



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

**AB 6946  
June 16, 2026  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6946: 2026 Residential Street Overlays 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>	Award the 2026 Residential Street Overlays construction contract to Lakeside Industries Inc.	

<b>DEPARTMENT:</b>	Public Works
<b>STAFF:</b>	Jason Kintner, Chief of Operations Kellye Hilde, Deputy Public Works Director Ian Powell, Street Engineer
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Project Locations Map
<b>CITY COUNCIL PRIORITY:</b>	n/a

<b>AMOUNT OF EXPENDITURE</b>	\$ 744,104
<b>AMOUNT BUDGETED</b>	\$ 941,896
<b>APPROPRIATION REQUIRED</b>	\$ 0

**EXECUTIVE SUMMARY**

The purpose of this agenda item is to award a public works construction contract to repave aging residential streets.

- This hot mix asphalt (HMA) paving contract combines work tied to the Residential Street Resurfacing (90.20.0001) and Arterial Street Preservation (90.20.0002) capital projects.
- The project was advertised for construction on May 1, 2026.
- Four contractor bids were received. The lowest responsive and responsible bid was received by Lakeside Industries Inc., a Washington-based corporation for a total amount of \$545,982.
- Funds for this construction contract are included in the 2025-2026 Biennial Budget and Capital Improvement Program (CIP) via the Street Fund. No additional appropriation is required.
- Construction is scheduled to begin in July 2026 with completion by October 2026.

**BACKGROUND**

The 2026 Residential Street Overlays project combines two separate transportation-focused capital projects into a single public works contract for construction this summer:

- Residential Street Resurfacing (90.20.0001)
- Arterial Street Preservation (90.20.0002)

Combining these projects leverages their similar scopes of work to create a more competitive and cost-effective public bid. Additionally, managing the two projects under a single contract optimizes city resources by reducing competing construction management demands.

The City plans arterial street resurfacing on a 25-to-30-year cycle, and residential streets on a 35-to 40-year cycle. Every three years the City collects pavement condition data 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, 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).

Along with PCI data, staff carefully sequences resurfacing to follow completed underground utility work. This proactively prevents future utility cuts and disruptions to the fresh pavement, helping increase the useful life of the new street.

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. Roadways are selected for resurfacing based primarily upon pavement conditions.

Design for this combined initiative began in January of 2026. Final plans, specifications, and cost estimates were completed in early May 2026, at which point the project was formally advertised for public bids. The City received four contractor bids, and the construction contract is now ready for award.

## ISSUE/DISCUSSION

### PROJECT DESCRIPTION

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

**Schedule A** includes an HMA overlay on SE 82<sup>nd</sup> Street (from 84<sup>th</sup> Avenue SE to SE 80<sup>th</sup> Street). It includes full depth removal and new HMA paving on SE 80<sup>th</sup> Street (from 84<sup>th</sup> Avenue SE to SE 82<sup>nd</sup> Street), 78<sup>th</sup> Avenue SE (from SE 76<sup>th</sup> Street approximately 200 feet south) and 93<sup>rd</sup> Avenue SE (from SE 70<sup>th</sup> Place approximately 300 feet south). The 2025 PCI ratings for these streets are in the Fair to Very Poor ranges.

The scope of work includes pavement repairs, removing full sections of the existing pavement, regrading gravel base, and repaving with HMA. After repaving, new pavement markings will be applied, utility castings will be adjusted to the grade of the new pavement, and disturbed shoulder and landscaped areas will be restored. The engineer's estimated construction cost for Schedule A was \$553,185.

Prior to paving, minor storm drainage additions and repairs will be completed in Schedule A. This work is currently underway and funded through the Storm Water Utility Fund.

**Schedule B** repairs and resurfaces the intersection of SE 28<sup>th</sup> Street and 80<sup>th</sup> Avenue SE in the Town Center. This intersection was originally built around 1991 as part of the I-90 construction and the 2025 PCI ratings for these streets are in the Fair range.

The scope of work includes a 2” asphalt grind to improve the intersection’s geometry and repaving with HMA. After repaving, new pavement markings will be applied, and utility castings will be adjusted to the grade of the new pavement. The engineer’s estimated construction cost for Schedule B was \$108,420.

At design completion, the engineer’s construction estimate for the two schedules was a combined \$661,605 estimate.

**BID RESULTS**

Four construction bids were received on May 19, 2026. The lowest bid was from Lakeside Industries, Inc., for \$545,982, which is approximately 17% below the engineer’s estimate. The following Table 1 shows the bid results.

