



City of Gilroy

STAFF REPORT

Agenda Item Title: Award a Contract to McKim Corporation for the FY24 Citywide Pavement Rehabilitation Project No. 24-PW-288 in the Amount of \$3,899,534.55, Approve a Project Contingency of \$583,061.45, and Approve a Total Project Expenditure of \$4,482,596.00 for Construction

Meeting Date: April 15, 2024
 From: Jimmy Forbis, City Administrator
 Department: Public Works
 Submitted By: Heba El-Guindy, Public Works Director
 Prepared By: Julie Oates, Engineer II

STRATEGIC PLAN GOALS

Maintain and Improve City Infrastructure

RECOMMENDATION

Award a contract to McKim Corporation in the amount of \$3,899,534.55, approve a project contingency of \$583,061.45, approve a total project expenditure of \$4,482,596.00 for the FY24 Citywide Pavement Rehabilitation Project No. 24-PW-288, and authorize the City Administrator to execute the contract and associated documents.

EXECUTIVE SUMMARY

The City's 5-Year Street Repair Program was approved by City Council on September 13, 2021. City Council adopted the FY24 and FY25 budget, and the Capital Improvement Program (CIP) for FY24 through FY28 on June 5, 2023. These budget documents allotted \$4,482,596.00 for the FY24 Citywide Pavement Rehabilitation Project No. 24-PW-288 (Project).

The Project includes pavement resurfacing or rehabilitation of 58 street segments and associated work. Staff received three bids for constructing the Project. The lowest responsive and responsible Base Bid was received from McKim Corporation in the amount of \$3,741,826.35. The Project also includes a Bid Alternate to rehabilitate two

Award a Contract to McKim Corporation for the FY24 Citywide Pavement Rehabilitation Project^{7,1} No. 24-PW-288 in the Amount of \$3,899,534.55, Approve a Project Contingency of \$583,061.45, and Approve a Total Project Expenditure of \$4,482,596.00 for Construction

alley segments, which was bid at \$157,708.20. The Base Bid and Bid Alternate total \$3,899,534.55. The addition of \$583,061.45 in contingency (15%) brings the total Project expenditure to the budgeted amount of \$4,482,596.00.

BACKGROUND

On March 8, 2021, Public Works Engineering staff presented an Introduction to the City's 5-Year Street Repair Program. This included discussions on pavement alternatives, pavement restoration approaches, pavement program funding scenarios, and funding options. Through those discussions, Council approved a blended pavement restoration approach and approved an increase to the City's annual paving budget from \$1.8 million per year to a minimum of \$3.9 million per year for the following five years in order to improve the City's Pavement Condition Index (PCI) from its then-current rating of 62 to a projected rating of 67. On September 13, 2021, City Council approved the City's 5-Year Street Repair Program.

Construction of the FY22 Citywide Pavement Rehabilitation Project began in August 2022 and included pavement resurfacing or rehabilitation of 149 street segments (approximately 4 million square feet of roadway) and associated work. Construction of the FY23 Citywide Pavement Rehabilitation Project began in June 2023 and included pavement resurfacing or rehabilitation of 120 street segments (approximately 3.3 million square feet of roadway) and associated work.

ANALYSIS

The FY24 Citywide Pavement Rehabilitation Project includes pavement resurfacing or rehabilitation of 58 street segments (approximately 2.3 million square feet of roadway) and associated work. The 58 street segments included in the Base Bid are listed in Attachment 1.

In addition to the 58 street segments in the Base Bid, the Project also advertised the following two bid alternates.

- Bid Alternate 1 - Rehabilitate the alley located between Church Street and Egleberry Street along the segments from Sixth to Seventh Streets and from Eighth to Ninth Streets
- Bid Alternate 2 - Thomas Road Minor Roadway Widening

The Project was advertised in the San Jose Mercury News, on Builder's Exchanges, and on the City's website on February 23, 2024. Staff conducted the bid opening on March 20, 2024 and the City received three bids. A bid summary is provided below.

