



MEMORANDUM

TO: City Council

FROM: Bill Robeson, Assistant City Manager/Public Works Director

BY: Shannon Sweeney, City Engineer

SUBJECT: Notice of Award, 2024 Streets Repair Project, PW 2024-01

DATE: October 22, 2024

RECOMMENDATION:

- 1) Award a construction contract for the 2024 Streets Repair Project to Papich Construction, Inc. (Papich) for \$3,999,889; and
- 2) Authorize the City Manager to approve change orders of 10% of the contract amount, \$399,989.90, for unanticipated costs during the construction phase of the 2024 Streets Repair Project.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The FY 2024-25 budget includes \$4,430,000 for the Pavement Management Program (PMP) consisting of the following funds: \$390,000 of Regional SHA, \$2,360,000 of the general fund, \$450,000 of SB 1 Funds, \$966,833 of Measure-O 2006 Local Sales Tax Fund, \$204,207 of American Rescue Plan Act (ARPA), and \$58,960 of CDBG.

Construction, contingency, and special materials testing costs total \$4,495,083.90, which exceeds the FY 2024-25 budget of \$4,430,000 by \$65,083.90. Carryover from FY 2023-24 of over \$1 million in unspent funds is sufficient to address this shortfall and will be included in the FY 2024-25 First Quarter Financial Status Report.

BACKGROUND:

On [May 23, 2023](https://pub-arroyogrande.escribemeetings.com/Meeting.aspx?Id=74822b16-71f6-4fe0-aa17-d79c53a03287&Agenda=PostMinutes&lang=English)¹, the City Council directed staff to apply \$3 million from excess reserves in addition to the base amount of \$1.25 million to pavement maintenance and repair for FY 2024-25. Staff value engineered the information available in the 2022 PMP to provide a recommended list of work to be done with available funds. In addition to critical point strategy, staff considered other factors, including the cost efficiency of applying only one kind of maintenance treatment, the management and staging efficiency of focusing on

¹<https://pub-arroyogrande.escribemeetings.com/Meeting.aspx?Id=74822b16-71f6-4fe0-aa17-d79c53a03287&Agenda=PostMinutes&lang=English>

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locations on a neighborhood-basis rather than a single street-basis, economies of scale that arise as a result of one large single project rather than multiple small ones, and the bidding competitiveness that occurs when the City bids a larger project.

On [January 23, 2024²](#), staff presented a priority project list of neighborhood-based street locations along with a commercial street (Station Way) that is in poor condition for the 2024 PMP. The recommended list from that staff report is shown below. Based on Council direction, staff proceeded with project development for the top four locations listed in Table 1.

Table 1: Recommended Priority List

Location	Cost Based on PMP	Cost Based on Testing	# of Curb Ramps	Cost of Curb Ramps	Total Cost Estimated	Cumulative Cost	Savings from PMP
Stagecoach	\$5,658,000	\$2,266,000	44	\$528,000	\$2,794,000	\$2,794,000	\$2,864,000
Rancho Grande Ph 1	\$2,874,000	\$1,319,000	10	\$120,000	\$1,439,000	\$4,233,000	\$1,435,000
Brighton	\$2,518,000	\$1,133,000	20	\$240,000	\$1,373,000	\$5,606,000	\$1,145,000
Station Wy	\$953,000	\$664,000	4	\$48,000	\$712,000	\$6,318,000	\$241,000
Andre Dr	\$687,000	\$395,000	8	\$96,000	\$491,000	\$6,809,000	\$196,000
Woodland	\$2,583,000	\$2,317,000	20	\$240,000	\$2,557,000	\$9,366,000	\$26,000
Via La Barranta	\$649,000	\$698,000	3	\$36,000	\$734,000	\$10,100,000	-\$85,000
I	\$15,922,000	\$8,792,000	109	\$1,308,000	\$10,100,000	\$10,100,000	\$5,822,000

The City worked with the design consultant to develop plans and specifications. The engineer’s estimate as designed was \$4,617,934.18. A Notice Inviting Bids was issued on September 12, 2024. The Notice Inviting Bids was published in the local paper, posted on the City’s website, and distributed to plan rooms.

Five bids were received by the bid opening date and time of October 1, 2024, 2:00 PM, ranging from \$3,999,899 to \$5,894,610, as shown in Attachment 1. The low bid of \$3,999,889 with a 10% contingency of \$399,989.90 totals \$4,399,888.90.

Five consultants from the City’s on-call list were solicited for scope and fee for special materials testing. Three declined to provide a proposal. The two proposals received by the deadline of October 1, 2024, ranged from \$95,195 to \$154,673.

ANALYSIS OF ISSUES:

Based on the costs presented in Table 1 for all four priority projects, costs would have exceeded the available budget by a substantial amount, with almost \$1 million dedicated to retrofitting curb ramps to meet current Americans with Disabilities Act (ADA)

² <https://pub-arroyogrande.escribemeetings.com/filestream.ashx?DocumentId=9743>

regulations. Staff evaluated curb ramps in the project areas and determined that most meet exception criteria that preclude the need to retrofit them. As a result, only 11 curb ramps will be retrofit as part of this project, at a considerable cost savings.

The 2024 Streets Repair project contract time is 20 working days for the work on Station Way, and concurrently, 80 working days for the entire project. Staff has had early contact with both property owners and businesses on Station Way. The intent is for reconstruction of Station Way to be completed well before construction of the Traffic Way Bridge, currently scheduled to begin in April 2025.

Due to timing constraints associated with Station Way for the Traffic Way Bridge Project, efforts to reduce the overall costs of the Project through methods such as economies of scale with neighboring jurisdictions were unable to be reached. However, staff will continue to communicate with neighboring jurisdictions for opportunities to partner on these efforts to potentially further reduce costs in the future.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

- A. Staff's recommendation:
 - 1) Award a construction contract for the 2024 Streets Repair Project to Papich Construction, Inc. (Papich) for \$3,999,889; and
 - 2) Authorize the City Manager to approve change orders of 10% of the contract amount, \$399,989.90, for unanticipated costs during the construction phase of the 2024 Streets Repair Project;
- B. Do not approve staff's recommendations and request further information;
- C. Modify staff's recommendation and approve; or
- D. Provide other direction to staff.

ADVANTAGES:

Completing the 2024 Streets Repair Project will extend the service life of the treated street segments, reduce future costs and provide a smoother safer driving surface. New striping will be installed, which will provide safer driving facilities.

DISADVANTAGES:

There will be traffic impacts to the traveling public during construction. Staff will require traffic control to be in place during construction to minimize the impacts. The traveling public, neighborhoods, and the businesses on Station Way will be given advanced notice of the work. City and consultant inspectors will be at the site during construction to adjust the traffic control as needed (driveway access, etc.).

ENVIRONMENTAL REVIEW:

The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline Section 15301 covering the repair and maintenance of

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existing streets, sidewalks, gutters and similar facilities.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Bid Opening Log Sheet
2. Proposed Agreement