



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: 06-18-04

Approved

Date

Council Districts: 3 & 7
SNI: Spartan/Keyes

SUBJECT: ADOPTION OF 2004-2005 ORDINANCE AMENDMENTS IN THE SERVICES FOR REDEVELOPMENT CAPITAL PROJECTS FUND (CITY-SIDE REDEVELOPMENT FUND) IN THE AMOUNT OF \$163,000 AND AUTHORIZATION FOR THE CITY MANAGER TO AWARD A CONTRACT FOR THE MONTEREY CORRIDOR MEDIAN IMPROVEMENT PROJECT (KEYES STREET TO CURTNER AVENUE).

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

- a. Report on bids and adoption of a resolution authorizing the City Manager to award a contract in the amount of \$2,013,788 for the Monterey Corridor Median Improvement Project (Keyes Street to Curtner Avenue) to the lowest responsive bidder, Joseph J. Albanese Inc., contingent upon approval of the State encroachment permit, and approval of a contingency in the amount of \$161,000.
CEQA: Use of a Final EIR, PP01-07-135.
- b. Adoption of the following 2004-2005 Appropriation Ordinance and Funding Sources Resolution amendments:
 1. Increase the appropriation to the Public Works Department for the Monterey Corridor Median Improvement project (PSM 241#3) by \$163,000.
 2. Increase the estimate for Earned Revenue by \$163,000.

BACKGROUND

The Monterey Corridor Median Improvement Project will construct improvements that will enhance the character of the streetscape and is part of the Neighborhood Business District program to encourage economic vitality. The median island landscape improvements will be low maintenance landscaping consisting of decorative paving, tree plantings and flowering shrubs with mulch surfacing. The improvements for Cadwallader Plaza include new irrigation, trees and turf. The project area is Monterey Road from Keyes Street to Curtner Avenue, and Cadwallader Plaza bounded by Monterey Road, Keyes Street and South Second Street (map attached). The project is located within the right-of-way of State Route 82. This project is funded by the San José Redevelopment Agency (SJRA).

The Department of Transportation required traffic signal modifications to be constructed at the intersection of Monterey Road and Phelan Avenue as a condition of their approval for these median improvements. The design of these traffic signal modifications has been completed as a separate project to streamline the permitting process, and the State encroachment permit was approved for this project in April 2004. The bids for the traffic signal modifications project were opened on May 26, 2004, and the Director of Public Works awarded the construction contract on June 13, 2004. There are sufficient funds budgeted for the traffic signal modifications project.

Construction of the Monterey Road (State Route 82) Median Island Landscape Improvements Project is scheduled to begin in August 2004 with completion in February 2005. Construction of the Traffic Signal Modification Project at Monterey Road (State Route 82) and Phelan Avenue improvements is scheduled to begin in July with completion in November 2004.

ANALYSIS

Bids were opened on May 20, 2004 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Wattis Construction Co. Inc. (San José)	\$2,685,855	\$862,855	47
John Clay General Engineering Contractor, Inc. (Hayward)	2,030,788	207,788	11
Joseph J. Albanese Inc. (Santa Clara)	2,013,788	190,788	10
Blossom Valley Construction, Inc. (San José)	1,960,320	137,320	8
Engineer's Estimate	\$1,823,000	---	---

In addition to the base bid scope of work there was one Add Alternate bid item as follows:

Add Alternate No. 1: Replacement of the base bid interlocking concrete paver with an upgraded concrete cobblestone paver

<u>Contractor</u>	<u>Add Alt No.1</u>
Wattis Construction Co. Inc.	\$150,295
John Clay General Engineering Contractor, Inc.	160,000
Joseph J. Albanese Inc.	130,000
Blossom Valley Construction, Inc.	153,100
Engineer's Estimate	118,000

Staff is recommending that the City Council authorize the City Manager to award the contract to the second low bidder, Joseph J. Albanese, Inc.

