



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND**

**AB 6276  
June 6, 2023  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6276: 2023 Residential Street Overlays Project Bid Award	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Set project budget and award the 2023 Residential Street Overlays construction contract to Lakeside Industries, Inc.	

<b>DEPARTMENT:</b>	Public Works
<b>STAFF:</b>	Patrick Yamashita, Deputy Public Works Director Clint Morris, Capital Division Manager Ian Powell, Street Engineer
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Project Location Map
<b>CITY COUNCIL PRIORITY:</b>	n/a

<b>AMOUNT OF EXPENDITURE</b>	\$ 1,223,967
<b>AMOUNT BUDGETED</b>	\$ 1,972,000
<b>APPROPRIATION REQUIRED</b>	\$ 0

**EXECUTIVE SUMMARY**

The purpose of this agenda bill is to award a public works construction contract primarily for the repaving of aging residential streets.

- This project combines hot mix asphalt (HMA) overlays on 1.5 miles of residential streets with arterial preservation work to create one asphalt paving contract.
- Five bids were received, and the low construction bid is \$1,019,877.
- This work is budgeted in the 2023-2024 Capital Improvement Program (CIP) and is funded via the Street Fund.
- Construction will occur in summer of 2023.

**BACKGROUND**

The 2023 Residential Street Overlays is two separate Transportation Improvement Program (TIP) projects combined into one large asphalt-related public works contract for construction in summer of 2023. The separate projects are Residential Street Resurfacing (SP0100), and Arterial Street Preservation (SP0101).

The Arterial Street Preservation Program extends the life of arterial streets proactively, by repairing isolated pavement failure areas through crack sealing, square cut patching, and grinding and repaving of full-lane width segments. Work also includes replacing failing patches around utility castings within the roadway. Roadways are selected for resurfacing based primarily upon pavement condition.

The City collects pavement condition data every three years, which is used to create a Pavement Condition Index (PCI) score for each of the over 700 segments of pavement within the City's 83.5-mile public road network. This rating process results in a numerical score between 100 and 0, and these scores are bracketed into six condition ranges: Good (PCI 100-86), Satisfactory (85-71), Fair (70-56), Poor (55-41), Very Poor (40-26), and Failed (25-0). The City plans arterial street resurfacing on a 25-to-30-year cycle, and residential streets on a 35-to 40-year cycle.

Design on this project began in January of 2023. Final plans, specifications, and cost estimates were completed in early May and the project was then advertised for bids. Five contractor bids were received, and the construction contract is ready to award.

## ISSUE/DISCUSSION

### PROJECT DESCRIPTION

This project has been divided into three schedules of work, as described below. Refer to Exhibit 1 for locations.

**Schedule A** resurfaces residential streets in the Madrona Crest West neighborhood consisting of SE 36<sup>th</sup> Street, SE 37<sup>th</sup> Street, SE 39<sup>th</sup> Street, and 86<sup>th</sup> Avenue SE. These roadways were originally built in the 1950s, received chip seals in the 1980s, and were impacted by new water main installations in 2016. The 2022 PCI ratings for these streets are in the "Fair" range. Scope of work includes pavement repairs, minor roadway widening, repaving with HMA, and installing crushed rock along the shoulders. After repaving, new pavement markings will be applied, existing speed humps will be reinstalled, and utility castings will be adjusted to the grade of the new pavement. The engineer's estimated construction cost for Schedule A was \$321,063.

**Schedule B** repairs and resurfaces residential streets in the Madrona Crest East neighborhood consisting of SE 36<sup>th</sup> Street, SE 37<sup>th</sup> Street, SE 39<sup>th</sup> Street, 88<sup>th</sup> Avenue SE, and 90<sup>th</sup> Avenue SE. These roadways were originally built in the 1950s, received chip seals in the 1980s, and were heavily impacted by new water main installations in 2022. PCI ratings for these streets range from "Poor" to "Very Poor". The scope of work for Madrona Crest East includes removing large amounts of the existing pavement, minor roadway widening, regrading the gravel base, repaving with HMA, and installing crushed rock along the shoulders. After repaving, new pavement markings will be applied and utility castings adjusted to the grade of the new pavement. The engineer's estimated construction cost for Schedule B was \$675,570.

**Schedule C** is arterial preservation work along Gallagher Hill Road and SE 36<sup>th</sup> Street involving full-lane width "mill-and-fill" patches in two locations along with replacing several utility castings. The engineer's estimated construction cost for this work was \$47,885.

At the completion of design, the total construction cost for the three schedules of work was estimated to be \$1,044,518.

**BID RESULTS**

Five construction bids were received on May 23, 2023. The lowest bid was from Lakeside Industries, Inc. for \$1,019,877.00, approximately 2% below the engineer’s estimate. The following table shows the bid results.

