



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Josh Rowan
Director, Oakland
Department of
Transportation

SUBJECT: Construction Contract Amendment for
Citywide Pavement Rehabilitation
(Project No. 1006337)

DATE: January 12, 2026

City Administrator Approval


Jestin Johnson (Jan 29, 2026 18:21:02 PST)

Date: 01/29/2026

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution To Increase The Change Order Limit For The Contract With McGuire And Hester, Inc. For Project 1006337 Citywide Pavement Rehabilitation From Twenty-Five Percent (25%) To Twenty-Seven And One-Half Percent (27.5%) Of The Original Contract Amount, For A Total Contract Not-to-Exceed Nineteen Million, Two Hundred Thirty-Two Thousand, Four Hundred Eighteen Dollars and Seventy-Five Cents (\$19,232,418.75) And Waiving The Competitive Process To The Extent Necessary.

EXECUTIVE SUMMARY

Approval of the proposed legislation will authorize an increase to the change order capacity for the Citywide Pavement Rehabilitation (Project No. 1006337) construction contract with McGuire and Hester, Inc., up to \$4,148,168.75 (27.5%) of the original construction contract. The increase will accommodate added project scope and unforeseen conditions, including:

- new sidewalk infill work not originally included,
- removal of uncounted existing rail tracks, and
- necessary sub-grade reconstruction due to unstable soil and a high-water table.

Bids for Project No. 1006337 were opened on August 11, 2022. Following compliance evaluation and Council authorization, the contract was executed on January 6, 2023, pursuant to Resolution No. [88976 C.M.S.](#) The executed contract includes a standard change-order authority of up to twenty-five percent (25%) or \$3,771,062.50 of the awarded based contract amount of \$15,084,250.00. The requested increase of \$377,106.25 will expand this authority to 27.5%, providing the additional capacity needed to complete the remaining work efficiently and without delay.

BACKGROUND / LEGISLATIVE HISTORY

Project 1006337 Citywide Pavement Rehabilitation is a citywide pavement rehabilitation project that includes asphalt milling and overlay with base repair and subgrade treatment; removal of existing railroad tracks; removal and replacement of damaged sidewalks; installation of new sidewalk infills, curbs, gutters, and concrete ADA-compliant curb ramps; and placement of thermoplastic pavement markings, striping, and signage. The project supports implementation of the 2022 5-Year Paving Plan (Resolution No. [88975](#) C.M.S.). Project 1006337 supports the City's broader effort to enhance roadway safety, accessibility, and long-term maintenance efficiency.

Bids for Project No. 1006337 were opened on August 11, 2022, and following evaluation and Council authorization, the contract was executed on January 6, 2023, pursuant to Resolution No. [88976](#) C.M.S. The resolution authorized the award of the \$15,084,250.00 construction contract to McGuire and Hester, Inc. The executed contract includes a standard change-order authority of up to twenty-five percent (25%) of the base amount (\$3,771,062.50).

During construction, several unanticipated conditions increased project costs beyond the original change order capacity:

- **Sheffield Avenue Subgrade Failure**
Subgrade instability due to a high-water table on Sheffield Avenue required a 12-inch dig-out and replacement, resulting in an additional \$460,705.99 cost.
- **Raimondi Park Sidewalk Expansion**
Originally scoped at 8,000 square feet of sidewalk replacement, field conditions adjacent to Raimondi Park revealed absent sidewalks requiring full construction. The final installed quantity was 26,849 square feet, increasing the cost by \$376,980.
- **Railroad Track Removal Overrun**
The estimated 11,000 linear feet of railroad track removal expanded to 16,440 linear feet due to unrecorded double-tracked segments, resulting in \$408,405.83 in additional cost.

The total of these three unforeseen items is \$1,246,091.82. The majority of these costs were absorbed by existing change order capacity; however, the costs exceeded the existing 25% order limit by approximately 2.5% (\$377,106.25).

