TO:       HONORABLE CITY COUNCIL

FROM:      CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE:      AUGUST 7, 2006

CMR:324:06

SUBJECT: APPROVAL OF A CONTRACT WITH C.F. ARCHIBALD INC. IN THE AMOUNT OF $3,746,646 FOR THE 2006 STREET MAINTENANCE PROGRAM PHASE 2 CAPITAL IMPROVEMENT PROJECT PE-86070; AUTHORIZATION FOR THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE ONE OR MORE CHANGE ORDERS TO THE CONTRACT WITH C.F. ARCHIBALD INC. FOR RELATED, ADDITIONAL BUT UNFORESEEN WORK THAT MAY DEVELOP DURING THE PROJECT, THE TOTAL VALUE OF WHICH SHALL NOT EXCEED $374,665

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute the attached contract in the amount of $3,746,646 with C.F. Archibald Inc. (Attachment A) for the 2006 Street Maintenance Program, Phase 2 - Capital Improvement Project PE-86070; and

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with C.F. Archibald Inc. for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed $374,665.

BACKGROUND

Public Works Engineering manages the annual resurfacing and reconstruction of various City streets. The candidate streets are surveyed and rated biannually by a computerized pavement management system. The annual street maintenance projects typically encompass about eight lane miles of asphalt concrete paving and eight lane miles of slurry sealing, with a program budget of about $2 million for all project phases. In 2003 and 2004, Public Works Engineering implemented multi-phased resurfacing projects and bid one phase for concrete repairs and a second phase for asphalt concrete resurfacing. In 2005, a third phase was added for preventative maintenance utilizing cape and slurry sealing. This phasing proved to be more cost-effective by avoiding the typical 15% markup on concrete work and cape/slurry sealing previously included in asphalt resurfacing contracts because this work was subcontracted out.
On May 15, 2006 the City Council awarded a contract in the amount of $1.1 million for Phase 1 of the 2006 Street Maintenance Program (CMR:214:06). This project, which is currently under construction, focused on cape and slurring sealing approximately 13 lane miles of City streets as a preventive maintenance measure.

**DISCUSSION**

This year the Phase II project will use the remaining budget in the 2005-06 Street Maintenance Program plus most of the 2006-07 program budget to take advantage of current bid prices and allow for more work than in previous years to reduce future street maintenance backlog. The Phase II project is responsive to the City Auditor’s street maintenance program audit in reducing the street maintenance program backlog and in the aggressive coordination effort undertaken by Public Works and the Utilities Department to ensure that the streets undergoing repair will not be cut by planned future utility work (except unforeseen emergency work or private developments). It is anticipated that additional revenues for 2006-07 street maintenance activities will be brought to the City Council as part of the mid-year budget review, particularly from State Proposition 42 monies allocated to Palo Alto and revenues collected from the City’s street cut fees. This additional funding, along with the planned 2007-08 street maintenance budget, will allow for the planned SOFA (South Of Forest Avenue) area street maintenance work scheduled for summer 2007 after the Utility projects in this area are completed, and needed maintenance work on other priority streets.

**Phase II Scope of Work**

The Phase II Street Maintenance Project will address street repair needs on over 11 lane miles of City streets. Attachment B is the list of streets included in the Phase II contract. This year staff has included $821,600 (Add Alternate 1) for base failure repairs on arterial roadways throughout the City to address damaged areas on these streets resulting from the past two winters of heavy rainfall. This work is equivalent to about 3 lane miles of street repairs and will prolong the useful life of these streets until such time as utility work is completed and they are prioritized for inclusion with future street maintenance contracts for slurry/cape sealing or resurfacing.

Staff has included two additional add alternate bid items in the Phase II contract to address other high priority streets:

- Two blocks of Forest Avenue from Ramona Street to High Street and one block of Embarcadero Road from Middlefield Road to Fulton Street
- One block of High Street from Channing Avenue to Addison Avenue and one block of University Avenue from Hale Street to Chaucer Street

This year the City also received Surface Transportation Program (STP) in the amount of $788,000 to resurface two sections of upper Page Mill Road, eight blocks of Embarcadero Road and nine blocks of University Avenue. This work is included in the Phase II project. University Avenue from the East Palo Alto city limits to Hale Street and Embarcadero Road from Emerson Street to Fulton Street will be overlaid.

