



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Hans F. Larsen

**SUBJECT:** 2010 PROPOSITION 1B  
SLURRY SEAL PROJECT

**DATE:** 03-14-11

Approved

Date

3/18/11

**COUNCIL DISTRICT:** Citywide

## **RECOMMENDATION**

Approve an increase in the construction contingency for the 2010 Proposition 1B Slurry Seal Project from five percent to ten percent, for an increase from \$160,668 to \$321,336.

## **OUTCOME**

Council approval of an increase in the contingency from five percent to ten percent will provide funding to address unanticipated and additional work required to complete the project.

## **BACKGROUND**

On April 20, 2010, City Council awarded the 2010 Proposition 1B Slurry Seal contract to Graham Contractors Inc, in the amount of \$3,213,367 including a five percent contingency in the amount of \$160,668. The scope of the project was to surface seal approximately 150 miles of residential and arterial City streets. The notice to proceed to the contractor was given on June 1, 2010 and the project is complete. During the course of construction, additional work was included in the scope of the project to meet unexpected needs.

## **ANALYSIS**

The Department of Transportation (DOT) annually schedules streets to be surface sealed as part of the City's Pavement Maintenance Program. Surface sealing is the process of applying approximately a one-quarter inch thick mixture of oil and aggregate to the existing surface of a street to protect it from the environment and provide a new wearing surface. When used on streets in acceptable or better condition, it is one of the most cost-effective ways to preserve and extend the service life of a street.

The contingency amount allocated for a construction project is typically used to cover work within the original project scope that is the result of unforeseen situations that arise during construction. During the course of this slurry seal project construction, several unexpected issues arose that were outside of the original project scope and that exceed the capacity of the five percent contingency.

First, Airport Boulevard near the Norman Y. Mineta San Jose International Airport was added to the project scope and slurry sealed in advance of the new airport terminal opening. The slurry seal treatment was a needed treatment for the street and it provided a fresh and attractive appearance that was appropriate for the opening of the new terminal.

Second, McCoy Avenue, which is jointly owned and maintained by the City of San José, City of Saratoga, and the City of Campbell, was added to the project scope and slurry sealed. The other cities expressed an interest in slurry sealing McCoy Avenue and San Jose agreed to perform the work using the existing slurry seal contract. A cooperative agreement among the cities was established and DOT completed the work.

Third, the nation experienced a roadway paint shortage during last year's construction season that affected the contractor's ability to install stripings and markings in a timely manner after the streets were slurry sealed. In order to maintain proper and safe traffic and pedestrian control on the newly paved streets, temporary markings and striping were needed and installed by the contractor using alternative paint products. Once the contractor was able to obtain the specified paint, the permanent markings and striping were installed.

For each of these unexpected situations, adding the described work to the project scope, instead of developing a separate contract or completing the work through a different means, was the most cost-effective and efficient approach.

Staff requests that Council approve the increase in the project contingency by the amount of \$160,668 for a total contingency of \$321,336 to cover this additional needed work. An increase from five percent to ten percent of the construction contract amount would provide sufficient funding to cover the costs associated with the additional work and allow for closeout of the project.

### **EVALUATION AND FOLLOW-UP**

The project is currently in the construction close out phase. No additional follow up actions with the Council are expected at this time.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet any of the above criteria; however, this memo will be posted on the City's website for the Council agenda. To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record* and bid packages for this construction project were also provided to various contractor organizations and builders' exchanges.

### **COORDINATION**

This project has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Public Works Department.

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council-approved Budget Strategy Economic Recovery sections in that it will spur construction spending in our local economy. The project is also consistent with the Council-approved Budget Strategy General Principles section in that it protects vital core City services.

**COST IMPLICATIONS**

1. COST OF PROJECT:		
Project Delivery/Development		\$321,337
Construction Contract		\$3,213,367
Contingency		\$321,336
	TOTAL PROJECT COSTS:	<u>\$3,856,040</u>

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:		
Sealing		\$2,151,971
Striping/Markings		\$849,726
Traffic Control and Police		\$85,170
Crack Filler		\$126,500
	TOTAL CONSTRUCTION CONTRACT COSTS:	<u>\$3,213,367</u>

3. SOURCE OF FUNDING: 465 - Construction Excise Tax Fund

4. FISCAL IMPACT: The increased project cost will have no net operating and maintenance costs to the General Fund.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo, including project delivery, construction, and contingency costs.

Fund #	Appn #	RC #	Appn. Name	Total Appn	Amt. for Contract	2010-2011 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
465	6174	160365	Prop 1B – Pavement Maintenance	\$ 6,226,000	\$760,423	V-876	10/19/2010, Ord. No. 28829
465	5216	163895	Gas Tax – Pavement Maintenance	\$ 8,671,000	\$2,452,944	V- 869	02/08/2011, Ord. No. 28888
<b>Total Current Funding Available =</b>				\$14,897,000	\$3,213,367		

HONORABLE MAYOR AND CITY COUNCIL  
03-14-11  
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**CEQA**

Exempt, File No. PP09-101.

/s/

HANS F. LARSEN  
Acting Director of Transportation

For questions please contact Rene Cordero, Division Manager, at 277-8147.