



AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Ryan Russo
Director, OakDOT

SUBJECT: On-Call Paving Contract Extension

DATE: February 26, 2020

City Administrator Approval

Date: March 19, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution To Waive Advertising And Competitive Bidding And Increase The As-Needed Pavement Rehabilitation Services Contract With McGuire & Hester By An Amount Of Eleven Million Dollars (\$11,000,000.00) From Ten Million, Nine Hundred and Eighty-Two Thousand, Two Hundred Dollars (\$10,982,200.00) To A Total Contract Amount Of Twenty-One Million, Nine Hundred And Eighty-Two Thousand, Two Hundred Dollars (\$21,982,200.00); and

Adopt A Resolution To Waive Advertising And Competitive Bidding And Increase The As-Needed Pavement Rehabilitation Services Contract With Gallagher & Burke, Inc. By An Amount Of Eleven Million Dollars (\$11,000,000.00) From Ten Million, Nine Hundred and Ninety-Four Thousand, Six Hundred Dollars (\$10,994,600.00) To A Total Contract Amount Of Twenty-One Million, Nine Hundred And Ninety-Four Thousand, Six Hundred Dollars (\$21,994,600.00).

EXECUTIVE SUMMARY

Approval of the resolution will authorize the City Administrator or designee to waive competitive bidding and increase contract amounts on two 2019 As-Needed Pavement Rehabilitation Services. The first with McGuire & Hester would be increased from \$10,982,200 to a total contract amount not-to-exceed \$21,982,200. The second contract with Gallagher & Burke, Inc would be increased from \$10,994,600.00 to a total contract amount not-to-exceed \$21,994,600.00). Both contracts will support paving construction approved under the 2019 3-Year Paving Plan and the City's Fiscal Year 2019-2021 Capital Improvement Plan. The increased contract limits will allow the completion of the approximately 15-25 miles of paving.

BACKGROUND / LEGISLATIVE HISTORY

In May 2019, City Council approved the 3-Year Paving Plan, identifying 100+ miles of pavement rehabilitation and preventative maintenance citywide to be completed within three years. In June 2019, City Council approved the Fiscal Year (FY) 2019-21 Capital Improvement Plan which funded the 2019 3-Year Paving Plan program at \$35M per year using Measure KK General Obligation Bond funds. Measure KK was approved by the voters of Oakland in November 2016

Public Works Committee
March 24, 2020

to fund \$600M of vital infrastructure maintenance improvements, including \$350M for streets and sidewalks. To date, paving has been the quickest capital program to spend down Measure KK dollars.

In February 2019, City Council approved the award of two on-call citywide paving contracts, each worth approximately \$11M, to McGuire & Hester and to Gallagher & Burke, Inc., two local firms. These contracts were developed to support implementation of the 2019 3-Year Paving Plan. To date, McGuire & Hester's contract is fully committed and approaching 90% expenditure; the second contract with Gallagher & Burke, Inc. is fully committed and 10% expended. Together, these contracts amendments will account for approximately 20 miles of paving. In addition, approximately \$1M of the McGuire & Hester on-call contract was expended to pave parking lots at three fire stations which were infrastructure improvements identified as part of the Measure KK Capital Improvements project list.

ANALYSIS AND POLICY ALTERNATIVES

The annual mileage commitments of the 2019 3-Year Paving Plan represent a tripling of annual paving. At the same time, with many Bay Area cities seeking to put new gas tax revenues and other infrastructure funding to work, many local construction firms are over-committed. Staff have identified that the City needs to "book early" to ensure contractor resources remain available through the main paving season in summer 2020. Additionally, staff understand that the unit prices set from the competitively bid 2019 on-call contracts reflect a 2-3% discount over anticipated cost escalations if and when the City pursues new bid processes.

Each extended contract would support paving approximately 10-15 miles of paving scheduled for 2020. Projects scheduled for paving in 2020 include mileage in the North Oakland/Adams Point, West Oakland, Eastlake/Fruitvale, and Central East Oakland planning areas. (See **Attachment A** for a map of anticipated 2020 paving.)