The Phase II project will replace pavement and install new valley gutters on Military Way, Magnolia Drive to El Camino Real. This project is needed to provide a drainage solution for the remaining ponding problems on La Selva and Magnolia Drives. Storm drainage, street and
sidewalk reconstruction has been coordinated on Waverly Street from Oregon Expressway to Colorado Avenue as part of the project.

The Phase II project will also include resurfacing of numerous sections of failed or broken curb and gutters on Middlefield Road between the Menlo Park City limit and Melville Avenue. Two new valley gutters across Lincoln Avenue and Kingsley Avenue will be constructed along the western side of Middlefield Road. The new gutters will reduce standing water and will prolong the life of the new asphalt pavement.

Lastly, the Phase II project includes planned lane restriping usually done by Public Works Operations. By including this work in the contract, the striping is more cost effective allowing more streets to be restriped and will result in a decrease in the striping backlog. Funding for this work in the amount of $30,000 will be transferred to the project from Public Works Operations.

Following the award of contract, businesses and residents affected by the project will be notified. The contractor will hand deliver door hanger notices seven days and 24 hours in advance of the construction work on each street. Work is expected to start in late August and be complete in December.

Project Coordination
The streets included in the Phase II project have been extensively coordinated to avoid conflicts with utility maintenance and sidewalk repair work. Much of this planned street maintenance work was scheduled in conjunction with planned utility maintenance work resulting in increased efficiency and less disruption to Palo Alto residents. For example, street maintenance work on Waverley Street from Oregon Expressway to Colorado Avenue was deferred two years to allow for electrical underground work and sidewalk replacement. Similarly, street maintenance work on Bryant Street from Santa Rita Avenue to North California Avenue was deferred two years to allow for new utility service connections. Work on Melville Avenue from Waverley Street to Cowper Street was deferred five years to allow for gas main replacement and street maintenance work. Paving on Forest Avenue from Ramona Street to Emerson Street was deferred two years, due to a gas main replacement.

Many priority streets needing street maintenance work have been moved out to future years to accommodate planned utility replacement work to avoid cutting into newly repaved streets (see Attachment E). Similarly, some planned utility work was moved up so that street maintenance work on University Avenue from Hale Street to the City limit and on Embarcadero Road from Emerson Street to Fulton Street could be moved forward to the Phase II contract to take advantage of the STP funding mentioned previously in this report.

Lastly, repaving of High Street from Homer Avenue to Addison Avenue has been included in Phase II to repair damage resulting from the 800 High Street housing project. The developer of this project will contribute approximately $15,000 for this work under the terms of the Subdivision Improvement Agreement.

Staff from Utilities and Public Works Departments continue to meet monthly to coordinate work and plan future projects. In response to the City Auditor’s report, “targeted zones” are being
identified where utility work will precede needed street maintenance on a regional basis. The first of these zones is the SOFA area bounded by Waverley and Ramona Streets, Homer and Channing Avenues. Street maintenance work in this “zone” will be included in the 2007 street maintenance project. The next “zone” is the College Terrace area, targeted for street maintenance work in 2008-10. Barron Park has been identified as a potential targeted zone where utility work may be concentrated to allow for completion of remaining street maintenance needs in two phases (north and south) in the next five years. Staff will continue to pursue the targeted work zone approach to better coordinate utility and street maintenance work to minimize cutting into newly paved streets and lessen disruption to the public.

Backlog Reduction
The City’s Pavement Management and Maintenance System (PMMS) calculates new pavement condition index (PCI) scores each year based on the streets included in a given project. The City’s current street maintenance backlog is measured by comparing the PCI scores from year to year. A PCI score of 100 indicates a newly paved or resurfaced street with an approximate 20 year pavement life and scores close to zero indicate streets that have exceeded their useful life and need to be completely replaced. Attachment F is a graph showing how the percentage of excellent and good condition streets have both increased by 2% as a result of the 2006 street maintenance projects (both phases I and II) while the corresponding percentages of average and poor streets have dropped by 1% and 3% respectively. A primary goal of the street maintenance program is to increase the percentage of streets in excellent and good condition and reduce the number of streets in average and poor condition. Streets considered in excellent condition have PCI scores ranging from 91 to 100, good streets have PCI scores ranging from 75 to 90, and average streets have PCI scores ranging from 60 to 74, while poor streets have PCI scores ranging from 0 to 59. As a result of the 2006 Street Maintenance Program, the PMMS data show that 73% of the City’s streets are in good to excellent condition (an increase of 4% over 2005) while 27% of the City’s streets are in average to poor condition (a decrease of 4% over 2005). Future street maintenance projects will continue to improve the percentages of streets in excellent and good condition.

