



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 8

Section Name: {{section.name}}

Account Number: 10-4662

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TO: City Council
FROM: Alex Khojikian, City Manager
PREPARED BY: Public Works Department
MEETING DATE: July 15, 2024
SUBJECT:
Citywide Street Reconstruction Phase 4 – Contingency Increase

RECOMMENDATION:

Approve a contingency reserve increase in the amount of \$2,500,000 for the construction agreement with McGuire and Hester for the Citywide Street Reconstruction Phase 4 Project, for a total revised contingency reserve of \$3,130,000; and authorize the Public Works Director to issue change orders within the contingency amount.

BACKGROUND:

The Citywide Street Reconstruction Phase 4 (Project) is part of the Public Works Smooth Streets Program (Program) and funded under the Capital Improvement Program Citywide Street Reconstruction Package 3 project. The Project will reconstruct 3.2 miles of failed streets across 19 locations citywide. City Council approved a construction agreement for the Project to McGuire and Hester on June 5, 2023, in the amount of \$6,259,358, and authorized a contingency reserve of \$630,000. The contingency reserve was established and utilized to address and mitigate unknowns that arose during construction and was approximately 10% of the agreement value.

Construction began in Summer 2024, and McGuire and Hester has since completed reconstruction of seven of the 19 street segments. These seven street segments were reconstructed via the traditional reconstruction method, which typically consists of a deep asphalt grind and overlay with isolated base failure repairs. Ten of the remaining twelve street segments are to be reconstructed using “Full Depth Reclamation” (FDR) methodologies due to the significant amount of soft soil and bay mud underlaying the road sections.

FDR pulverizes asphalt and aggregate base material and mixes it with cement and/or lime to stabilize soft soils and allow for paving. FDR requires any conflicting utility mains (streetlight, gas, water, sewer) and service laterals be lowered to provide enough clearance for pulverizing/mixing equipment. Construction was suspended in November 2023 due to winter weather and will remain on suspension until lowering of utility mains and service laterals is complete. The City’s streetlight conduits and Cal Water’s water services have all been lowered. The City is waiting for PG&E to complete lowering of the gas laterals, which is anticipated by December 2024. As PG&E will not finish its work prior to the upcoming winter storm season, Project construction will not resume until April 2025 after the winter storms.

In order to complete the Project, additional funds are required to be added to the construction agreement with McGuire and Hester as the additional cost for the following changes far exceed the available contingency reserve:

- **Corrective Action Plan to Utilize FDR:** Two streets, 30th Avenue (between Fernwood Street and Monterey Street) and Lansdale Street (between 30th Avenue and 31st Avenue), were originally planned to be reconstructed via traditional reconstruction methods but once construction began on 30th Avenue, the subgrade failed throughout the street segment. City staff stopped the operation until a corrective action plan was developed. As Lansdale

Street has similar subgrade instabilities and is adjacent to 30th Avenue, staff decided to utilize FDR there as well. Staff, in coordination with McGuire and Hester and the Project's design consultant, NCE, developed a corrective action plan to utilize FDR methodologies to complete the reconstruction of 30th Avenue and Lansdale Street.

- **Change in FDR Design:** The FDR process includes mixing a lime and/or cement powder(s) into the existing asphalt and aggregate road section. The addition of lime hardens the mixture and gives the FDR section strength. The thickness of the FDR section can range from 8 -18 inches deep. The original FDR design included use of cement powder only within an 8-inch FDR section. Due to lessons learned on both the Phase 3 Project and the already-completed road segments of Phase 4, the revised FDR design includes both cement and lime powders and an increased FDR thickness of 15 inches on some segments and 18 inches on others.

To date, approximately \$188,000 of the original \$630,000 contingency reserve has been used to issue negotiated change orders. A summary of the executed contract change orders is included in Attachment 1. To mitigate risks associated with potential delays, streamline procurements, and to provide flexibility for staff to negotiate and execute contract change orders in a timely manner, staff recommends increasing the contingency reserve by \$2,500,000, for a new total of \$3,130,000 to address the anticipated change order(s) necessary to complete the project.

BUDGET IMPACT:

Sufficient funds are available in the Citywide Street Reconstruction Package 3 (467773) project budget to fund this contingency increase. The initial authorized agreement with McGuire and Hester for construction was in the amount of \$6,259,358. The original contingency reserve established was \$630,000 and this request increases the contingency by \$2,500,000 to a total of \$3,130,000. This increase brings the potential total contract cost to \$9,389,358.

ENVIRONMENTAL DETERMINATION:

This project is categorically exempt from CEQA as an "existing facility," because it consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. (CEQA Guidelines Section 15301.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Contract Change Order Summary

STAFF CONTACT

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