



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 3/16/2021

ITEM NO: 6

DATE: March 11, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Increase Project Contingency to 30 Percent of the Contract Award Amounts and Authorize Staff to Execute Future Change Orders for the FY2020/21 Street Repair and Resurfacing (CIP No. 811-9901), FY2020/21 Curb, Gutter, and Sidewalk Maintenance (CIP No. 813-9921), and 24 Percent for the Smart Signals Field Improvements (CIP No. 813-0227, Traffic Signal Modernization)

RECOMMENDATION:

Staff recommends that the Town Council increase project contingency to 30 percent of the contract award amounts and authorize staff to execute future change orders for the FY2020/21 Street Repair and Resurfacing (CIP No. 811-9901), FY2020/21 Curb, Gutter, and Sidewalk Maintenance (CIP No. 813-9921), and 24 percent for the Smart Signals Field Improvements (CIP No. 813-0227, Traffic Signal Modernization).

BACKGROUND:

The adopted Fiscal Year (FY) 2020/21-2024/25 Capital Improvement Program (CIP) Budget designates funding for the annual Street Repair and Resurfacing (CIP No. 811-9901), annual Curb, Gutter, and Sidewalk Maintenance (CIP No. 813-9921), and Smart Signals Field Improvements (CIP No. 813-0227, Traffic Signal Modernization).

On February 2, 2021, the Town Council approved the plans and specifications for the FY2020/21 Street Repair and Resurfacing; and authorized the Town Manager to advertised the project for public bid and award a construction contract not to exceed \$4,763,000, including contingencies and change orders (ten percent of the contract amount). Council also approved the plans and specifications for the FY2020/21 Curb, Gutter, and Sidewalk Maintenance; and authorized the Town Manager to advertise the project for public bid and award a construction contract not to exceed \$771,000, including contingencies (ten percent of the contract amount).

PREPARED BY: WooJae Kim
Town Engineer

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Finance Director, and Parks and Public Works Director

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BACKGROUND (continued):

On January 19, 2021, the Town Council approved the plans and specifications for the Smart Signals Field Improvements; and authorized the Town Manager to advertised the project for public bid and award a construction contract not to exceed \$750,000, including contingencies (ten percent of the contract amount). The Traffic Signal Modernization project is largely funded through grants from the Metropolitan Transportation Commission (MTC) and Santa Clara Valley Transportation Authority (VTA), with local match funds from the Traffic Impact Mitigation Fund. The field improvements portion of the Traffic Signal Modernization is funded through the Traffic Impact Mitigation Fund.

Staff typically requests construction agreement amounts with authority to staff to issue up to ten percent of the contract amount for future change orders for unanticipated or anticipated additional work. Where extenuating circumstances exist, staff may request higher contingencies.

DISCUSSION:

On February 18, 2021, the Town received six bids for the Smart Signals Field Improvements. Below is the bid summary:

Project	No. of Bids	Bid Range	Bid Average	Engineer's Estimate without Contingency	Council Authorized Award Amount, including 10% for Change Orders
Smart Signals Field Improvements	6	\$603,975-\$976,583	\$791,834	\$655,000	\$750,000

The lowest responsible bid was from St. Francis Electric, who is also the Town's vendor for streetlights and signals maintenance. St. Francis Electric is closely familiar with the Town's existing traffic signal infrastructure. The second lowest bidder had a price of \$694,807.

Staff recommends that Council authorize staff to issue future change orders up to 24% of the contract amount for this project to take advantage of low prices from St. Francis Electric, while adhering strictly to the construction agreement amount not to exceed \$750,000 as authorized

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DISCUSSION (continued):

by Council. The additional improvements, especially associated with the traffic signal video detection system at intersections, would allow for a more robust and comprehensive Smart Signals network.