Bid Process
A notice inviting formal bids for the 2006 Street Maintenance Program Phase 2 project was posted at City Hall May 24, 2006 and sent to 10 builders' exchanges and 10 potential bidders. The bidding period was 21 days. Bids were received from two qualified contractors on June 20, 2006 as listed on the attached bid summary (Attachment C). Bids ranged from a total low bid of $4,282,731 to a high of $4,417,249. Staff evaluated a bid pricing error on O’Grady Paving’s bid which increased their bid to $4,417,249 over that of C.F. Archibald’s bid with all alternates totaling $4,282,731. Therefore, C.F Archibald’s bid was considered the low bid.

The low bid is 26 percent over the engineer’s estimate of $3,409,798. The engineer’s estimate was based on a standard rate of 3% to 5% inflation increase in costs received on the prior street maintenance project. Construction costs have increased by 25% to 30% due to a surge in raw material and energy costs which resulted in the higher bid prices. Contractors not submitting bids indicated that they were too busy with other projects to bid.
Summary of Bid Process

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<th>Bid Name/Number</th>
<th>2006 Street Maintenance Program Phase 2 / IFB #116969</th>
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<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>180 calendar days</td>
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<td>Number of Bids Mailed to Contractors</td>
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<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
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<td>Pre-Bid Meeting?</td>
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<td>Number of Company Attendees at Pre-Bid Meeting</td>
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<td>Number of Bids Received:</td>
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<tr>
<td>Bid Price Range (including all 6 alternates)</td>
<td>Low bid $4,282,731 to a high of $4,417,249</td>
</tr>
</tbody>
</table>

The Certification of Nondiscrimination is Attachment D.

Staff recommends that the base bid, plus add/alternates 1, 2 and 4 for a total bid of $3,746,646 submitted by C.F. Archibald Inc be accepted and that C.F. Archibald Inc. be declared the lowest responsible bidder. The change order amount of $374,665 (which equals 10% of the total contract) is requested to resolve unforeseen problems and/or conflicts that may arise during the construction period. Staff checked references supplied by the contractor for previous work performed and found no significant complaints. Staff also checked with the Contractor's State License Board and found that the contractor has an active license on file.

**RESOURCE IMPACT**

Due to the size of this annual maintenance project, City staffing levels are not adequate to accomplish the construction work in-house. In addition, the City does not own the type of equipment required to perform this work and staff believes that it is cost effective to have the work performed by outside contractors.

Funds for this project are included in the Street Maintenance Capital Improvement Program Project PE-86070. The annual budget for the Street Maintenance project PE-86070 is $1,945,000. Since design and construction of this project crosses fiscal years (2005-06 and 2006-07), staff has historically used funding from the first year only, keeping the second years funding for the following year. This year the projects Phase 1 and 2 will make use of the accumulated two years funding in order to address the City Auditor’s recommendations for increased volume of streets maintained and to include the base failure repair as a result of two wet winters. In addition, STP funding in the amount of $788,000 is included to resurface Page Mill Road, Embarcadero Road and University Avenue. This transaction has no impact on the Infrastructure Reserve. Sufficient budget for the 2007 project will be available July 1, 2007 subject to Council approval of the Capital Improvement Budget.

**POLICY IMPLICATIONS**

This recommendation does not represent any change to existing City policies.
ENVIRONMENTAL REVIEW
This project has been determined to be categorically exempt from review under the California Environmental Quality Act (CEQA) as repair and maintenance of existing streets and similar facilities pursuant to CEQA Guidelines, Section 15301 (c).

ATTACHMENTS
Attachment A: Contract
Attachment B: List of Streets
Attachment C: Bid Summary
Attachment D: Certification of Nondiscrimination
Attachment E: Priority Streets Needing Utility Repairs
Attachment F: Pavement Condition

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