2023 RESIDENTIAL STREET OVERLAYS CONSTRUCTION BID RESULTS						
	Engineer's Estimate	Lakeside Industries	Watson Asphalt Paving	Lakeridge Paving	Icon Materials	Becker Blacktop
Schedule A - Madrona Crest West	\$ 321,063	\$ 329,046	\$ 338,835	\$ 370,085	\$ 383,818	\$ 424,685
Schedule B - Madrona Crest East	\$ 675,570	\$ 649,071	\$ 670,380	\$ 695,436	\$ 728,500	\$ 770,420
Schedule C - Arterial Preservation	\$ 47,885	\$ 41,760	\$ 39,735	\$ 40,265	\$ 52,755	\$ 53,085
<b>Total Bid Amount</b>	<b>\$ 1,044,518</b>	<b>\$ 1,019,877</b>	<b>\$ 1,048,950</b>	<b>\$ 1,105,786</b>	<b>\$ 1,165,073</b>	<b>\$ 1,248,190</b>

The apparent low bidder, Lakeside Industries, Inc. from Issaquah, has successfully completed numerous paving projects for the nearby cities of Bellevue, Kirkland, Issaquah, and Sammamish in recent years. Lakeside Industries also successfully completed the 2019 and 2020 Arterial and Residential Street Overlay projects for the City of Mercer Island.

A review of the Labor and Industries (L&I) website confirms Lakeside Industries is a contractor in good standing with no license violations, outstanding lawsuits, or L&I tax debt. Based on review of Lakeside Industries’ bid submittal and reference checks, staff has determined that Lakeside Industries is the lowest responsive bidder for this project and staff recommends awarding the 2023 Residential Street Overlays project to Lakeside Industries, Inc.

**PROJECT BUDGET**

Adding amounts for construction contingency, design, construction inspection, and project management brings the total estimated project cost to \$1,223,967. Historically, staff has applied a 10% contingency to City road construction projects, but staff has seen that paving projects typically do not use the entire 10% amount. To that end, in recent years the contingency has been reduced to 7%.

The available budget for this project totals \$1,972,000, and it is the combination of the Residential Street Resurfacing and Arterial Preservation Program budgets. The estimated cost of the Residential Overlay portion of the project is \$1,172,366 and the estimated cost of preservation work is \$51,601. The remaining funds within these two 2023-2024 capital programs will be used in 2024. As of December 2022, the Street Fund capital balance was \$6.1 M. Project costs and budget are summarized in the following table.

2023 RESIDENTIAL STREET OVERLAYS PROJECT BUDGET			
Description	SP0101 Arterial Preservation	SP0100 Residential Overlays	TOTAL
<b>Construction Contract</b>			<b>Award to Lakeside Industries</b>
Schedule A - Madrona Crest West		\$329,046	\$329,046
Schedule B - Madrona Crest East		\$649,071	\$649,071
Schedule C - Arterial Preservation	\$41,760		\$41,760
<b>Total Construction Contract</b>	<b>\$41,760</b>	<b>\$978,117</b>	<b>\$1,019,877</b>
Construction Contingency @ 7%	\$2,923	\$68,468	\$71,391
Project Design - Consultant	\$1,500	\$48,000	\$49,500
Inspection Services - In-House	\$1,000	\$35,500	\$36,500
Contract Administration / Project Management	\$1,000	\$35,500	\$36,500
1% for the Arts	\$418	\$9,781	\$10,199
<b>Total Project Cost</b>	<b>\$48,601</b>	<b>\$1,175,366</b>	<b>\$1,223,967</b>
2023-2024 Budget - Residential Street Resurfacing		\$1,820,000	\$1,820,000
2023-2024 Budget - Arterial Preservation	\$152,000		\$152,000
<b>Total Budget Available for Project</b>	<b>\$152,000</b>	<b>\$1,820,000</b>	<b>\$1,972,000</b>
<b>Budget Remaining</b>	<b>\$103,399</b>	<b>\$644,634</b>	<b>\$748,033</b>

## NEXT STEPS

Minor storm drainage repairs and improvements within Schedules A and B are being performed under a separate small public works contract. That work is scheduled to occur in June and July, prior to the street paving work.

Construction activities on the 2023 Residential Street Overlays contract are tentatively scheduled to begin in early July. Road construction work will occur primarily during July and August. The entire construction contract is required to be complete by the beginning of October.

## RECOMMENDED ACTION

1. Set the total project budget to \$1,223,967.
2. Award schedules A, B, and C of the 2023 Residential Street Overlays project to Lakeside Industries, Inc., a Washington-based company, and authorize the City Manager to execute a contract with Lakeside Industries, Inc in an amount not to exceed \$1,019,877.