Description of Work	McKim Corporation	Teichert Construction	Radius Earthwork
Base Bid – 58 Street Segments	\$3,741,826.35	\$3,875,332.00	\$4,149,700.00

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Bid Alt 1 – Alley Rehabilitation	\$157,708.20	\$211,125.00	\$177,465.00
Bid Alt 2 – Thomas Road Minor Widening	\$174,340.52	\$234,537.00	\$161,800.00
Total	\$4,073,875.07	\$4,320,994.00	\$4,488,965.00

The resurfacing of Thomas Road is included in the Base Bid and the road would need to be restriped after it was resurfaced. Since Thomas Road is identified in the City of Gilroy 2040 General Plan as having Class II bike lanes from Luchessa Avenue to Santa Teresa Boulevard, the typical course of action would be to install the Class II bike lanes when the road is restriped. The current width of Thomas Road varies and it is not wide enough to accommodate the Class II bike lanes along the entire length of the road. As a result, Bid Alternate 2, the minor roadway widening of Thomas Road, was under consideration because it would allow the installation of Class II bike lanes along the entire length of the road. Upon further consideration, it was decided to eliminate Bid Alternate 2 because the minor widening of Thomas Road would require an acquisition of right-of-way which would delay the Pavement Rehabilitation Project. In addition, Thomas Road is likely to serve higher traffic volumes during the upcoming construction of the US 101/SR 25 interchange improvements. As a result, the resurfacing, widening, and restriping of Thomas Road to install Class II bike lanes along the entire length of the road will be considered for a future project. Given the bid process, replacement road segments of equivalent value would be applied as a change order following the award of Contract.

The lowest responsive and responsible bid was determined by a review of the complete bid submittal packages. Staff recommends awarding the contract to the lowest bidder, McKim Corporation, with a total bid of \$3,899,534.55 (including the Base Bid and Bid Alternate 1). It should be noted that the two segments under Bid Alternate 1 would add 21,000 square feet to the work as detailed under Attachment 1.

Item	Amount
Base Bid – 58 Street Segments	\$3,741,826.35
Bid Alt 1 – Alley Rehabilitation	\$157,708.20
Contingency (15%)	\$583,061.45
Total	\$4,482,596.00

ALTERNATIVES

The alternative to the staff recommendation is to reject all bids. Staff does not recommend this option.

FISCAL IMPACT/FUNDING SOURCE

The Total Bid, including the Base Bid and Bid Alternate 1, is \$3,899,534.55. Staff also recommends approval of a contingency in the amount of \$583,061.45 (15%) for a total

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construction allocation of \$4,482,596.00. The 15% contingency would be for potential unforeseen conditions or potential changes in the scope of work during construction.

Council adopted the FY24 and FY25 budget and the CIP for FY24 through FY28 on June 5, 2023. The funding for the Annual Citywide Pavement Rehabilitation project (CIP Project 800060) for FY24 is appropriated from the following funds:

Funding Source	Amount
SB-1 Roads Fund (210)	\$1,482,596.00
Measure B Fund (212)	\$900,000.00
Gas Taxes Fund (205)	\$500,000.00
General Fund (100)	\$1,600,000.00
Total	\$4,482,596.00

PUBLIC OUTREACH

Project stakeholders including residences, schools, and businesses in each of the areas affected by the Project will be notified ten working days and again 72 hours in advance of the start of scheduled construction. The City will also conduct extensive public outreach through a social media campaign.

NEXT STEPS

Upon the City Council's approval of this contract, the contract will be executed, and staff will work with the contractor, McKim Corporation, to develop a final Project schedule. Construction is expected to begin in May 2024 and be completed in October 2024.