The apparent low bidder, Blossom Valley Construction, Inc., submitted a letter and supporting documentation to the City requesting relief from its bid on the grounds it made a \$33,580 clerical error in the price quoted for the demolition, site preparation and earthwork bid time. The request was made within five working days of the bid opening.

Staff believes the letter and supporting documentation submitted by Blossom Valley Construction sufficiently demonstrate that the contractor made a clerical error. Accordingly, staff recommends that Blossom Valley Construction be relieved of its bid pursuant to Section 2-1.095 of the Standard Specifications, which permits such relief for a clerical error when the bidder requests such relief within five working days of the opening of bids. This recommendation makes it unnecessary to address a bid protest submitted by Joseph J. Albanese, Inc. against Blossom Valley Construction.

The lowest responsive bidder, Joseph J. Albanese Inc., is ten percent above the Engineer's Estimate. An evaluation of the bid determined that the design consultant for the project anticipated lower costs for the work progress schedule, electrical, irrigation asphalt concrete planting, construction surveying and the one-year maintenance period. Rising costs for petroleum products and other materials to be used in this project, may have contributed to the high bid results. The two lowest bidders fell within industry standards for bid variance. Therefore staff recommends award to the second lowest bidder.

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

A State cooperative agreement and an encroachment permit are required to be approved for this project, prior to the award of the construction contract. Council approved the cooperative

agreement on May 4, 2004. State approval of the cooperative agreement and the encroachment permit is pending, and it is anticipated that the State will approve the cooperative agreement and will issue the encroachment permit by July 22, 2004. It is imperative that the project be awarded as soon as the encroachment permit is approved in July, during Council recess, to maintain the current project schedule. Accordingly, staff recommends that the City Manager be extended the authorization to award the project once the State approved the cooperative agreement and issues the encroachment permit.

Council policy provides for a standard contingency of five percent on public works projects with minimal excavation, and increases this standard up to ten percent for public works projects with extensive excavation and the presence of unknown subsurface conditions. Staff is recommending a contingency of eight percent for this project, due to the fact that while a limited amount of excavation is to be preformed the project site is located in a street with high traffic volumes. The funds budgeted for this project are sufficient to provide for the recommended contingency.

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 San José Redevelopment Agency, the City Attorney's Office, and the Departments of Finance, and Planning, Building and Code Enforcement.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$2,013,788
2. COST OF PROJECT:

Project Delivery	\$ 713,000	*
Construction	2,013,788	
Contingency	<u>161,000</u>	
Total	\$2,887,788	

* \$527,544 of the Project Delivery Costs were expended or encumbered in prior fiscal years for consultant fees and city design management.

3. SOURCE OF FUNDING: 450 – Services for Redevelopment Capital Projects 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. In the first year, the project will have a neutral effect on the General Fund. After the one-year maintenance period is completed, the project will have moderate operating and maintenance impacts on the General Fund estimated to be in the amount of \$9,800 annually, beginning in Fiscal Year 2005-2006.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	RC	Total Appn	Amt for Contract	Approp. Ordinance	Last Budget Action (Date, Ord. No.)
450	6813	Monterey Corridor Median Improvement	113593	\$2,239,908	\$2,013,788*	Section 20.05	
		Total		\$2,239,908	\$2,013,788*		

* This contract will be funded by the 2004-2005 Capital Budget. A portion of the funds budgeted in 2003-2004 will be rebudgeted to 2004-2005 for this contract. The implementing appropriation ordinance for the 2004-2005 Capital Budget is expected to be adopted by Council on June 22, 2004. The funding from the Redevelopment Agency also includes the installation of a new traffic signal modification at Phelan Avenue.

HONORABLE MAYOR AND CITY COUNCIL

06-18-04

Subject: Monterey Road (State Route 82) Median Island Landscape Improvement Project

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CEQA

Use of a Final EIR, PP01-07-135.

KATY ALLEN
Director, Public Works Department

LARRY D. LISENBEE
Budget Director

JAMES R. HELMER
Director, Transportation 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 2004-2005 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$163,000.

LARRY D. LISENBEE
Budget Director

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Attachment