



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Josh Rowan
Director, Oakland
Department of
Transportation

SUBJECT: Project 1007572 Citywide Pavement
Rehabilitation

DATE: May 20, 2025

City Administrator Approval


Jestin Johnson (Jun 24, 2025 11:31 PDT)

Date: Jun 24, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Award A Construction Contract For Project 1007572 Citywide Pavement Rehabilitation To McGuire And Hester, The Lowest Responsive, Responsible Bidder, In Accordance With Contractor's Bid And Project Plans And Specifications, For An Amount Not-To-Exceed Twenty-Five Million, Nine Hundred And Forty-Eight Thousand, Eight Hundred And Seventy-Five Dollars (\$25,948,875.00); And Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

EXECUTIVE SUMMARY

Approval of this proposed resolution will authorize the City Administrator to execute a construction contract with McGuire & Hester, the lowest responsible and responsive bidder, in the amount of twenty-five million, nine hundred and forty-eight thousand, eight hundred and seventy-five dollars (\$25,948,875.00), for Project No. 1007572 (Project). This contract capacity would enable the continued implementation of the 2022 5-Year Paving Plan (Resolution No. [88975 C.M.S.](#)).

BACKGROUND / LEGISLATIVE HISTORY

On December 21, 2021, the City Council approved a resolution establishing the current pavement management program, referred to as the 2022 5-Year Paving Plan (5YP) (Resolution No. [88975 C.M.S.](#)). The 5YP includes pavement rehabilitation and preventative maintenance treatments on over 350 miles of Oakland streets. Under the 5YP, the majority of funding is dedicated to local streets while still keeping major streets in good condition. The 5YP local streets program funding is primarily prioritized by planning area, weighing equity and street condition equally. The paving program is funded under the Street Resurfacing CIP. For FY23-25, the Street Resurfacing CIP was fully funded by infrastructure bond funds, including Measure KK and Measure U. Measure KK was approved by the voters of Oakland in November 2016 to

fund \$600 million in vital infrastructure maintenance improvements, including \$350 million for streets and sidewalks. A subsequent infrastructure bond measure, Measure U, was approved by voters in 2022. Measure U is an \$850 million bond for infrastructure maintenance improvements, with \$290 million for transportation-related projects. OakDOT budgets approximately 80% of expected bond proceeds for paving, with the remaining 20% funding local matching requirements for construction grants, bridge repairs, and other safety projects.

ANALYSIS AND POLICY ALTERNATIVES

The proposed contract would enable pavement management through rehabilitation and preventative maintenance, contributing to the citywide priority of **vibrant and sustainable infrastructure**. Paving projects incorporate routine accessibility and safety improvements, such as high visibility crosswalks, daylighting, and curb ramp upgrades, and are a primary avenue for delivering comprehensive corridor-based traffic safety improvements, contributing to the citywide priority of **holistic community safety**.

Contract Award

On November 15, 2024, the City placed an advertisement inviting construction bids for the Project on iSupplier, the Bids/Contracts webpage of the City's website, and in the following newspapers: Daily Pacific Builder, El Mundo, Oakland Post, Oakland Tribune, The Korea Times, and World Journal. On January 23, 2025, the City Clerk received three bids for the Project from three firms: Gallagher and Burk Inc., McGuire and Hester, and Teichert Construction. The bids, along with the engineer's estimate, are shown in **Table 1** below. Before bid discounts, the lowest bid was Gallagher & Burk, at \$25,740,000.00, which was 7.8% below the engineer's estimate.

Table 1: Bids Received

Bidder	Bid Total
Gallagher & Burk, Inc.	\$25,740,000.00
McGuire & Hester	\$25,948,875.00
Teichert Construction	\$27,994,780.00
<i>Engineer's Estimate</i>	\$27,929,100.00

The Local and Small Local Business Enterprise (L/SLBE) participation requirement for the Project was set by the Department of Workplace and Employment Standards (DWES) at 20%, to be met by 15% Local Business Enterprise (LBE) participation and 5% Small Local Business Enterprise (SLBE). DWES compliance analysis is summarized in **Table 2** and provided in **Attachment A**.

DWES determined that all 3 firms met the LBE/SLBE requirements. DWES also applied bid discounts per L/SLBE participation above the minimum, as summarized in **Table 2** below.

Table 2: L/SLBE Participation Analysis Summary

Bidder	Original Bid Amount	Specialty Dollar Amount	Non-Specialty Dollar Amount	Proposed versus Credited L/SLBE Participation							Trucking Met	L/SLBE Met	Earned Bid Discounts
				LBE PROPOSED	LBE CREDITED	SLBE PROPOSED	SLBE CREDITED	VSLBE PROPOSED	VSLBE CREDITED	TOTAL CREDITED	Yes or No	Yes or No	2-10%
Gallagher & Burk, Inc.	\$25,740,000	\$1,077,500	\$24,662,500	70.76%	15.00%	10.69%	10.69%	0%	0%	25.69%	Yes	Yes	2%
McGuire and Hester	\$25,948,875	\$1,835,000	\$24,113,875	25.4%	15.00%	9.17%	9.17%	4.30%	8.61%	32.78%	Yes	Yes	3%
Teichert Construction	\$27,994,780	\$3,645,000	\$24,349,780	19.75%	15.00%	8.72%	8.72%	0%	0%	23.72%	Yes	Yes	2%

Bid Discount amounts are determined based on the total percentage of local and small business participation on the overall contract. Contracts with a larger portion of the work performed by Local and Small Local Businesses therefore receive proportionally larger bid discounts. The discounted bids are shown below in **Table 3**.