**Table 1**

<b>2026 RESIDENTIAL STREET OVERLAYS CONSTRUCTION BID RESULTS</b>			
<b>COMPANY NAME</b>	<b>SCHEDULE A RESIDENTIAL STREETOVERLAY</b>	<b>SCHEDULE B ARTERIAL PRESERVATION</b>	<b>TOTAL BID AMOUNT</b>
Lakeside Industries	\$465,547	\$80,435	<b>\$545,982</b>
Icon Materials	\$477,262	\$111,537	<b>\$588,799</b>
Becker Blacktop	\$550,088	\$117,668	<b>\$667,756</b>
Lakeridge Paving	\$647,163	\$109,877	<b>\$757,040</b>
<b>Engineer's Estimate:</b>	<b>\$553,185</b>	<b>\$108,420</b>	<b>\$661,605</b>

The apparent low bidder, Lakeside Industries from Issaquah, has successfully completed numerous paving projects for the nearby cities of Bellevue, Kirkland, and Issaquah in recent years. Lakeside Industries also successfully completed arterial and residential street paving projects for the City of Mercer Island in 2019, 2020, and 2023.

A review of the Labor and Industries (L&I) website confirms Lakeside Industries Inc. 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 determined that Lakeside Industries is the lowest responsive bidder for this project and staff recommends awarding the 2026 Residential Street Overlays project to Lakeside Industries.

**PROJECT BUDGET**

The total estimated cost for the 2026 Residential Street Overlays project is \$744,104. This amount accounts for the base construction contract as well as essential project support, including construction contingency, design, inspection, and project management.

Sufficient funding has already been approved for this work. The combined adopted budgets for the Residential Street Resurfacing (90.20.0001) and Arterial Preservation Program (90.20.0002) total \$941,896. No additional budget appropriation is required. Project costs and available budget are summarized in Table 2, at the top of Page 4. At the completion of the project, any remaining budget will remain in the Street Fund.

**Table 2**

<b>2026 ARTERIAL AND RESIDENTIAL STREET OVERLAYS PROJECT BUDGET</b>			
<b>Description</b>	<b>Schedule A Residential Street Overlay (90.20.0001)</b>	<b>Schedule B Arterial Preservation (90.20.0002)</b>	<b>TOTAL</b>
<b>Construction Contract</b>			
Schedule A – Residential Street Overlay	\$465,547	-	\$465,547
Schedule B – Arterial Preservation	-	\$80,435	\$80,435
<b>Construction Contract Subtotal</b>	<b>\$465,547</b>	<b>\$80,435</b>	<b>\$545,982</b>
Construction Contingency @ 10%	\$46,555	\$8,044	\$54,599
Project Design - Consultant	\$60,564	\$2,500	\$63,064
Construction Inspection	\$30,000	\$2,500	\$32,500
Contract Admin/Project Management	\$40,000	\$2,500	\$42,500
1% for the Arts	\$4,655	\$804	\$5,459
<b>Total Project Cost</b>	<b>\$647,321</b>	<b>\$96,783</b>	<b>\$744,104</b>
<b>2025 – 2026 Budget Resources</b>			
Residential Street Resurfacing (90.20.0001)	\$1,914,677	-	\$1,914,677
Forecasted Budget Spent on 2025 Residential Overlays	\$1,069,729	-	\$1,069,729
Arterial Preservation (90.20.0002)	-	\$158,877	\$158,877
Actual Budget Spent on 2025 Arterial Overlays	-	\$61,929	\$61,929
<b>Total Budget Available for Project</b>	<b>\$844,948</b>	<b>\$96,948</b>	<b>\$941,896</b>
<b>Budget Remaining</b>	<b>\$197,627</b>	<b>\$165</b>	<b>\$197,792</b>

**NEXT STEPS**

Minor storm drainage repairs and improvements within Schedule A are being performed under a separate small public works contract, funded entirely through the Stormwater Utility Fund. This utility work is currently underway and is sequenced to be completed prior to the start of street paving, preventing future disruptions to the new asphalt.

Construction activities on the 2026 Residential Street Overlays contract are tentatively scheduled to begin in early July. Per the contract specifications, all physical work must be completed by the end of October 2026.

**RECOMMENDED ACTION**

Award Schedules A and B of the 2026 Residential Street Overlays project to Lakeside Industries Inc. and authorize the City Manager to execute a contract with Lakeside Industries in an amount not to exceed \$545,982 and set the total project budget at \$744,104.