



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 9

Section Name: {{section.name}}

Account Number: 10-4662

File ID: {{item.tracking_number}}

TO: City Council
FROM: Alex Khojikian, City Manager
PREPARED BY: Public Works Department
MEETING DATE: November 20, 2023

SUBJECT:

Citywide Street Reconstruction Phase 3 – Budget Transfer and Contingency Increase

RECOMMENDATION:

Adopt a Resolution to authorize a budget transfer from Citywide Street Reconstruction Package 2 Project to the Citywide Street Reconstruction Package 1 Project in the amount of \$275,000; approve an increase to the contingency reserve associated with the construction agreement with Teichert Construction for the Citywide Street Reconstruction Phase 3 in the amount of \$875,000 for a total contingency of \$1,298,000; and authorize the Public Works Director to issue change orders within the contingency amount.

BACKGROUND:

The Citywide Street Reconstruction Phase 3 (Project) is part of the Public Works Smooth Streets Program (Program) and funded under the Capital Improvement Program Project Citywide Street Reconstruction Package 1. The Project reconstructed 1.6 miles of failed streets across nine locations largely within the Sunnybrae neighborhood. City Council approved a construction agreement for the Project to Teichert Construction (Teichert) on July 18, 2022 in the amount of \$4,229,667 and authorized a contingency reserve of \$423,000. The contingency reserve was established and utilized to address and mitigate unknowns that arose during construction and was approximately 10% of the agreement value.

In June 2023, Teichert began reconstruction of all streets in the Project and was successful on seven of the nine streets. During the reconstruction effort on Hawthorne Drive and Guildford Avenue within the Sunnybrae neighborhood, several subgrade failures occurred due to unanticipated extreme soft soil/Bay mud conditions. In addition, several pieces of construction equipment sank into the soft subgrade causing large divots and additional failures. During the operation, City staff stopped the operation to re-evaluate existing conditions and to develop new reconstruction designs for both streets to minimize further damage to these streets. In addition, previously completed paving on Sunnybrae Boulevard and a different portion of Hawthorne Drive had to be repaired after similar soft soil/Bay mud conditions caused pavement failures. Staff, in coordination with Teichert and the Project's design consultant, Wilsey Ham, developed a corrective action plan to utilize full-depth reclamation (FDR) methodologies to complete the reconstruction of Hawthorne Drive and Guildford Avenue.

In August 2023, the Interim City Manager approved emergency use authorization to proceed with change order work per San Mateo Municipal Code Section 3.60.050(a), which allows exceptions to City purchasing procedures where any emergency exists affecting or threatening to affect the public health, safety, or welfare. The road conditions at the time of the authorization were determined to be a safety issue. During that time, Hawthorne Drive was an unpaved dirt road and posed a risk of sinkage to large heavy vehicles, including emergency vehicles. Guildford Avenue, after laying the initial two inches of asphalt, had multiple significant uplifts in the street that required careful navigation by drivers, and the entire roadway was lower than the gutter pan, creating potential tripping hazards for pedestrians. In addition to the safety

issues, it was critical that Teichert complete the road reconstruction prior to the upcoming winter season where wet weather conditions would not allow for road reconstruction activities and might further damage the exposed roadways.

In September 2023, both Hawthorne Drive and Guildford Avenue were successfully reconstructed per the revised FDR reconstruction designs and the other areas of impacted paving were repaired on Sunnybrae Boulevard and Hawthorne Drive. Construction for the Project is currently complete.

To date, approximately \$232,000 of the original \$423,000 contingency reserve has been used to issue negotiated change orders. In addition, pursuant to the City Manager's emergency authorization described above, an additional change order for \$483,930.15 was executed to perform the FDR reconstruction designs on Hawthorne Drive and Guildford Avenue, exceeding the available contingency reserve. A summary of the executed contract change orders is included in Attachment 2. An increase of \$875,000 to the contingency reserve for a new total of \$1,298,000 is requested to address already executed change orders and anticipated additional change orders necessary to close out the project tied to the emergency FDR and pavement repair work and final bid item balancing based on actual quantities.

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 an additional \$875,000 for a total contingency reserve of \$1,298,000.

An alternative to approving the recommended contingency increase is directing staff to finalize negotiations of the potential contract change orders, then requesting City Council to approve the contract change orders at a later City Council meeting (likely in February 2024). This alternate approach is not recommended by staff as it will result in additional delays in payment to the Contractor for work already completed and may result in interest to be paid to the Contractor for lack of payment in a timely manner per the agreement.

BUDGET IMPACT:

Sufficient funds are not available in the Citywide Street Reconstruction Package 1 - Citywide Street Reconstruction Phase 3 to fund this contingency increase to the agreement with Teichert Construction. The proposed resolution would authorize a transfer in the Capital Project Fund in the amount of \$275,000 from Citywide Street Reconstruction Package 2 (467772) Project to the Citywide Street Reconstruction Package 1 (467771) Project. The initial authorized agreement with Teichert Construction for construction was in the amount of \$4,229,667. The original contingency reserve established was \$423,000 and this request increases the contingency by \$875,000 to a total of \$1,298,000. This increase brings the potential total contract cost to \$5,527,667.

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 use. (CEQA Guidelines Section 15301.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Proposed Resolution

Att 2 – Contract Change Order Summary

STAFF CONTACT

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