

## REPORT TO CITY COUNCIL

**DATE: SEPTEMBER 13, 2006**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: GREG RAMIREZ, CITY MANAGER**

**BY: KEN BERKMAN, CITY ENGINEER**

**SUBJECT: CONTRACT AWARD FOR THE 2006-2007 STREET RESURFACING PROJECT; NIB 06-01**

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On June 28, 2006, City Council authorized staff to seek bids for the 2006-2007 Street Resurfacing Project; NIB 06-01. At that time, and based upon the approved budget, the project was to consist of resurfacing 35 residential streets (over 8 lane-miles) with rubberized asphalt concrete (RAC). The streets for this annual project are selected based upon priorities determined by the latest Pavement Management System report. The project map from the June 28<sup>th</sup> Council meeting is attached for reference.

On August 15, 2006, the City Clerk opened sealed bids from six contractors. The bid results were as follows:

<b>Hardy &amp; Harper, Inc.</b>	<b>\$1,030,710</b>
Security Paving	\$1,055,250
Granite Construction	\$1,092,925
Excel Paving	\$1,093,860
Berry Engineering	\$1,132,315
Nye & Nelson	\$1,179,204

Staff reviewed the bid submittal of the apparent low bidder, Hardy and Harper, Inc. (H&H), and deemed their bid responsive and responsible. In addition, staff contacted many references to discuss H&H's past work as they have never worked in the City. The references indicated they were satisfied with the contractor's performance.

In the 2006/2007 adopted budget, the City Council allocated \$750,000 of General Fund money, \$100,000 of Gas Tax money, and \$84,000 of SB1132 (currently known as Prop 42) funds for a total allocation of \$934,000. The City Council has made resurfacing of the City's streets a high priority capital improvement program expenditure. Due to the amount of the lowest qualified bidder, staff has identified four streets that could be eliminated to ensure only the currently available fund sources are used. If it is the desire of the City Council to accept the contractor's bid and keep the four streets in the contract, an additional \$137,000 would be needed to do so with the recommended construction contingency.

For the fully-funded bid scenario, the total estimated construction cost would be:

Contract Costs	\$1,030,710
Construction Contingency (~10%)	\$100,000
Material Testing	\$20,000
<b>TOTAL PROJECT COST</b>	<b>\$1,150,710</b>

With the fully-funded project, not only would the City “catch up” with last year’s projected necessary overlay by adding last year’s 4 deleted streets, but also complete this year’s projected required streets within the 10-year forecasted program. With Council approval, the project will commence in late September and be scheduled for completion before Thanksgiving.

The utilization of existing and restricted funding sources, Gas Tax and SB1132, would be appropriate and recommended to complete this project. The City currently has a surplus of Gas Tax funds of approximately \$298,000 that could be applied to this project (only \$137,603 would be needed for this specific project). The City also recently received the FY 2003/2004 payment of SB1132 funds that the State had previously failed to disburse in the fiscal year in which it was allocated. Staff was not anticipating these funds during the budget process and thus did not place them in the budget. Therefore, an additional \$79,107 of SB1132 funds is now available for this project. Gas Tax and SB1132 funds may only be used to maintain and improve roads and streets within the City and their use in relation to this project would not affect current or future Capital Improvement Projects, which are typically funded with General or Redevelopment funds.

Another option for the City Council is to use the existing funds only, without the additional Gas Tax and SB 1132 funds, and remove the street segments of Brainbridge, Greenbriar, Imbler and Langhall Courts from this year’s project. These streets would be done with next Fiscal Year’s project and not significantly affect the overall goal of the PMS program.

## **RECOMMENDATION**

Staff respectfully recommends the City Council:

1. Award the contract for the 2006-2007 Street Resurfacing Project; NIB 06-01, to Hardy and Harper, Inc.;
2. Authorize the Mayor to sign the contract agreement;
3. Authorize the use of up to \$163,107 from the SB1132 “Local Street and Road Improvements” Fund for the project; and
4. Authorize the transfer of \$137,603 of Gas Tax funds into the project’s account.

Attachments: Project Location Map