



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano  
John Ristow

**SUBJECT:** SEE BELOW

**DATE:** March 16, 2020

Approved

Date

3/27/20

**COUNCIL DISTRICT: 7**

**SUBJECT: AWARD OF CONTRACT FOR THE 8176 – MCLAUGHLIN AVENUE  
SAFETY ENHANCEMENT PROJECT (BETWEEN OWSLEY AVENUE  
AND LOUPE AVENUE), FEDERAL PROJECT NO. HSIPL-5005(157)**

## **RECOMMENDATION**

Report on bids and award of contract for the 8176 – McLaughlin Avenue Safety Enhancement Project to the low bidder, Wattis Construction, Co., in the total amount of \$1,682,160 and approval of a contingency in the amount of \$168,216.

## **OUTCOME**

Award of the construction contract to Wattis Construction, Co. will enable the McLaughlin Avenue Safety Enhancement Project to proceed. Approval of the 10 percent contingency will provide funding for unanticipated work necessary for the proper completion of the project.

## **BACKGROUND**

The City of San José Department of Transportation (DOT) applied to the Federal Highway Administration (FHWA) for the McLaughlin Avenue Safety Enhancement project through the Highway Safety Improvement Program (HSIP). The goal of the HSIP grant program is to reduce fatalities and serious injuries on public roads. The total amount approved through the HSIP was \$2,513,970. On December 23, 2019, the California Department of Transportation (Caltrans) approved the City's Request for Authorization to Proceed (E-76), which allows reimbursable work on the project for the City.

The McLaughlin Avenue Safety Enhancement Project between Owsley Avenue and Loupe Avenue (see attached map) will enhance pedestrian safety and calm traffic along McLaughlin Avenue.

The project will install and/or replace ADA compliant curb ramps, traffic islands, sidewalk, luminaires, signage, and rectangular rapid flashing beacons at two intersections (Idlewood Drive and Umbarger Drive). The project will also install median islands and trees throughout the McLaughlin Avenue corridor. This combination of enhancements will provide greater pedestrian safety and walkability, especially at night and during inclement weather.

Construction is scheduled to begin in July 2020 with completion expected in November 2020.

### **ANALYSIS**

On February 13, 2020, the City of San José received a total of 5 bids with the following results:

| <u>Contractor</u>                 | <u>Base Bid</u>  | <u>Variance Amount</u> | <u>Over/ (Under)<br/>Percent</u> |
|-----------------------------------|------------------|------------------------|----------------------------------|
| Wattis Construction Company, Inc. | \$1,682,160      | (\$644,840)            | (27)                             |
| Granite Rock Company              | 1,843,491        | (483,509)              | (21)                             |
| Redgwick Construction Company     | 1,935,870        | (162,787)              | (17)                             |
| Sposeto Engineering Inc.          | 2,000,758        | (326,242)              | (14)                             |
| <b>Engineer's Estimate</b>        | <b>2,327,000</b> | --                     | --                               |
| Lewis and Tibbitts, Inc.          | 2,362,030        | \$35,030               | 2                                |

The low bid submitted by Wattis Construction Company, Inc., is \$1,682,160 and 27 percent under the Engineer's Estimate. The bid is considered acceptable for the work involved in the project. While the estimate was based on a slightly increasing trend of construction cost observed over the past few years, the bid received was lower than the estimate which can be attributed to a competitive bidding environment. In addition, the general contractor has worked with the City of San José on similar projects previously and are familiar with the roadway safety enhancement projects.

Wattis Construction Company Inc. has been in business for more than 30 years and has constructed numerous roadway and site improvement projects in California, including the City of San José, County of Santa Clara, and several other cities and counties in northern California.

Recent projects that Wattis completed for the City of San José are Ocala Avenue Bike and Pedestrian Improvement and The Alameda – A Plan for the Beautiful Way (Phase I).

### **DBE Program Requirements**

As a recipient of federal highway funds, the City of San José must comply with the requirements of Title 49 CFR 26 entitled “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs” (DBE Program). The primary objective of the DBE Program is to provide small businesses owned and controlled by socially and economically disadvantaged individuals a fair opportunity to compete for federally funded transportation contracts.

Under the DBE Program, a contractor bidding on a federally-funded transportation project must meet one of the following requirements to be eligible for award of the construction contract:

1. That it has sufficient commitments for participation by “disadvantaged business enterprises” to meet a pre-established goal for the specific contract (DBE Goal); or
2. If it does not have sufficient commitments to meet the DBE Goal, that it made “good faith efforts” to achieve the goal by taking all “necessary and reasonable steps” to do so.

