TO:  HONORABLE CITY COUNCIL
FROM:  CITY MANAGER  DEPARTMENT: PUBLIC WORKS
DATE:  JULY 28, 2008  CMR: 317:08
SUBJECT:  APPROVAL OF A CONTRACT WITH O’GRADY PAVING INC. IN THE TOTAL AMOUNT NOT TO EXCEED $1,402,354 FOR THE 2008 STREET MAINTENANCE PROGRAM, PHASE 2 CAPITAL IMPROVEMENT PROGRAM PROJECT PE-86070

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute the attached contract in the amount of $1,402,354 with O’Grady Paving Inc. for the 2008 Street Maintenance Program, Phase 2 - Capital Improvement Program 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 O’Grady Paving Inc for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed $140,235.

BACKGROUND
Annually, Public Works Engineering manages the resurfacing and reconstruction of various City streets. The candidate streets are surveyed and rated biannually by a computerized pavement management system. The annual project typically encompasses about eight lane miles of asphalt concrete paving and eight lane miles of slurry sealing, with a project budget averaging $2.2 million annually for all phases of the project. Prior to 2005, projects were bid as one project consisting of slurry and cape seal (preventive maintenance work), concrete street repairs and asphalt concrete resurfacing. In 2005, staff implemented a two phase program: the first phase for preventative maintenance work utilizing cape and slurry sealing with the second phase for concrete street repairs and asphalt concrete resurfacing. This phasing proved to be more cost-effective avoiding the typical 15% markup previously included in asphalt resurfacing contracts where preventative maintenance work was subcontracted out.

The proposed 2008 Street Maintenance Project includes cape sealing six (6) lane miles of collector/resident streets, overlaying six (6) lane miles of backlog streets, and slurry sealing eleven (11) lane miles of collector/resident streets. The additional lanes miles are a result of increased project funding from a State of California Prop 1b grant ($807,120) and savings from the typical 15% markup for subcontracted work.
DISCUSSION

Attachment B provides a list of streets to be resurfaced under the attached Phase 2 Contract. Part of the work under this contract includes related work such as lane striping and various concrete work including replacement of curb ramps, curb and gutters, driveway approaches and sidewalks. Curb ramps will be installed to comply with the guidelines of the Americans with Disabilities Act (ADA). In addition, the contract will incorporate the removal and replacement of approximately 200,000 square feet of asphalt and replace any pavement striping in Foothills Park that was not completed in the 2007 Resurfacing Project with funds from Parks CIP OS-07000.

The bids for this project were 15% below the engineer’s estimate which allows for inclusion of five add alternate bid items allowing for more streets (and 2.3 lane miles) to be included. The additional streets included in these alternates are listed at the bottom of Attachment B. The 2008 Street Maintenance Project will award the base bid and add alternates 2 through 6.

Add alternate 2 is to remove and replace all of the asphalt concrete on Northampton and Southampton Streets, with three inches of new asphalt. These streets were coordinated with the Water Main Replacement CIP program to finish their street trenching within months of the anticipated resurfacing.

Alternates 3 and 4 include two blocks of Bowdoin Street and one block of College Avenue, in the College Terrace neighborhood. This neighborhood is the City of Palo Alto’s second designated targeted work zone (TWZ). A TWZ is a location in which all utility work has been installed at accelerated schedules and most private development has been finalized to accommodate the paving restoration schedule of Public Works. The College Terrace street restoration schedule will be done in phases over the next four years and is expected to complete by 2011 as funding allows. The paving phase in 2011 will include College Avenue following permanent traffic circle modifications and/or improvements. Staff will update the College Terrace residents each year as this work progresses.

Alternates 5 and 6 include one block of Homer Avenue, one block of Ramona Street and one block of Bryant Street all located in the South of Forest Avenue (SOFA) area, the City’s first TWZ. This work will complete 90% resurfacing of the streets in the South of Forest Area neighborhood (SOFA).

Add alternate 1 was to place rubberized asphalt concrete (RAC) on Alma Street using a California Integrated Waste Management Board (CIWMB) grant in the amount of $97,000. During the time this project was out to bid, however, the City was selected for federal grant funding, from the Highway Safety Index Program (HSIP). These funds include $900,000 for Alma Street improvements from Colorado Street to the Mountain View City limits (the same limits planned under the CIWMB grant). Because the HSIP grant provides almost ten times the funding as the CIWMB grant for rubberized asphalt and covers additional work such as guard rails at select locations, staff recommends doing the Alma Street work under the HSIP grant next year and not including add alternate 1 in this contract. Staff will identify another candidate street(s) for rubberized asphalt application under the CIWMB program for the 2009-10 Street Maintenance project.
Project Coordination
Staff from the Utilities Department, Public Works Department and Transportation Division, continue to meet monthly coordinating infrastructure projects city wide. The Phase 2 work in this contract was also coordinated with the Utilities Department by meeting independently with Utilities’ project managers that may have a direct impact on the project. During the coordination meetings, staff has aggressively targeted the South of Forest Area (SOFA) and the College Terrace neighborhoods. Paving the last remaining street in the SOFA area will occur with this project. Staff has developed plans and timelines to complete work in localized geographical areas for College Terrace and other neighborhoods, some of which is included in this project as described above. The targeted areas will be resurfaced over the next several years once utility work is completed in each area to prevent trenching in newly repaved streets.

Streets planned for resurfacing were either postponed due to utility projects or accelerated as a result of obtaining federal/state funding. Staff has made it a priority to ensure newly paved streets are not trenched unless there is a private development project and/or emergency work which could not be scheduled in advance of street paving.

Bid Process
A notice inviting formal bids for the 2008 Street Maintenance Program Phase 2 was posted at City Hall on May 21, 2008 and sent to ten (10) builders' exchanges and 11 bidders. The bidding period was thirty-five days. Bids were received from four (4) qualified contractors on June 24, 2008 as listed on the attached bid summary (Attachment A). The total for all bids, including base bid and add alternate Nos. 1-6, ranged from a low bid of $2,078,987 to a high of $2,355,777.

As mentioned above the low bid is fifteen percent below the engineer’s estimate of $2,459,507. The engineer’s estimate was based on a standard rate of 5% inflation increase in costs received on the prior street maintenance project in 2007.

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<tr>
<th>Summary of Bid Process</th>
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<tr>
<td>Bid Name/Number</td>
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<tr>
<td>Proposed Length of Project</td>
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<td>Number of Bids Mailed to Contractors</td>
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<td>Number of Bids Mailed to Builder’s Exchanges</td>
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<td>Total Days to Respond to Bid</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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<td>Bid Price Range (including all 5 alternates)</td>
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The Certification of Nondiscrimination is Attachment D.
Staff recommends that the base bid, including add/alternates 2 through 6, of $1,402,353 submitted by O’Grady Paving Inc. be accepted and that O’Grady Paving Inc. be declared the lowest responsible bidder. The change order amount of $140,235 (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.

Following the award of contract, businesses and residents affected by the project will be notified by notices describing the work on their streets. Staff will hand deliver notices to affected residents 2 weeks prior to construction start up. “No Parking – Tow Away” signs will be posted on the affected streets three (3) days prior to construction. If the street will be closed during the construction, the contractor will also 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 July and be complete in 120 days.

**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 needed to perform this work and staff believes that it is cost effective to have the work performed by outside contractors.

Funds for this project include the following sources: the Street Maintenance Capital Improvement Program Project PE-86070, Prop 1b, and Foothills Park Road Improvements OS-07000. Funds are budget in this project for this fiscal year.

**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

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