Attachments:

1. List of the FY24 Citywide Pavement Rehabilitation Project - Street segments and associated square footage
2. Draft Agreement between the City of Gilroy and McKim Corporation

**FY24 Citywide Pavement Rehabilitation Project
Base Bid - Street Segments & Area Square Footage**

Segment No.	Street Name	From	To	Area (SF)
1	BAY TREE DR	POPLAR DR	EAST END	12,425
2	BLAKE CT	END	SANTA THERESA DR	19,741
3	BRITTANY CT	MANTELLI DR	END	14,241
4	CARR PL	END	SIXTH ST	27,601
5	CARRIAGE DR	END	RANCHO HILLS DR	22,967
6	COLONY CT	RANCHO HILLS DR	END	6,028
7	COLONY WY	END	RANCHO HILLS DR	21,437
8	CRAWFORD CT	CRAWFORD DR	END	6,654
9	ELM ST	FOREST ST	SPRINGDALE CT	7,035
10	FOWLER ST	HOXETT ST	WENTZ DR	17,430
11	HAGEN CT	WENTZ DR	END	15,681
12	HERSMAN DR	SANTA BARBARA DR	STEWART DR	34,580
13	HOXETT ST	CHADWICK	FOWLER ST	23,591
14	IVY ST	FOREST ST	SPRINGDALE CT	7,000
15	LOS PADRES CT	SAN MIGUEL ST	END	18,864
16	POPLAR DR	MANTELLI DR	BAY TREE DR	21,910
17	SAN MIGUEL ST	SANTA BARBARA DR	LOS PADRES CT	54,390
18	SANTA THERESA DR	SIXTH ST	THIRD ST	68,775
19	SPENCER CT	MANTELLI DR	CUL DE SAC	25,488
20	SPRINGDALE ST	CUL DE SAC	CUL DE SAC	46,046
21	STEWART DR	HERSMAN DR	END	16,318
22	SYCAMORE CT	POPLAR DR	CUL DE SAC	9,730
23	THAYER CT	CRAWFORD DR	CUL DE SAC	17,011
24	TOYON CT	CUL DE SAC	BAY TREE DR	12,040
25	WENTZ DR	WREN AVE	CARR PL	41,755
26	WILLOW CT	POPLAR DR	CUL DE SAC	9,520
27	ARROYO CIR	CAMINO ARROYO	CAMINO ARROYO	207,173
28	LONGMEADOW DR	RANCHO HILLS DR	CALLE DEL REY	80,300
29	LONGMEADOW DR	SANTA TERESA BLVD	HIRASAKI DR	21,708
30	MANTELLI DR	WEST END	RANCHO HILLS DR	225,632
31	THOMAS RD	200' S/O LUCHESSA AVE	SANTA TERESA BLVD	122,866
32	WILD IRIS DR	MANTELLI DR	SOUTH OF ROUNDABOUT	4,000

FY24 Citywide Pavement Rehabilitation Project
Base Bid - Street Segments & Area Square Footage

Segment No.	Street Name	From	To	Area (SF)
33	WREN AVE	FARRELL AVE	VICKERY LN	44,100
34	AYER DR	SANTA BARBARA	END	60,936
35	BYERS ST	SANTA PAULA DR	WREN AVE	32,116
36	BAY TREE DR	WEST END	POPLAR DR	39,620
37	BLACKSMITH DR	TRAILBLAZER WY	SADDLER DR	20,090
38	BLACKWING WY	RANCHO HILLS DR	EAGLE HILLS WY	19,180
39	CHURCH ST	RONAN AVE	WOODWORTH WY	48,608
40	HUDSON PL	END	ORCHARD DR	9,966
41	LIONS CREEK DR	MANTELLI DR	HERITAGE WY	31,710
42	LUPINE CT	LIONS CREEK DR	END	13,611
43	MILIAS CT	END	BYERS ST	14,583
44	NANTUCKET	END	CUMBERLAND DR	13,906
45	ORCHARD DR	CUMBERLAND DR	DEARBORN PL	56,985
46	PRINCEVALLE ST	TENTH ST	EIGHTH ST	50,948
47	QUAILWALK DR	500' SOUTH OF PEREGRINE	EAGLE VIEW WY	29,342
48	SADDLER DR	CHEYENNE DR	WAGON WY	21,875
49	TICONDEROGA	CUL DE SAC	CUMBERLAND DR	19,826
50	TRAILBLAZER WY	LONGMEADOW DR	BLACKSMITH DR	15,575
51	WAGON WY	SADDLER DR	LONE DEER WY	22,890
52	SANTA THERESA DR	THIRD ST	NORTH END	33,040
53	WELBURN AVE	KERN AVE	WREN AVE	94,437
54	WREN AVE	125' S/O WELBURN AVE	FIRST ST	67,788
55	WREN AVE	FIRST ST	SIXTH ST	224,115
56	TENTH ST	ALEXANDER ST	540' E/O ALEXANDER ST	49,000
57	TENTH ST	540' E/O ALEXANDER ST	W/O HWY 101 RAMPS	29,200
58	AUTOMALL PKWY	TENTH ST	100' S/O TENTH ST	8,700
Total Base Bid				2,312,084

