



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 04/18/2023

ITEM NO: 11

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DATE: April 3, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Annual Street Repair and Resurfacing Project (CIP No. 811-9901):  
a. Award and Execute a Construction Agreement with Pavement Coating Company in an Amount Not to Exceed \$3,341,090; and  
b. Authorize Staff to Execute Change Orders in an Amount Not to Exceed Fifteen Percent of the Contract Award Amount

**RECOMMENDATION:**

Staff recommends that the Town Council authorize the following actions for the Annual Street Repair and Resurfacing Project (CIP No. 811-9901) for Fiscal Year (FY) 2022/23:

- a. Award and execute a construction agreement with Pavement Coatings Company (Attachment 1) in an amount not to exceed \$3,341,090; and
- b. Authorize staff to execute change orders in an amount not to exceed fifteen percent of the contract award amount.

**BACKGROUND:**

The adopted Five-Year 2023-2027 Capital Improvement Program (CIP) Budget designates funding for the Town's Annual Street Repair and Resurfacing Project (CIP No. 811-9901). This is an annual project for street rehabilitation activities throughout the Town to enhance safety for all travel modes and maintain the roadway infrastructure. It is important for the Town to perform annual street maintenance projects to maintain the Town's roadways and prevent street pavement from deteriorating to more extensive and costly repair conditions. For the FY 2022/23 Street Repair and Resurfacing Project, the focus is on preventive maintenance through rubber cape seal, slurry seal, and crack seal treatments.

**PREPARED BY:** James Watson  
Interim Town Engineer

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

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DISCUSSION:

The project scope was broken into three parts to provide flexibility when seeking award. The project construction contract was advertised for bid on Friday, March 10, 2023. On March 29, 2023, bid packages from two submitting contractors, Pavement Coatings Co. and O’Grady Paving, Inc. were opened (Attachment 2). The bids includes estimates for the add alternates as detailed in Attachment 2. The lowest bidder, Pavement Coatings, submitted a total bid inclusive of both additive alternatives within two percent of the engineer’s estimate for the sum of 3,341,090. The engineer’s estimate for the work was \$3,278,522.

Staff recommends applying a 15 percent contingency to this construction contract in leu of the Town’s standard 10 percent to allow for additional unforeseen circumstances as a result of this past rainy season.

CONTRACTOR	Base Bid	Add. Alt. 1	Add. Alt. 2	Total Bid Amount
Pavement Coatings Co.	\$2,825,715	\$285,723	\$229,652	\$3,341,090
O’Grady Paving, Inc.	\$2,939,382	\$242,821	\$209,795	\$3,391,998

CONCLUSION:

Staff recommends awarding and executing an agreement with Pavement Coatings Co. for \$3,341,090 and authorize staff to execute change orders in an amount not to exceed fifteen percent of the contract award amount.

COORDINATION:

This project has been coordinated with the Finance Department and Town Attorney’s Office.

FISCAL IMPACT:

There are sufficient funds in the FY 2022/23 – 2026/27 CIP budget for this year’s Street Repair and Resurfacing Project (CIP No. 811-9901).

Staff costs are tracked for all projects. Tracking of staff costs allows for accountability in the costs of projects, recovery of costs from grant funded projects, and identification of future staffing needs. This project utilizes a combination of full-time budgeted staff and temporary staff that support fluctuating workloads. The costs for temporary staff will be directly associated with this project while full-time staff are accounted for in the department’s operating budget.

SUBJECT: Annual Street Repair and Resurfacing Project (CIP No. 811-9901)

DATE: April 18, 2023

FISCAL IMPACT (continued):

FY 2022/23 Street Repair and Resurfacing Project		
CIP No. 811-9901		
	Budget	Costs
GFAR	\$ 3,273,267	
Gas Tax	\$ 1,476,257	
Vehicle License Fee - 2010 Measure B Funding	\$ 180,000	
<b>Total Budget</b>	<b>\$ 4,929,524</b>	
FY2022/23 Street Repair and Resurfacing Construction Bid		\$ 3,341,090
15% Contingency		\$ 501,164
Cost Share - City of San Jose (Approved on 12/5/22)		\$ 734,099
Material Testing		\$ 25,000
Temporary Staff Costs		\$ 30,000
<b>Total Expenditures</b>		<b>\$ 4,631,353</b>
<b>Remaining Budget</b>		<b>\$ 298,172</b>

Available project balance funds would be applied or are carried forward to future Street Repair and Resurfacing Projects.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt (Section 15301(c)). A Notice of Exemption has been filed.

Attachments:

1. Construction Agreement
2. Bid Summary