



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: 2012 SLURRY SEAL PROJECT

DATE: July 16, 2012

Approved

Date

7/26/12

RECOMMENDATION

Report on bids and award of contract for the 2012 Slurry Seal Project to the low bidder, Graham Contractors, Inc. in the amount of \$1,139,413.50 and approval of a five percent contingency in the amount of \$56,970.68.

OUTCOME

Approval of this construction contract to Graham Contractors, Inc. will help maintain and preserve approximately 26 miles of streets in the Priority Street Network approved by Council in March 2012. Sealing these streets will extend their useful life and defer more costly repairs and rehabilitation. Approval of a five percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project.

BACKGROUND

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 "fair" or better condition, it is the most cost-effective way to preserve and extend the service life of a street.

This contract specifies a single surface seal on approximately 26 miles of streets in the Priority Street Network. Information provided by the City's computerized Pavement Management System is used to identify candidate streets for sealing. The final list of streets to receive sealing is established using the following criteria:

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- Streets that most cost-effectively maximize the condition of the Priority Street Network;
- Streets in suitable condition for sealing;
- Streets not affected by current or future street related projects;
- Relative location of street segments to create multiple, continuous segments, consistency within neighborhoods, and project efficiency;
- Appropriate geographical distribution of street maintenance over a multiple year period.

The attachment to this memo contains the list of streets designated to receive treatment. The list may be slightly altered as unforeseen circumstances arise or new information regarding other street-related projects becomes available.

ANALYSIS

Bids for this project were received on July 12, 2012, with the following results:

Contractor	City	Bid Amount	Variance Amount	% Over/Under Estimate
Project Engineer's Estimate	----	\$1,037,000.00	----	----
Graham Contractors, Inc.	San Jose	\$1,139,413.50	\$102,413.50	9.88% over
Valley Slurry Seal	Sacramento	\$1,349,746.00	\$312,746.00	30.16% over

The bid documents have been evaluated and found to be in order. The low bid submitted by Graham Contractors, Inc., is \$1,139,413.50 and it is 9.88% over the Engineer's Estimate. The Project Engineer's Estimate for this project is \$1,037,000.00. The estimate is based on bids received from similar past projects and current estimated construction prices. The higher than expected bid from Graham Contractor, Inc. is believed to be a result of improved conditions in the construction industry and the bid process occurring later in the construction season than usual. Historically, the selection of streets for the annual slurry seal project occurred in January, allowing time to complete project design, bid, and award between April and June. This year, the list of streets was finalized following the adoption of the Priority Street Network by the City Council in March, delaying preparation of the project for bid and award. The bids are still considered good and adequate funding is available in the Pavement Maintenance Fund to cover the additional \$102,413.50.

Council Policy provides for a standard contingency of five percent on projects involving street sealing. Staff considers the standard contingency appropriate for this project.

Construction is scheduled to begin in September 2012 and will be completed before the end of December 2012.

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EVALUATION AND FOLLOW-UP

The project is currently scheduled to be completed in December 2012. No additional follow up actions with the Council are expected at this time.

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 award memo will be posted on the City's website for the August 7, 2012 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. In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project, and any appropriate schedule and lane closures to affected businesses and residents. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the schedule dates and time for work to occur on the street.

COORDINATION

This memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This project supports the Transportation and Aviation Services City Service Area goal to *Preserve and Improve Transportation Assets and Facilities* and aligns with the recommended Pavement Maintenance Core Service goal of keeping the City's Priority Street Network pavement conditions and Pavement Condition Index (PCI) in a condition rating of "good"

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(currently 72 PCI). The project is also consistent with the Council-approved Budget Strategy General Principles section in that it projects vital core City services.

COST IMPLICATIONS

1. COST OF PROJECT:

Project Delivery/Development	\$113,941.35
Construction Contract	\$1,139,413.50
Contingency	<u>\$56,970.68</u>

TOTAL PROJECT COSTS: \$1,310,325.53

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Sealing	\$836,040.00
Striping/Markings	\$253,073.50
Police Traffic Control and Misc. Items	<u>\$50,300.00</u>

TOTAL CONSTRUCTION CONTRACT COSTS: \$1,139,413.50

3. SOURCE OF FUNDING: 465 - Gas Tax Pavement Maintenance Fund

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

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memo, including project delivery, construction, and contingency costs. 2012 Slurry Seal Project is 100% funded by State gas tax revenues.

Fund #	Appn #	RC #	Appn. Name	Total Appn	Amt. for Contract	2012-2013 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
465	5216	17087 0	Pavement Maintenance - State Gas Tax	\$9,024,000	\$1,196,384.18	V-684	06/19/2012, Ord. No. 29102
Total Current Funding Available =				\$9,024,000	\$1,196,384.18		

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CEQA

Exempt, File No. PP11-035.

/s/

HANS F. LARSEN

Director of Transportation

For questions please contact Rene Cordero, Division Manager at (408) 794-1986.

Attachment

ATTACHMENT

2012 Surface Sealing (Slurry Seal) Project

CD	STREET NAME	FROM	TO
3	1ST ST N	HENSLEY ST	TAYLOR ST
4	1ST ST N	NORTECH PKWY	LIBERTY ST
3	1ST ST S	REED ST	WILLIAMS ST
3	BALBACH ST	ALMADEN BL	MARKET ST
6	CURTNER AV	ALMADEN EX OVP	STONE AV
1	HAMILTON AV	CAMPBELL AV	400' E/BECK DR
6,9	HILLSDALE AV	ALMADEN EXPWY	MERIDIAN AV
4	HOLGER WY	ZANKER RD	HEADQUARTERS DR
3,4,5	KING RD N	BERRYESSA RD	MCKEE RD
3	MARKET ST	SAN CARLOS ST	REED ST W
6	MERIDIAN AV	PATIO DR	CHERRY GROVE DR
2	MONTEREY RD	BERNAL RD	METCALF RD
6	RACE ST	SAN CARLOS ST	PARK AV
2	SAN FERNANDO *	S. 10TH ST	CAHILL ST
3	SAN SALVADOR ST E	S 10TH ST	S 13TH ST
2,7	SENER RD	MONTEREY HWY	HELLYER AV
7	SENER RD	NEEDLES DR	BURKE ST
5,7	STORY RD	MCLAUGHLIN AV	REMILLARD CT
5	WHITE RD S	CUNNINGHAM AV	TULLY RD
3	WOZ WY	ALMADEN BL	SAN CARLOS ST

*** Remove and Replace Only**