ANALYSIS AND POLICY ALTERNATIVES

The additional work items identified in this report, including subgrade repairs on Sheffield Avenue, expanded sidewalk construction adjacent to Raimondi Park, and removal of unforeseen double railroad tracks, were necessary for the successful completion of the project. Although these items were unforeseen at the time of the bid, they were critical to the overall success and desired outcome of the project.

As these added work elements have already been performed to maintain construction progress, increasing the change order limit will allow the City to properly authorize and close out the project within the revised 27.5% change order capacity. Without this increase, staff would be unable to finalize and close the project under the existing 25% limit. Therefore, approval of the

proposed increase is essential to reconcile completed and necessary work and ensure timely and successful project closeout.

FISCAL IMPACT

Funding for the 2.5%, \$377,106.25, increase above the existing 25% change order limit is available within existing project allocations under Project No. 1006337, Fund 2218 (Measure BB). No additional funding appropriation is necessary.

PUBLIC OUTREACH / INTEREST

The project was developed to implement the 2022 Five-Year Paving Plan, which included outreach to all Council districts and community organizations. Standard notifications were sent to affected residents and businesses prior to each work segment, with construction updates available on the City's website and through Oakland 311.

COORDINATION

This item has been coordinated with the City Attorney's Office and the Budget Bureau.

PAST PERFORMANCE, EVALUATION, AND FOLLOW-UP

McGuire & Hester, Inc. has performed multiple City of Oakland contracts satisfactorily, including previous pavement and infrastructure projects. Their performance on Project 1006337 has been evaluated as satisfactory to date.

SUSTAINABLE OPPORTUNITIES

Economic: The project provides local employment opportunities and supports the City's economic recovery through investment in essential infrastructure.

Environmental: Rehabilitating existing streets reduces future maintenance emissions, and the project complies with stormwater pollution prevention requirements (SWPPP).

Race & Equity: Improved accessibility infrastructure, including ADA-compliant ramps and sidewalks, promotes equitable mobility across Oakland neighborhoods.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

This action is exempt from review under the California Environmental Quality Act (CEQA). The project consists of rehabilitating existing streets and related infrastructure,

Jestin D. Johnson, City Administrator

Subject: Construction Contract Amendment for Citywide Pavement Rehabilitation (Project No. 1006337)

Date: January 12, 2026

Page 4

with no expansion of use or capacity. As such, it qualifies for the Class 1 Categorical Exemption for minor alterations of existing public facilities, including public highways, sidewalks, and similar infrastructure (CEQA Guidelines §15301(c)).

This determination is consistent with the environmental findings adopted by the Council as part of the 2022 Five-Year Paving Plan. The City's adoption of the 2022 Five-Year Paving Plan (Resolution No. 88975 C.M.S.) included CEQA exemption findings for the planned resurfacing projects, and the scope of work of Project No. 1006337 was included in that program. Those findings remain valid and applicable. Accordingly, no additional CEQA review is required to approve the increase to the contract change order limit necessary to complete this project.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution To Increase The Change Order Limit For The Contract With McGuire And Hester, Inc. For Project 1006337 Citywide Pavement Rehabilitation From Twenty-Five Percent (25%) To Twenty-Seven And One-Half Percent (27.5%) Of The Original Contract Amount, For A Total Contract Not-to-Exceed Nineteen Million, Two Hundred Thirty-Two Thousand, Four Hundred Eighteen Dollars And Seventy-Five Cents (\$19,232,418.75) And Waiving The Competitive Process To The Extent Necessary.

For questions regarding this report, please contact Mastewal Cherinet, Civil Engineer, at (510) 238-4981.

Respectfully submitted,



Josh Rowan (Jan 28, 2026 14:45:28 PST)

Josh Rowan, Director
Department of Transportation

Reviewed by:
Megan Wier
Assistant Director, Department of Transportation

Amit Salwan, P.E.
Principal Civil Engineer
Great Streets Delivery Division

Sarah Fine, M.C.P.
Division Manager
Complete Streets Infrastructure Division

Prepared by:
Mastewal Cherinet, P.E.
Civil Engineer
Complete Streets Infrastructure Division