Bid Alternate 1 - Alley Segments and Area Square Footage

Segment No.	Street Name	From	To	Area (SF)
59	CHURCH/EIGLEBERRY ALLEY	SIXTH ST	SEVENTH ST	11,000
60	CHURCH/EIGLEBERRY ALLEY	EIGHTH ST	NINTH ST	10,000
Total Bid Alternate 1				21,000
Total Base Bid + Bid Alternate 1				2,333,084

SECTION 00500 AGREEMENT

FY24 Citywide Pavement Rehabilitation Project
PROJECT NUMBER 24-PW-288

THIS AGREEMENT, made this 15th day of April, 2024,
by and between the **City of Gilroy**, hereinafter called the "City," and McKim Corporation
_____ hereinafter called the "Contractor."

WITNESSETH:

WHEREAS, the City has caused the Contract Documents to be prepared comprised of bidding and contract requirements and technical specifications and drawings for the construction of the FY24 CITYWIDE PAVEMENT REHABILITATION PROJECT, PROJECT NO. 24-PW-288, as described therein, and

WHEREAS, the Contractor has offered to perform the proposed work in accordance with the terms of the Contract Documents.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the City and Contractor agree as follows:

Article 1. Work.

Contractor shall complete the Work as specified or indicated in the Contract Documents.

Article 2. Contract Time.

The Work shall be completed by the Contractor in accordance with the Contract Documents within the time period required by Paragraph 00810-2.0, Time Allowed for Completion, subject to extension as expressly provided in the Contract Documents.

Article 3. Liquidated Damages.

The city and the contractor recognize that the city will suffer substantial damages

and significant financial loss as a result of the contractor's delays in performance of the work described in the contract documents. The city and the contractor hereby acknowledge and agree that the damages and financial loss sustained as a result of any such delays in performance will be extremely difficult and impractical to ascertain. Therefore, the city and contractor hereby agree that in the event of such delays in performance, the city shall be entitled to compensation by way of liquidated damages (and not penalty) for the detriment resulting therefrom in accordance with paragraph 00700-6.5, liquidated damages, of the contract documents. The city and the contractor further agree that the amounts designated as liquidated damages are a reasonable estimate of the city's damages and financial loss in the event of any such delays in performance considering all of the circumstances existing as of the date of this agreement, including the relationship of such amounts to the range of harm to the city which reasonably could be anticipated as of the date of this agreement and the expectation that proof of actual damages would be extremely difficult and impractical.

By initialing this paragraph below, the parties hereto signify their approval and consent to the terms of this article 3.

City's Initials



Contractors Initials

Article 4. Contract Price.

In consideration of the Contractors performance of the Work in accordance with the Contract Documents, the City shall pay the Contract Price set forth in the Contract Documents.

Article 5. Contract Documents.

The Contract Documents which comprise the entire agreement between City and Contractor concerning the Work consist of this Agreement (Section 00500 of the Contract Documents) and the following, all of which are hereby incorporated into this Agreement by reference with the same force and effect as if set forth in full.

