUNT** **\$6,872,202**

**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 and Accountability Act 2017 | \$32,560,768        | \$6,872,202        | 1075                                | 2/13/24, 31040                      |
| <b>Total Current Funding Available</b> |        |  | <b>\$32,560,768</b> | <b>\$6,872,202</b> |                                     |                                     |

**COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the 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's Council Agenda website for the April 30, 2024 City Council meeting.

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.

## **CEQA**

Categorically Exempt, File No. ER23-009, CEQA Guidelines Section 15301(c), Existing Facilities.

## **PUBLIC SUBSIDY REPORTING**

This memorandum 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](mailto:frank.farshidi@sanjoseca.gov) or (408) 794-1945 or Mathew Nguyen, Deputy Director, Department of Public Works, at [mathew.nguyen@sanjoseca.gov](mailto:mathew.nguyen@sanjoseca.gov) or (408) 535-8300.

**Attachment** – List of Streets

**List of Streets**

| <b>CD</b> | <b>STREET NAME</b> | <b>FROM</b>             | <b>TO</b>              |
|-----------|--------------------|-------------------------|------------------------|
| 3,6,7     | ALMA AVE           | MINNESOTA AVE           | SENER 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         | SENER 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           |