Table 3: L/SLBE Participation Bid Discounts

Bidder	Bid Amount	Bid Discount	Discounted Bid Total
Gallagher and Burk, Inc.	\$25,740,000.00	2.00%	\$25,246,750.00
McGuire & Hester	\$25,948,875.00	3.00%	\$25,225,458.75
Teichert Construction	\$27,994,780.00	2.00%	\$27,507,784.40

Per the bid discount calculations and compliance analysis by DWES and compliance review by OPW Capital Contracts Division, McGuire and Hester is deemed the lowest responsive and responsible bidder, and therefore recommended for the award. McGuire & Hester's bid of \$25,948,875.00 is 7.1% under the Engineer's Estimate. Given the current economic conditions, including materials cost increases and contractor workload capacities, staff determined that the bid is reasonable.

The Project, along with other recently bid projects, will support the implementation of approximately 65-70 miles of paving projects scheduled for FY26 construction, pending available budget.

FISCAL IMPACT

This construction contract represents a proactive plan to bring on resources that are projected to be needed. Since this is an as-needed contract, specific funding codes are not required until work orders are issued. Overall funding to support these construction contracts is included in the FY 25-27 biennial budget under the Citywide Street Resurfacing program. This program has approximately \$117M in funding over two years, which consists of \$102M from Measure U bonds and \$15M from other local sources. Approval of these resolutions will not result in additional appropriation of funds. There is no impact on the General-Purpose Fund, and no additional funding is requested. There is no minimum commitment to this contract, and funds will not be committed unless funding is identified.

PUBLIC OUTREACH / INTEREST

Street repaving is a top infrastructure priority for Oaklanders, and a significant public outreach process was performed toward adopting the 5YP. The bid requests for these projects were disseminated using the City's web-based procurement system, iSupplier, the City of Oakland website, and local newspapers. Additionally, staff provided notice to labor representatives, per the terms and conditions of the current Memorandums of Understanding with the International Federation of Professional & Technical Engineers (IFPTE) Local 21, Service Employees International Union (SEIU) 1021 and International Brotherhood of Electrical Workers (IBEW) 1245 prior to the formal issuance of the bid request.

Prior to starting construction, residents and businesses affected by the work will be notified regarding the construction schedule and planned activities.

COORDINATION

The work to be done under this contract will be coordinated with Oakland Public Works (OPW) Construction Management Division and the Department of Workplace and Employment Standards (DWES). This report and the 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 participation by DWES. The construction services provided by local firms will result in dollars being spent locally.

Environmental: The contractors will be required to make every effort to use best management practices for the protection of stormwater runoff during construction. Additionally, 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 5YP, which incorporated race and 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 5YP will receive accessibility improvements, including curb ramp improvements, sidewalk repairs, and crosswalk marking upgrades, further extending the impact of the equity framework of the 5YP.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The California Environmental Quality Act (CEQA) and the CEQA Guidelines exempt specific types of projects from environmental review. The following CEQA exemptions each apply to this project and provides a separate and independent basis for CEQA compliance: CEQA Guidelines Section 15183 (Projects Consistent with A Community Plan, General Plan, or Zoning), 15301(c) (Existing Facilities, Highways and Streets), 15303 (Small Structures), 15304(h) (minor alterations to land), and/or 15061(b)(3) (No Significant Effect on the Environment).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Award A Construction Contract For Project 1007572 Citywide Pavement Rehabilitation To McGuire And Hester, The Lowest Responsive, Responsible Bidder, In Accordance With Contractor's Bid And Project Plans and Specifications, For An Amount Not-To-Exceed Twenty-Five Million, Nine Hundred And Forty-Eight Thousand, Eight Hundred And Seventy-Five Dollars (\$25,948,875.00); And Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

For questions regarding this report, please contact Sarah Fine, Acting Complete Streets Infrastructure Division Manager, at 510-238-6241.

Respectfully submitted,


Jamie Parks (Jun 23, 2025 10:54 PDT)

JOSH ROWAN
Director
Oakland Department of Transportation

Reviewed by:
Megan Wier
Assistant Director
Oakland Department of Transportation

Sarah Fine
Acting Division Manager
Complete Streets Infrastructure Division

Prepared by:
Benjamin Granberry
Assistant Engineer
Complete Streets Infrastructure Division