



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Larry D. Lisenbee
James R. Helmer

SUBJECT: SEE BELOW

DATE: 05-24-04

Approved

Date

Council District: 2

SUBJECT: AWARD OF CONTRACT AND ADOPTION OF APPROPRIATION ORDINANCE AMENDMENTS IN THE BUILDING AND STRUCTURE CONSTRUCTION TAX FOR THE BAILEY AVENUE EXTENSION – SEGMENT C PROJECT.

RECOMMENDATION

1. Report on bids and award of contract for the Bailey Avenue Extension – Segment C (Bailey Avenue Overhead at Monterey Road) Project to the low bidder, Shasta Constructors Inc., in the amount of \$4,750,602.20, and approval of a contingency in the amount of \$238,000.
2. Adoption of the following Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 - a. Establish an appropriation to the Department of Transportation for the Bailey Avenue Extension - Segment C Project in the amount of \$4,700,000.
 - b. Decrease the Ending Fund Balance by \$4,700,000.

CEQA: Resolution No. 68705.

BACKGROUND

On October 24, 2000, Council approved the rezoning for the properties of Coyote Valley Research Park (CVRP) for the development of 6,600,000 square feet of campus industrial uses on 688 acres of land that CVRP owns within the 1,444-acre North Coyote Valley Campus Industrial Area. One of the major improvements necessary for the development of North Coyote Valley is the Bailey Extension Project which is the extension of Bailey Avenue from its current terminus to the east across Highway 101, where it will connect with Malech Road in the County of Santa Clara.

Construction of the Bailey Extension Project consists of four segments. Segment A involves construction of a six-lane Bailey Avenue bridge over Coyote Creek and a full interchange at Highway 101. Segment B involves an at-grade connection ramp between the elevated Bailey Avenue and Monterey Road including a traffic signal at Monterey Road. Segment C involves a four-lane grade separation over Union Pacific Railroad (UPRR) tracks and Monterey Road. Segment D involves expanding the grade separation over UPRR tracks and Monterey Road from four to seven lanes and adding an additional connecting ramp at Monterey Road.

Valley Transportation Authority (VTA) is constructing Segments A and B pursuant to a cooperative agreement with the City and a cooperative agreement with the State. Currently, both Segments A and B are under construction with estimated completion in November 2004.

The City will be constructing Segment C, as set forth further in this memorandum.

It is anticipated that the Developer would construct Segment D after the new building space in North Coyote Valley has reached 2 million square feet.

Construction of Segment C is scheduled to begin in July 2004 with completion in November 2005.

In addition to a current appropriation in the amount of \$950,000, this memorandum also recommends funding in the amount of \$4,700,000 as a City advance in the current year for construction of the Segment C project. The total Segment C costs over the life of the project are anticipated to be \$6,353,000. The state Grade Separation Fund is providing grant funding of up to \$5,000,000 for engineering and construction costs, UPRR is providing up to \$403,000 for construction costs in contributions for this project, and CVRP is reimbursing the City \$950,000 for the project. These funds will be reimbursed to the City as construction progresses. The City advance is needed for encumbrance of the construction contract.

ANALYSIS

Bids were opened on April 27, 2004 with the following results:

<u>Contractor</u>	<u>Total Base Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
RGW Construction (Livermore)	\$5,699,547.00	\$1,199,547.00	27
Top Grade Construction (Livermore)	5,256,506.80	756,506.80	17
Granite Rock DBA Pavex (Watsonville)	5,150,150.50	650,150.50	14

MCM Construction (Highlands)	5,003,412.00	503,412.00	11
FCI Constructors (Benicia)	4,934,889.39	434,889.39	10
Shasta Construction (Redding)	4,750,602.20	250,602.20	6
Engineer's Estimate	\$4,500,000	----	----

An Add Alternate to increase the bridge from four lanes to the ultimate seven lanes was also bid on with the following results:

<u>Contractor</u>	<u>Total Add Alternate Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
RGW Construction	\$7,246,019.00	\$1,846,019.00	34
Top Grade Construction	6,270,733.20	870,733.20	16
Granite Rock DBA Pavex	6,038,906.50	638,906.50	12
MCM Construction	5,881,768.00	481,768.00	9
FCI Constructors	5,655,722.49	255,722.49	5
Shasta Construction	5,633,338.20	233,338.20	4
Engineer's Estimate	\$5,400,000.00	----	----

The City does not have the funding to award Add Alternate and CVRP has chosen not to pay the additional cost of this Add Alternate. As a result, staff is recommending that the Add Alternate not be awarded.

The low bid submitted by Shasta Constructors is six percent greater than the Engineer's Estimate. Staffs consider the bid reasonable for the work involved. The amount of this bid keeps the total cost of the Bailey Extension project within the amount contemplated by the City and CVRP in their cooperation agreement.

Council Policy provides for a standard contingency of five percent on public works street projects. The standard contingency is appropriate for this project.

PUBLIC OUTREACH

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the City Attorney's Office, and the Departments of Transportation, Finance and Planning, Building and Code Enforcement.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:

The total cost of this project is \$6,353,000. Of this amount, \$5,403,000 will ultimately be funded by reimbursements from the State and UPRR upon completion of project work. The remaining \$950,000 will be provided by CVRP when it obtains its first building permit within North Coyote Valley. The City is advancing the funds for the project and will be repaid over the next several years. A current appropriation contains \$950,000 for the Bailey Avenue Above Grade Crossing portion of this project, and will be reimbursed by CVRP. In addition, costs of \$4,700,000 for the majority of the contract award are recommended to Council in this memorandum. These costs were assumed in the development of the 2005-2009 Proposed Traffic Capital Improvement Program (CIP). The remaining costs of \$703,000 are recommended in the 2005-2009 Proposed CIP for 2004-2005 and 2005-2006.

In the City's capital budget, revenues associated with this project will be displayed in two line items, as recommended to Council in the 2005-2009 Proposed Traffic CIP. The first is the State Grade Separation – Bailey Extension line item (\$5,000,000 total in 2004-2005 and 2005-2006) and the second is the Union Pacific Railroad – Bailey Extension line item (\$403,000 total in 2005-2006). In addition, \$950,000 will be provided by CVRP when it obtains its first building permit (the total CVRP reimbursement of \$5,000,000 displayed in the Proposed Traffic CIP includes reimbursements for other project phases as well).

All costs and revenues would be programmed in the City's Building and Structure Construction Tax Fund, which is part of the Traffic Capital Program.

2. COST OF PROJECT (Segment C):

Construction	\$ 4,750,600
Construction Contingency	238,000
Design and Construction Management	786,400
Utility Service and Relocation	100,000
Engineering Consultant	<u>478,000</u>
TOTAL	\$ 6,353,000

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

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

This project will have no impact on the General Fund operating budget. All of the costs for the Bailey Avenue Extension - Segment C project will be reimbursed by the State, CVRP and UPRR.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2003-04 Adopted Budget Page	Last Budget Action (Date, Ord.No.)
429	4664	Bailey Avenue Above-Grade Crossing at UPRR	130520-6	\$950,000	\$50,602.20	907	10/14/2003, Ord. No. 26997
429	TBD	Bailey Avenue Extension – Segment C	TBD	\$4,700,000	\$4,700,000.00	N/A	Recommended in this memorandum
		Total		\$5,650,000	\$4,750,602.00		

CEQA

Resolution No. 68705.

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LARRY D. LISENBEE
Budget Director

HF:HS:dcs
(050504CMBailey_7)

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