



Legislation Text

File #: 18-332, **Version:** 1

Staff Report for a Resolution of the City Council for the City of San Leandro to Award a \$10,163,485 Construction Contract to DeSilva Gates Construction LP for the Annual Overlay / Rehabilitation 2017-18, Project No. 2018.0050; Authorizing the City Manager to Negotiate and Approve Individual Change Orders Up to 5% of the Original Contract Amount; and Authorizing the City Manager to Negotiate and Approve Change Orders Up to a Cumulative Value of 13% of the Original Contract Amount; and City Council Approval to Appropriate \$3,225,000 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 DeSilva Gates Construction, L.P (DeSilva Gates) in the amount of \$10,163,845;
- Authorize the City Manager or his designee to negotiate individual change orders up to 5% of the original contract (\$508,192);
- Authorize a total change order amount up to 13% of the original contract (\$1,321,300); and
- Appropriate \$3,225,000 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 (PCI) 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), which addresses 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. Expenditures in excess of this amount will increase the overall condition of the City's road system.

This project will overlay and reconstruct 11.7 lane-miles of roadway on 22 different streets throughout the City. The streets selected for overlay are 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. A list of the work locations is attached to this staff report. 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=28566> (first half of documents) <https://www.sanleandro.org/civicax/filebank/blobdload.aspx?BlobID=28567> (second half of documents)

As part of this project, pedestrian curb ramps within the street reconstruction limits will be updated to meet current Americans with Disabilities Act (ADA) accessibility requirements. This contract will also construct sanitary sewer point repairs for the Sanitary Sewer Point Repair 16/17 Project that are located within planned street construction limits using WPCP Enterprise funds.

This is the largest street improvement project in the City's history and is a direct result of voter approval of local sales tax measures such as Measure B and BB. As a result of voters' willingness to approve this funding, the City will improve the overall condition of its streets.

Analysis

Bids were opened on June 22, 2018. Two bids were received, with base bids ranging from \$10,163,845 to \$11,579,029. The pre-bid engineer's estimate for the base bid construction was \$10,097,285. The low bidder, DeSilva Gates, was determined by staff to be the lowest responsive bidder.

The contract includes an Additive Alternate A for the reconstruction work on Durant Avenue. Cost for the additive alternate ranged from \$1,469,660 (De Silva Gates) to \$2,064,239 (Granite Construction). The pre-bid engineer's estimate for construction of Alternate A was \$1,642,000. Unfortunately, the City is not awarding Alternate A because the northern half of Durant Avenue lies within the City of Oakland, and that municipality is not prepared to fund their fair share of the work at this time.

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 Columbia Electric listed as their sole local subcontractor, whose subcontract value represents 1% 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 contractors performing trades applicable to the 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% (\$508,192) of the original contract amount and cumulative change orders up to 13% (\$1,321,300) of the original contract amount. This will ensure efficient completion of the project on budget and on schedule.

Construction costs have increased much quicker than inflation. This resulted in an updated project cost estimate of \$12,045,000, that is greater than the original approved budget amount of \$8,820,000 and therefore additional funding is necessary to construct the project as envisioned. An additional \$3,225,000 of Measure B Grant funds are requested for this project. The City will receive \$7,000,000 in Measure BB Grant Funds in Fiscal Year 18-19 to fund street rehabilitation projects.

Current Agency Policies

- Maintain and enhance San Leandro's infrastructure.

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.

Permits and/or Variances Granted

Caltrans Encroachment Permits will be obtained for work on affected traffic loops on East 14th Street.

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 June 8, 2018.

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.

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 \$12,045,000 as described below

Design and Bid	\$ 109,855
Construction Contract	\$10,163,845
Construction Management and Inspection	\$450,000
Construction Contingency	<u>\$1,321,300</u>
Total	\$12,045,000

The above cost is based upon the Base Bid award amount and does not include Additive Alternate A work on Durant Avenue.

Budget Authority

This street rehab project will be funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount</u>
141-38-392-5240	FY 2017-18 Budget, Measure B and BB	\$1,500,000
141-39-392-5240	FY 2017-18 Budget, Measure BB Grant	\$6,000,000
142-38-392-5240	FY 2017-18 Budget, Gas Tax	\$185,000
143-38-392-5240	FY 2017-18 Budget, Measure F (VRF)	<u>\$950,000</u>
	Sub Total	\$8,635,000

The sanitary sewer point repair work will be funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount</u>
593-52-262-5240	FY 2016-17, WPCP Enterprise Fund	<u>\$185,000</u>
	Sub Total	\$185,000

Total currently appropriated	\$8,820,000
<u>Appropriation requested by this action in account 141-39-392-5240</u>	<u>\$3,225,000</u>
Total Proposed Project Funding	\$12,045,000

Attachments to Staff Report

- Bid Results Summary
- Project Street List

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