



COUNCIL AGENDA: 08-23-05

ITEM: 6.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Larry D. Lisenbee

**SUBJECT: GREATER GARDNER STREET
RECONSTRUCTION - SPENCER
AVENUE PROJECT**

DATE: 08-16-05

Approved

Date

8/17/05

Council District: 6
SNI: Greater Gardner

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

- a) Report on bids and award of contract for the Greater Gardner Street Reconstruction – Spencer Avenue Project from Willow Street to Atlanta Avenue to the low bidder, Joseph J. Albanese, Inc., to include the base bid and Add Alternate No. 1 in the amount of \$807,626.65, and approval of a contingency in the amount of \$40,000.
- b) Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Fund):
 1. Increase the appropriation to the Department of Public Works for the Greater Gardner Street Improvements project by \$406,700.
 2. Increase the estimate for Earned Revenue by \$406,700.

CEQA: Exempt, PP04-07-215.

BACKGROUND

The Greater Gardner Strong Neighborhoods Initiative (SNI) Area has identified the repair and reconstruction of streets, sidewalks and related systems as its top priority. Poor soil conditions have led to settlement of the majority of streets in the Gardner area. An engineering analysis was performed to determine the cause of the settlement and appropriate methods to mitigate it. In addition, analysis was performed to determine which streets had the greatest need for reconstruction. Delmas Avenue from West Virginia Street to Route 280 was the first to be

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constructed and is now complete. In June 2005, Council awarded a construction contract for a second street reconstruction project on Minor Avenue from West Virginia Street to Route 280. The project recommended in this memorandum on Spencer Avenue between Willow Street and Atlanta Avenue (map attached), was also identified as one of the top priorities in the neighborhood.

This project is partially funded by the Community Development Block Grant (CDBG) program. Additional funding sources are the Redevelopment Agency and the Sanitary Sewer capital program. The project will completely reconstruct Spencer Avenue. Specifically, new paving, curb and gutter, sidewalk, driveways, wheelchair ramps, fire hydrants, and street trees will be installed. Also, this project will improve the storm drainage system and replace deteriorated sanitary sewer main.

The project will also involve replacing portions of the adjacent property owner's sewer laterals. The need to replace portions of these laterals results from the new alignment of the sewer main and the change in elevation of the new pavement. It also results from the fact that these laterals are generally very old, resulting in a higher likelihood that they will be damaged as work on the project proceeds.

The project will also include installing wye cleanouts on three laterals that currently do not have such cleanouts. The other laterals in the project area already have wye cleanouts. The wye cleanouts will enable the City and contractor to more effectively inspect the work being performed. Additionally, in the future, the wye cleanouts will enhance the ability to inspect various portions of the sewer system, to determine the location of blockages in the sewer system and to remove blockages from the lateral. The installation of these three wye cleanouts will be paid for with San José Redevelopment Agency funds.

The City has obtained the right-of-entry for all properties in order to access 10-foot property frontage for any driveway and sidewalks conform work as well as any sewer lateral work that may be needed during construction. In addition, the project will underground street light services on Spencer Avenue which is an Add Alternate in the contract.

Construction is scheduled to begin in October 2005 with completion in February 2006.

ANALYSIS

Bids were opened on July 28, 2005 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alt Total</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Golden Bay Construction, Inc. (San Carlos)	\$973,918.10	\$14,520.00	\$988,438.10	\$238,296.10	32
Grade Tech, Inc. (San Ramon)	924,979.80	13,200.00	938,179.80	188,037.80	25
Wattis Construction Co., Inc. (San José)	852,805.00	14,256.00	867,061.00	116,919.00	16
Joseph J. Albanese, Inc. (Santa Clara)	793,874.45	13,752.20	807,626.65	57,484.65	8
Engineer's Estimate	739,242.00	10,900.00	750,142.00	---	---

The low bid submitted by Joseph J. Albanese, Inc. is eight percent above the Engineer's Estimate. The bid is considered reasonable for the work involved in the project. The variance can be attributed to the higher cost of oil and in the context of the general state of the local economy.

During a review of the bid proposals, seven mathematical errors were noted in the bid submitted by Joseph J. Albanese, Inc. The number of units multiplied by the unit price on these line items of the quantity sheet does not equal the extended price for these line items. Section 2-1.05 of the City Standard Specifications states that in such situations the actual unit price multiplied by the number of units prevails over the extended price contained in the bid.