In accordance with the Federal Regulations, Title 49 CFR Part 26, a DBE Goal of 11 percent was established for this project. Wattis Construction Company, Inc. exceeded the 11 percent DBE Goal and committed to \$268,100 or 16 percent DBE participation.

San José Municipal Code Section 7.04.050 provides that the contingency for all public works contracts (except those involving the renovation of a building or buildings) cannot exceed ten percent of the total contract amount. Staff recommends a ten percent contingency, which should be sufficient to account for unforeseen conditions that might arise during construction.

### **CONCLUSION**

As a result of the evaluation of bids and DBE Program requirements, staff recommends the award of contract to Wattis Construction Company, Inc. in the total amount of \$1,682,160 and approval a 10 percent contingency in the amount of \$168,216.

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

No additional follow up action with the City Council is expected.

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March 16, 2020

**Subject: Award of Contract for the 8176 – McLaughlin Avenue Safety Enhancement Project (Between Owsley Avenue and Loupe Avenue), Federal Project No. Hsipl-5005(157)**

Page 4

### **CLIMATE SMART SAN JOSÉ**

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

### **PUBLIC OUTREACH**

To solicit contractors, this project was listed on Biddingo. The complete bid package and project information for all Department of Public Works construction projects are available on Biddingo for interested contractors, contractor organizations, and builders' exchanges.

During the project development phase, DOT staff held a community meeting on April 18, 2019 to present information about the project and solicit feedback. Additionally, DOT staff have coordinated this project with the affected property owners and surrounding businesses on several occasions.

Staff and the contractor will continue public outreach to the affected neighborhoods and businesses prior to and during construction.

This memorandum will be posted on the City's website for the April 7, 2020, City Council Agenda.

### **COORDINATION**

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

### **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

### **FISCAL/POLICY ALIGNMENT**

The project also aligns with the Transportation and Aviation Services CSA outcomes to provide viable transportation choices that promote a strong economy and to provide a transportation system that enhances community livability.

**COST SUMMARY/IMPLICATIONS**

|    |   |                    |
|----|---|--------------------|
| 1. | AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$3,299,188 |                    |
|    | Project Delivery                                      | \$1,448,812 *      |
|    | Construction  | 1,682,160          |
|    | Contingency (10%)                                     | 168,216            |
|    | <b>TOTAL PROJECT COSTS</b>                            | <b>\$3,299,188</b> |
|    | Prior Cost Expenditures through                       | (495,907)          |
|    | <b>REMAINING PROJECT COSTS</b>                        | <b>\$2,803,281</b> |

\* Project Delivery includes \$591,753 for Design Services and \$857,697 for Construction Management and Inspection Services.

|    |  |                    |
|----|--|--------------------|
| 2. | COST ELEMENTS OF CONTRACT:                             |                    |
|    | Clear and Grub, Permits, Cleanup, and other Misc. Work | \$218,336          |
|    | Storm Drain Facilities                                 | 7,650              |
|    | Concrete Work  | 726,391            |
|    | Asphalt Concrete Pavement                              | 18,644             |
|    | Traffic Signage and Striping Work                      | 132,970            |
|    | Electrical Work  | 109,907            |
|    | Landscaping Work                                       | 468,262            |
|    | <b>TOTAL AGREEMENT/CONTRACT AMOUNT</b>                 | <b>\$1,682,160</b> |

3. SOURCE OF FUNDING: 429 – Building and Construction Tax Fund.

4. FISCAL IMPACT: The operating and maintenance costs of this project is estimated to be \$10,000 and will be factored into the 2020-2024 Five-Year Forecast and 2019-2020 budget process.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum.

| Fund # | Appn # | Appn. Name  | Current Total Appn | RC #   | Amt. for Contract | 2019-2020 Adopted Capital Budget Page | Last Budget Action (Date, Ord. No.) |
|--------|--------|---|--------------------|--------|-------------------|---------------------------------------|-------------------------------------|
| 429    | 7769   | McLaughlin Avenue Pedestrian/Bike Safety Enhancements | \$4,982,000        | 192655 | \$1,682,160       | V-816                                 | 10/22/2019, 30325                   |

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Page 6

**CEQA**

Categorically Exempt, File No. PP18-029, CEQA Guidelines Section 15301(c), Existing Facilities

/s/

MATT CANO

Director of Public Works

/s/

JOHN RISTOW

Director of Transportation

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

Attachment: Location Map