On February 25, 2021, the Town received bids from eight contractors for the FY2020/21 Curb, Gutter, and Sidewalk Maintenance project. The Town also received four bids for the FY2020/21 Street Repair and Resurfacing on March 2, 2021 project. The bid pricing was very competitive. Below is a bid summary with the lowest bids in bold:

FY2020/21 Projects	No. of Bids	Bid Range	Bid Average	Engineer's Estimate without Contingency	Council Authorized Award Amount, including 10% for Change Orders
Curb, Gutter, & Sidewalk Maintenance	8	\$417,130- \$634,318	\$495,291	\$625,000	\$771,000
Street Repair and Resurfacing	4	\$3,134,344 - \$3,481,481	\$3,306,916	\$3,750,000	\$4,763,000

This year's lowest responsible bid for the Curb, Gutter, and Sidewalk Maintenance project is from Villalobos and Associates, and Pavement Coatings for the Street Repair and Resurfacing project. The Town has satisfactorily completed past projects with both contractors. The average bid prices this year for both projects are noticeably lower compared to past years. Engineer's Estimates are based on past year averages with escalation added. Staff took a conservative approach in creating the Engineer's Estimate due to uncertain market conditions from the continuing COVID-19 pandemic. Also, low bid costs can be attributed to advertising bids early in the year.

Staff is recommending that Council authorize the increase of the change order authority from ten percent to 30 percent for staff to take full advantage of the lower unit costs this year and increase the amount of work that can be done within the budgeted funds.

Staff will conduct project outreach via social media platforms and distribute project notifications to inform the affected communities of the upcoming projects throughout the Town.

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CONCLUSION:

Approval of the recommendation allows staff to work with this year’s low bid contractors to do more work throughout the Town within the budgeted fund for the FY2020/21 Street Repair and Resurfacing (CIP No. 811-9901), FY2020/21 Curb, Gutter, and Sidewalk Maintenance (CIP No. 813-9921), and Smart Signals Field Improvements (CIP No. 813-0227, Traffic Signal Modernization).

COORDINATION:

This project has been coordinated with the Finance Department.

FISCAL IMPACT:

Funds for the increased costs are available in the respective project budgets. Remaining project fund balances shall be carried forward to the next fiscal year.

Street Repair and Resurfacing (CIP No. 811-9901)		
	Budget	Costs
GFAR	\$ 2,303,024	
Gas Tax	\$ 1,242,352	
Winchester Class IV Bikeway	\$ 842,917	
Proposed Cost Share – City of Monte Sereno	\$ 334,000	
Reduction for Prior Cost Share Agreements	\$ (78,339)	
Total Project Budget	\$ 4,643,954	
Construction (Base and Alternate Bid Items)		\$3,134,344
Contingency (30%)		\$940,303
Material Testing		\$30,000
Pavement Condition Survey		\$30,000
Temporary Staff Costs		\$15,000
Other Project Related Costs		\$6,000
Project Costs		\$4,155,647
Available Balance		\$ 488,307

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FISCAL IMPACT (continued):

Curb, Gutter, and Sidewalk Maintenance (CIP No. 813-9921)		
	Budget	Costs
GFAR	\$745,992	
Cost Share Agreement – Monte Sereno	\$66,000	
Total Project Budget	\$811,992	
Construction (Base and Alternate Bid Items)		\$417,130
Contingency (30%)		\$125,139
Material Testing		\$30,000
Temporary Staff Costs		\$7,000
Other Project Related Costs		\$4,000
Project Costs Committed		\$583,269
Available Balance		\$228,723

Traffic Signal Modernization (CIP No. 813-0227)		
	Budget	Costs
Grant Fund	\$1,826,400	
Traffic Mitigation	\$1,103,289	
Total Project Budget	\$2,929,689	
Construction (Base and Alternate Bid Items)		\$603,975
Contingency (24%)		\$144,954
ATCS-ATMS Vendor (Econolite)		\$581,649
Project Management (W-Trans)		\$200,000
Design of Field Element (Iteris)		\$135,390
Staff Costs		\$200,000
Misc. Prior Year Expenditures		\$ 76,523
Project Costs Committed		\$1,942,491
Available Balance		\$ 987,198

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ENVIRONMENTAL ASSESSMENT:

These are projects defined under CEQA as being Categorically Exempt [Section 15301(c) Existing streets, sidewalks, trails and similar facilities]. Notice of Exemptions have been recorded with the County.