



City of Gilroy

STAFF REPORT

Agenda Item Title: Award a Contract to McKim Corporation for the Fiscal Year 2024-25 (FY25) Citywide Pavement Rehabilitation Project No. 25-PW-295

Meeting Date: June 16, 2025
From: Jimmy Forbis, City Administrator
Department: Public Works
Submitted by: John Doughty, Public Works Director
Prepared by: Julie Oates, Engineer

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

1. Award a contract to McKim Corporation in the amount of \$6,479,784.04, approve a project contingency of \$647,978.96, approve a total project expenditure of \$7,127,763.00 for the FY25 Citywide Pavement Rehabilitation Project No. 25-PW- 295, and authorize the City Administrator to execute the contract and associated documents.
2. Adopt a resolution amending the FY25 budget to accommodate the funding adjustments for the project in the various funds as outlined in the resolution.

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 on June 5, 2023. The adopted FY25 budget allocated \$4,527,074 for the FY25 Citywide Pavement Rehabilitation Project No. 25-PW-295 (Project). Subsequently, in November 2024, an additional \$700,000 was appropriated as part of mid-cycle budget adjustments from the FY23 Pavement project savings from the General Fund (100), resulting in a total FY25 budget of \$5,227,074 for the project. Staff is further proposing to adjust the Project's funding based on available Gas Tax (Fund 205), SB1 (Fund 210), and VRF (Fund 220) fund balances, and funds available from Measure B (Fund 212).

The Project includes pavement rehabilitation (grind and overlay) of 15 street segments and associated work. Staff received 6 bids for construction of the Project. The lowest responsive and responsible bid was received from McKim Corporation in the amount of \$6,479,784.04.

Staff recommends adding \$647,978.96 in contingency (10%) to account for unforeseen conditions, for a total Project allocation of \$7,127,763.00.

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. On September 13, 2021, City Council approved the City's 5-Year Street Repair Program. The following is a summary of the work completed to date within the 5-Year Street Repair Program, also known as the Annual Citywide Pavement Rehabilitation Project:

FY22 – Work began in August 2022 and included 149 street segments (approximately 4 million square feet of roadway)

FY23 – Work began in June 2023 and included 120 street segments (approximately 3.3 million square feet of roadway)

FY24 – Work began in May 2024 and included 67 street segments (approximately 2.4 million square feet of roadway)

ANALYSIS

The FY25 Citywide Pavement Rehabilitation Project focuses on arterial and collector streets where higher traffic volumes and large vehicle use have resulted in more significant deterioration of the pavement. Given these conditions, the Project includes pavement rehabilitation (grind and overlay) activity as well as signage and re-striping to improve bicycle, pedestrian and vehicular safety. The Project rehabilitates 15 street segments representing approximately 1.4 million square feet of roadway. The 15 street segments are as follows:

1. Cohansey Ave from No Name Uno to City Limit
2. San Ysidro Ave from Leavesley Rd to about 0.4 miles north of Leavesley Rd
3. Church St from Ronan Ave to Welburn Ave
4. Welburn Ave from Wren to Hanna St
5. Welburn Ave from Church St to Monterey St
6. Carmel St from First St to Third St

7. Miller Ave from Sixth St to Eighth St
8. Uvas Park Dr from Wren Ave to Tenth St
9. Tenth St from Uvas Park Dr to Princevalle St
10. Princevalle St from Tenth St to Luchessa Ave
11. Monterey St from Tenth St to Monterey Frontage Rd
12. Automall Pkwy from Tenth St to about 1,000 feet south of Tenth St
13. Automall Pkwy from Luchessa Ave to approximately 500 feet south of Automall Dr
14. Alley between Dowdy St, Hanna St, Seventh St, and Eighth St
15. Alley between Church St, Egleberry St, Seventh St, and Eighth St

The Project was advertised in the San Jose Mercury News, on Builder's Exchanges, and on the City's website on May 19, 2025. Staff conducted the bid opening on June 5, 2025 and received 6 bids.