Oakland Municipal Code ("OMC") section 2.04.050 requires advertising and competitive bidding for contracts for the purchase of services, supplies or combination required by the City in any one transaction which exceeds \$50,000, and the award to the lowest responsible, responsive bidder if an award is made. However, OMC Title 2, Chapter 2.0, Article 1, Section 2.04.050.1 5 provides an exception to this advertising and competitive bidding requirement when specifically authorized by the City Council after a finding and determination that it is in the best interests of the City.

Staff requests that the City Council find and determine that it is in the best interests of the City to waive advertising and competitive bidding based on the following basis;

- Unit prices will be frozen at the 2019 competitively-bid contract amounts, representing a cost advantage for the City versus new unit prices on the open market.
- Meeting the City's ambitious paving mileage goals is a challenge and contractor availability is key to completing highly anticipated mileage in all Council districts and plan areas.
- Booking contracts with local firms now will help ensure their availability for the summer paving season.

- The City is extending contract increases to all contractors that previously submitted bids to execute this work.

It is in the best interest of the City to approve the proposed resolution and waive further advertising and competitive bidding per the OMC Section 2.04.050.I.5, to increase the contract and complete the remaining scope for the reasons stated above. Staff is requesting approval to increase each on-call construction contract by \$11,000,000.00 in order to complete pavement rehabilitation. Both firms will be required to meet the City's Local and Small Local Business Enterprise Program.

If the resolution is not approved, staff would initiate a new procurement for on-call paving services. A new procurement process on the open market would result in new unit prices; staff anticipate a 2-3% increase in unit prices from a new process, making paving work completed under a new process more than expensive than amending the current contracts. In addition, staff anticipate delayed contractor availability with a new process, as final contract execution would take longer than amending the current contracts.

FISCAL IMPACT

Funds for these construction projects are available in Measure KK (Fund 5332) Capital Projects Organization (92246); Account (54011); Citywide Pavement Rehabilitation Project No. 1001293.

PUBLIC OUTREACH / INTEREST

Street repaving is one of the top priorities for Oaklanders, and a significant public outreach process was performed toward the adoption of the 2019 3-Year Plan. Individual construction notifications are also performed with each street repaving project to provide adequate notice about parking restrictions and other construction impacts.

COORDINATION

This report and resolution have been reviewed for form and legality by the Office of the City Attorney and the Budget Bureau of the Finance Department.

SUSTAINABLE OPPORTUNITIES

Economic: All construction contracts require the payment of prevailing wage rates, which offer a livable wage for workers and contribute to an improved quality of life. Streets in good condition may indirectly improve the business climate. The contractors are verified for Local Business Enterprise and Small Local Business Enterprise (LBE/SLBE) participation by the Contract & Compliance Department of the City Administrator's Office. The construction services provided by local firms will result in dollars being spent locally.

Environmental: On these paving contracts, recyclable materials will be used within the concrete and asphalt concrete construction materials to the greatest extent possible. Grindings from asphalt paving will be recycled whenever possible.

Race & Equity: These construction contracts will implement the adopted 3-Year Paving Plan which incorporated social equity as a prioritization metric for local streets paving, ensuring that underserved communities are prioritized for paving investment. Additionally, the more than 100 miles of streets as part of the 3-Year Plan will receive accessibility improvements including curb ramp improvements, sidewalk repairs, and crosswalk marking upgrades.

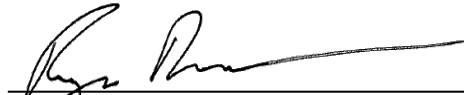
ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution To Waive Advertising And Competitive Bidding And Increase The As-Needed Pavement Rehabilitation Services Contract With McGuire & Hester By An Amount Of Eleven Million Dollars (\$11,000,000.00) From Ten Million, Nine Hundred and Eighty-Two Thousand, Two Hundred Dollars (\$10,982,200.00) To A Total Contract Amount Of Twenty-One Million, Nine Hundred And Eighty-Two Thousand, Two Hundred Dollars (\$21,982,200.00); and

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For questions regarding this report, please contact Sarah Fine, Complete Streets Paving & Sidewalks Manager, at 238-6241.

Respectfully submitted,



RYAN RUSSO
Director, OakDOT

Reviewed by:
Wladimir Wlassowsky, P.E., Assistant Director
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Mohamed Alaoui, P.E., Division Manager
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Prepared by:
Sarah Fine, M.C.P., Program Manager
Complete Streets Paving & Sidewalks

Attachments (1): *2020 Paving Priority Map*