Furthermore, the sum of the extended prices does not equal the total contract amount. Section 2-1.05 of the City Standard Specifications states that in such situations the actual sum of the extended prices prevails over the contract amount contained in the bid. Correction of the mathematical error results in the actual bid amount being \$5,281.65 higher than the amount contained in the bid. The table above reflects the corrected bid.

Finally, on seven items of its bid quantity sheet, Joseph J. Albanese failed to fill in the unit price. Staff recommends waiving the failure to fill in the unit price as a minor irregularity pursuant to Section 2-1.06 of the Standard Specifications. For these items, Joseph J. Albanese provided the quantity and the extended price. The failure to provide the unit price does not effect the price of the bid. Moreover, the unit price can easily be determined from the information provided. Waiving the failure to fill in the unit price does not give Joseph J. Albanese any competitive advantage.

Council Policy provides for standard contingency of five percent on public works street projects. The standard contingency is appropriate for this project. The funds budgeted for this project are sufficient to provide for the recommended contingency.

OUTCOME

Award of the construction contract to Joseph J. Albanese will enable the Greater Gardner Street Reconstruction – Spencer Avenue Project from Willow Street to Atlanta Avenue to proceed. Approval of the five percent contingency will allow funding for unforeseen conditions encountered during construction of the project.

PUBLIC OUTREACH

On May 23, 2005, staff held a community meeting to present the scope and give the public an opportunity to comment on the proposed project.

To solicit contractors, this project was listed on the City’s Internet Bid Line and advertised in the *San José Mercury News*. 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 Departments of Transportation, Planning, Building, and Code Enforcement, Parks, Recreation, and Neighborhood Services, San José Redevelopment Agency, the City Attorney’s Office and Finance.

COST IMPLICATIONS

1. COST OF RECOMMENDATION: \$807,626.65

2. COST OF PROJECT:

Project Delivery	\$250,000.00
Construction	807,626.65
Contingency	<u>40,000.00</u>

TOTAL PROJECT COSTS **\$1,097,626.65**

Prior Year Expenditures 80,048.00

REMAINING PROJECT COSTS **\$1,017,578.65**

3. SOURCE OF FUNDING: 441 – Community Development Block Grant Fund
450 – Services for Redevelopment Capital Projects Fund
540 – Sanitary Sewer Connection Fee 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. The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2005-2006 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$ 1,017,579			
Current Funding Available							
450	4881	Greater Gardner Street Reconstruction	136853	79,500*		N/A	MBA #60, 6/21/2005**
441	4881	Greater Gardner Street Reconstruction	135455	260,000	260,000	Operating p. X-12	MBA #60, 6/21/2005**
540	4272	Miscellaneous Projects	136855	271,400***	255,000	Capital p. V-148	
Total Current Funding Available				610,900	515,000		
Additional Funding Recommended							
450	4881	Greater Gardner Street Reconstruction	136855	406,700	292,626.65	N/A	
Total Funding for Remaining Project Costs				\$1,017,600	\$807,626.65		

*The total appropriation of \$182,000 supports street reconstruction work in the Greater Gardner area. The work includes \$79,500 for the Spencer Avenue project described in this memorandum, with the balance remaining for other projects.

**The 2005-2006 Adopted Capital Budget for this project includes a \$182,000 rebudget in the Services for Redevelopment Capital Projects Fund (450) and rebudgets and technical adjustments that bring the 2005-2006 allocation to \$260,000 in the Community Development Block Grant Fund (441). These adjustments and rebudgets were approved by City Council on June 21, 2005.

***The total appropriation is \$500,000 which includes \$271,400 for the Spencer Avenue sanitary sewer work described in this memorandum, with the balance remaining for other projects.

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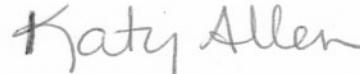
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CEQA

Exempt, PP04-07-215.



LARRY D. LISENBEE
Budget Director



KATY ALLEN
Director, Public Works Department

I hereby certify that there will be available for appropriation in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Capital Fund) in the Fiscal Year 2005-2006 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$406,700.



LARRY D. LISENBEE
Budget Director

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Attachment

GREATER GARDNER STREET RECONSTRUCTION SPENCER AVENUE (WILLOW ST. TO ATLANTA AVE.)