A bid summary is provided below:

Firm Name	Bid Amount
McKim Corporation	\$6,479,784.04
A. Teichert & Son, Inc. dba Teichert Construction	\$6,512,668.00
Granite Rock Company	\$6,721,844.00
DeSilva Gates Construction LLC	\$7,171,171.00
O'Grady Paving, Inc.	\$8,011,508.20
Mountain Cascade, Inc.	\$9,073,238.50

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 \$6,479,784.04.

Bid Amount	\$6,479,784.04
Contingency	\$647,978.96
Total Project Allocation	\$7,127,763.00

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 is \$6,479,784.04. Staff recommends approval of contingency in the amount of \$647,978.96 (10%) for a total construction allocation of \$7,127,763.00. The 10% contingency would be for potential unforeseen conditions or potential changes in the scope of work during construction. Council adopted the FY24 and FY25 budget on

June 5, 2023 and funded the FY25 Citywide Pavement Rehabilitation Project (CIP Project 800060) in the amount of \$4,527,074. Subsequently, in November 2024, an additional \$700,000 was appropriated as part of mid-cycle budget adjustments from the FY23 Pavement project savings from the General Fund (100), resulting in a total FY25 budget of \$5,227,074 for the project. Staff is further proposing to adjust the Project's funding based on available Gas Tax (Fund 205), SB1 (Fund 210), and VRF (Fund 220) fund balances, and funds available from Measure B (Fund 212), as shown in the table below, primarily shifting the General Fund's allocation to the other funding sources and expending the monies that have accumulated which are more appropriate for this project.

Project Funding Sources	Amended FY25 Budget	Recommended FY25 Budget	Budget Amendment
Gas Tax (205)	\$500,000	\$500,000	\$-
SB1 (210)	\$1,527,074	\$3,293,591	\$1,766,517
Measure B (212)	\$900,000	\$3,006,409	\$2,106,409
General Fund (100)	\$2,300,000	\$-	(\$2,300,000)
Vehicle Registration Fee (220)	\$-	\$500,000	\$500,000
Total	\$5,227,074	\$7,300,000	\$2,072,926

PUBLIC OUTREACH

Project stakeholders, including residents, 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. Staff will also conduct extensive public outreach through a social media campaign.

NEXT STEPS

Upon City Council's approval, 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 July 2025 and be completed in October 2025.

Attachments:

1. Budget Amendment Resolution - FY25 Annual Pavement Rehabilitation - June 2025
2. Agreement - McKim

RESOLUTION NO. 2025-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF GILROY AMENDING THE BUDGET FOR
THE CITY OF GILROY FOR 2024-2025 FISCAL
YEAR**

WHEREAS, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Years 2023-2024 and 2024-2025, and the City Council carefully examined, considered and adopted the same on June 5, 2023; and

WHEREAS, City Staff has prepared and submitted to the City Council proposed amendments to the budget for Fiscal Year 2024-2025 (FY25) for the City of Gilroy in the staff report dated June 16, 2025, for the award of the FY25 Citywide Pavement Rehabilitation Project.

NOW, THEREFORE, BE IT RESOLVED THAT the expenditure appropriations for Fiscal Year 2024-2025 in Fund 210 – SB1 Fund shall be increased by \$1,766,517, in Fund 212 – Measure B Fund shall be increased by \$2,106,409, in Fund 220 – Vehicle Registration Fee Fund shall be increased by \$500,000 and in Fund 100 – General Fund shall be decreased by \$2,300,000.

PASSED AND ADOPTED this 16th day of June 2025 by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

APPROVED:

Greg Bozzo, Mayor

ATTEST:

Bryce Atkins, Acting City Clerk

SECTION 00500
AGREEMENT

FY25 Citywide Pavement Rehabilitation Project
PROJECT NUMBER 25-PW-295

THIS AGREEMENT, made this 16th day of June, 2025,
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 FY25 CITYWIDE PAVEMENT REHABILITATION PROJECT, PROJECT NO. 25-PW-295, 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