- Invitation to Bid
- Instructions to Bidders
- Bid Documents
- Designation of Subcontractors
- Bid Guaranty Bond
- Agreement
- Acknowledgements

Performance Bond
 Payment Bond
 General Conditions
 Supplementary Conditions
 General Requirements
 Standard Specifications (Caltrans)
 Technical Specifications
 Drawings
 Addenda, if any
 Executed Change Orders, if any
 Maintenance Bond
 Notice of Award
 Notice to Proceed

Article 6. Miscellaneous.

Capitalized terms used in this Agreement which are defined in Section 01090, References, of the Contract Documents will have the meanings set forth in Section 01090, References.

Contractor shall not assign any rights, obligations, duties or responsibilities under or interest in the Contract Documents without the prior written consent of the City, which consent may be withheld by the City in its sole discretion. No assignment by the Contractor of any rights, obligations, duties or responsibilities under or interests in the Contract Documents will be binding on the City without the prior written consent of the City (which consent may be withheld in City's sole discretion); and specifically but without limitation monies that may become due and monies that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, executed by the City, no assignment will release or discharge the assignor from any liability, duty, obligation, or responsibility under the Contract Documents.

Subject to the foregoing, the Contract Documents shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Nothing contained in the Contract Documents shall in any way constitute a personal obligation of or impose any personal liability on any employees, officers, directors, agents or representatives of the City or its successor and assigns.

In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against Contractors if a

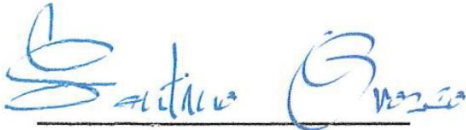
complaint regarding a latent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

IN WITNESS WHEREOF, this agreement has been executed on this
day of April 15th, 2024.

MCKIM CORPORATION

Name of Contractor

Signature of City



Signature of Contractor

Title of Signator

PRESIDENT

Title of Signator

ATTEST:



Signature

ATTEST:

Signature

Office Assistant / Payroll Department

Title of Signator

Title of Signator

END OF SECTION

Bond No: GM224825
 Premium: \$42,838.00
 Premium is for contract term and is
 subject to adjustments based on
 final contract price.

SECTION 00610 FAITHFUL PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS, THAT, WHEREAS, City of Gilroy, hereinafter designated the "City," has, on March 26th, 2024, awarded to, McKim Corporation hereinafter designated as the "Principal," a Contract for the construction of the **FY24 Citywide Pavement Rehabilitation Project**, and

WHEREAS, said Principal is required under the terms of said Contract to furnish a bond for the faithful performance of said Contract:

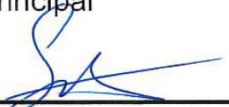
NOW, THEREFORE, WE, the Principal, and *, as Surety, are held and firmly bound unto the City the penal sum of Three Million, Eight Hundred Ninety Nine Thousand, Five Hundred Thirty Four and 55/100 dollars (\$ 3,899,534.55) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounden Principal, it or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and faithfully perform the covenants, conditions, and agreements in the said contract and any alterations made as therein provided, on it or their part to be kept and performed, at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless, the City, its officers and agents as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and virtue.

It is acknowledged that the Contract provides for a one-year warranty period, during which time this bond remains in full force and effect.

And the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract or to the work to be performed thereunder or the specifications accompanying the same shall, in any way, affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the Contract or to the work or to the specifications. Said Surety hereby waives the provisions of Sections 2819 and 2845 of the Civil Code of the State of California.

IN WITNESS WHEREOF, the above bounden parties have executed this instrument under their seals this 26th day of March, 2024, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

	McKim Corporation
	Principal
(Seal)	
	Signature for Principal
	President
	Title of Signator
	* Great Midwest Insurance Company
	Surety
(Seal)	
	Signature for Surety
	Breanna Boatright, Attorney-in-Fact
	Title of Signator

END OF SECTION