



# Agenda Report

**MEETING DATE:** Tuesday, November 15, 2022

**TO:** City Council

**FROM:** PUBLIC WORKS & UTILITIES DIRECTOR DI RENZO  
PATRICE THERIOT, PRINCIPAL ENGINEER

**THROUGH:** CITY MANAGER MENDEZ

**SUBJECT:** RESOLUTION AWARDING CONTRACT TO MCKIM CORP FOR  
RECONSTRUCTION OF FREEDOM BLVD, ST-22-14838, IN THE  
AMOUNT OF \$4,279,406.52 AND REAPPROPRIATE \$1,321,431.27  
TO SUPPLEMENT EXISTING FUNDING

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## RECOMMENDED ACTION:

It is recommended that City Council adopt a resolution awarding a contract to the lowest responsive bidder, McKim Corporation, for the Freedom Blvd Reconstruction Project (No. ST-22-14838) in the amount of \$4,279,406.52 and re-appropriate \$1,321,431.27.

## DISCUSSION:

Freedom Blvd is a vital arterial, serving 30,000 vehicles per day. The pavement is showing its age, with a pavement condition index (PCI) of 40, which indicates that the pavement is in poor condition. The sheer number of trench cuts for the utilities combined with the general poor condition of the pavement contributes to the need to reconstruct the roadway. This project will reconstruct over 3,200 linear feet of roadway, as well as replace curb ramps and provide a new traffic signal at Sydney Avenue.

The City received, a \$1,550,000 State Transportation Improvement Program (STIP) grant to assist with construction of this project. The project was approved for funding by the Santa Cruz Regional Transportation Commission on December 7, 2017.

Currently, the Public Works and Utilities Department has an underground utility project to replace sanitary sewer, storm sewer, and waterlines on Freedom Blvd. The roadway rehabilitation project will repair the pavement damaged by the utility construction, as well as replace the pavement which has outlived its useful life.

The City Council adopted Resolution 144-22 (CM) approving plans and specifications, and called for bids on July 12, 2022. Bids were received for the Freedom Blvd Reconstruction Project, No. ST-22-14838, and publicly opened and read on October 12, 2022.

The following bids were received:

<b>Contractor</b>	<b>Location</b>	<b>Bid</b>
<b>McKim Corporation</b>	<b>Gilroy, CA</b>	<b>\$ 4,279,406.52</b>
Teichert	Pleasanton, CA	\$ 4,313,740.00
Granite Rock	San Jose, CA	\$ 4,690,830.00
Granite Construction	Watsonville, CA	\$ 5,042,555.00

### CURRENT FUNDING

This project is included in the FY 2022/23 approved budget and is summarized below:

<b>Source</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
STIP grant	0260-70-338-00-5890-14838	Freedom Blvd Reconst.	\$ 1,550,000.00
SB1	0306-70-924-00-7837-14838	Freedom Blvd Reconst.	\$ 500,000.00
ARPA	0262-70-990-7837-14838	Freedom Blvd Reconst.	\$ 1,000,000.00
Measure D	0312-70-972-00-7835-14838	Freedom Blvd Reconst.	\$ 580,000.00
Eden Housing	0312-70-972-00-5895-14838	Bus Pullout in-lieu fee	\$ 215,326.00
McDonalds		Signal in-lieu fee	\$ 55,000.00
<b>Total approved budget</b>			<b>\$ 3,900,326.00</b>

### EXPENDITURES

The Freedom Blvd Reconstruction Project, as bid, exceeded the \$3.0 million engineer's estimate of probable cost and the appropriations in the current approved budget. City Council action is needed to re-appropriate funds from other sources to allow construction to proceed. These sources include the following:

The bid included items associated with underground utilities, such as water valve boxes and manhole frames and lids. Staff recommends that costs associated with the utilities be paid with water and sewer funds given that they are utility assets. Storm drain repairs are being done as part of the current underground utility project. The Freedom Blvd Reconstruction project will reimburse the sewer fund for the costs associated with the storm drain repairs.

There are costs associated with a construction project beyond the construction contract itself which include construction support services. Below is a summary of the estimated associated costs, in addition to the construction contract:

<b>Description</b>	<b>Amount</b>
Construction Contract	\$ 4,279,406.52
Design Engineer contract (MNS Engineers, contract 2215)	\$ 361,737.00
Contract Inspector (contract to be approved by Council)	\$ 200,000.00
Materials Testing	\$ 35,000.00
Surveying	\$ 4,000.00
PG&E electrical service to new traffic signal	\$ 3,000.00
Storm Sewer repairs reimbursement to sewer fund	\$ 90,075.00
Contingencies (5% of construction contract) for unforeseen change orders	\$ 213,970.33
Eden Housing refund of excess fee	\$ 34,568.42
<b>Total Project Cost</b>	<b>\$ 5,221,757.27</b>

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The project qualifies as Categorical Exempt under CEQA in accordance with CEQA Guidelines Section 15301, CE Class 1, maintenance of existing streets involving no expansion of capacity. Staff has filed a Notice of Exemption with the Santa Cruz County Clerk.

**STRATEGIC PLAN:**

The project supports Strategic Plan Priority:

- 3 - Infrastructure & Environment
- 6 - Public Safety

**FINANCIAL IMPACT:**

As shown above, the Freedom Blvd Reconstruction Project is included in the approved budget. In order to fund the project, staff recommends the following budget re-appropriations. The sewer fund will pay for sewer related items and the water fund will pay for water system related items. ARPA funding has been identified for road maintenance. The actions required are summarized below:

<b>Fund</b>	<b>Existing Account</b>	<b>Amount</b>	<b>Action Required/ Re-appropriate to project number</b>
Sewer	0710-911-7855-14409	\$ 74,000.00	14838
Water	0720-913-7831-14834	\$ 78,200.00	14838
Special Grant	0260-70-905-00-7837-15059	\$ 1,000,000.00	14838
ARPA	0262-01-109-00-7837-05013	\$ 169,231.27	14838
<b>Total transfer</b>		<b>\$ 1,321,431.27</b>	

**ALTERNATIVE ACTION:**

Council could elect not to award the construction contract. The roadway would continue to deteriorate and the cost of rehabilitation in the future will continue to increase.

**ATTACHMENTS AND/OR REFERENCES (If any):**

- 1) Project map