



City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Public Works

Meeting Date: June 16, 2025

Report #:2504-4491

TITLE

Approval of Five Items to Support the Newell Road/San Francisquito Creek Bridge Replacement Project PE-12011: 1) Construction Contract No. C25194068 with Granite Construction Company in the Amount Not-to-Exceed \$9,399,787 and Authorization for the City Manager or Their Designee to Negotiate and Execute Change Orders to the Contract up to a Not-to-Exceed Amount of \$939,979; 2) Approval of Professional Services Contract No. C25190454 with Zoon Engineering, Inc, in the Amount of \$2,559,915 for Construction Management Services through December 31, 2026; 3) Approval of Amendment No. 7 to Contract No. C12142825 with NV5, Inc. to extend the contract term through December 31, 2026 for Construction Support; 4) Approval of Amendment No. 3 to a Cost Share Agreement with Santa Clara Valley Water District Providing Local Matching Funds in the Amount \$155,458 for Design, Right of Way Appraisal and Acquisition and Construction Support for the Newell Road/San Francisquito Creek Bridge Replacement Project; and 5) Adoption of a FY 2025 Budget Amendment in the Capital Improvement Fund; CEQA Status - Environmental Impact Report for Newell Road/San Francisquito Creek Bridge (Resolution No. 9889)

RECOMMENDATION

Staff recommends that the City Council:

1. Approve and authorize the City Manager or their designee to execute Construction Contract No. C25194068 with Granite Construction Company, in the amount not-to-exceed \$9,399,787 for the Newell Road/San Francisquito Creek Bridge Replacement Project (CIP PE-12011);
 - a. Authorize the City Manager or their designee to negotiate and execute one or more change orders to the contract with Granite Construction Company for related additional but unforeseen work that may develop during the project, the total value of which shall not exceed \$939,787;
2. Approve and authorize the City Manager or their designee to execute the attached Professional Services Contract No. C25190454 with Zoon Engineering, Inc. to provide construction management services through December 31, 2026 and a total not-to-

exceed amount of \$2,559,915, including \$2,327,196 for base services and \$232,719 for additional services;

3. Approve and authorize the City Manager or their designee to execute Amendment No. 7 to Contract No. C12142825 with NV5, Inc. to extend the contract term through December 31, 2026 for construction support services;
4. Approve and authorize the City Manager or their designee to execute Amendment No. 3 to Cost Share Agreement A3581S with the Santa Clara Valley Water District in the amount of \$155,458, providing local matching funds; and
5. Approve a Fiscal Year 2025 Budget Amendment for the Capital Improvement Fund (requires a 2/3 vote):
 - a. Increasing the revenue appropriation for the Newell Road/San Francisquito Creek Bridge Replacement Project (PE-12011) by \$155,458 for Santa Clara Valley Water District's local match contribution associated with completing design and right-of-way phases.

EXECUTIVE SUMMARY

Newell Road Bridge is a 114-year-old functionally obsolete bridge spanning between Woodland Avenue (East Palo Alto) and Newell Road (Palo Alto) over San Francisquito creek. The Newell Road/San Francisquito Creek Bridge Replacement Project (PE-12011) includes replacing the bridge, its abutments, and adjacent floodwalls with new structures along the same alignment to accommodate multi-modal access and improve flood control and execution of these recommended actions enables the implementation of the replacement project.

The project is primarily funded through the Highway Bridge Program (HBP), a federally funded program of the Federal Highway Administration (FHWA), whose contribution is 88.53% of the eligible project cost with a local match of the remaining 11.47% provided by Santa Clara Valley Water District (Valley Water). Federal funding is administered by the California Department of Transportation (Caltrans). Authorization to proceed with construction through Advance Construction (AC) was granted on April 14, 2025. Construction bids were solicited through OpenGov and five bids were received. The construction contract is being awarded to the lowest bidder. This staff report includes awarding two contracts for construction and construction management support services, and two amendments to existing contracts with consultants NV5 Inc., and Valley Water.

BACKGROUND

Replacement of the Newell Road Bridge is a key element of flood control for San Francisquito Creek. On June 1, 2020, Council approved the project and the Final Environmental Impact Report (EIR). The full background of the project's progress and contract amendments can be

found in the report supporting Council's actions the project on June 22, 2021.¹ On May 15, 2023, Council adopted Resolution 10108 authorizing the City Manager to sign grant-related documents with Caltrans that provided a \$2,000,000 state earmark for the project.² Additionally, Council approved a contract amendment for the right-of-way work and temporary construction easements on November 27, 2023 and December 18, 2023, respectively.^{3,4}

A significant portion of the project extends into the City of East Palo Alto. This includes bridge abutments and associated floodwalls as well as raised roads, utilities adjustments to grade, new crosswalks, striping, retaining walls, street trees, and landscaping. Staff from both cities have worked collaboratively together throughout the various phases of the project, in part due to a Cooperation Agreement that Council approved on June 22, 2021.⁵

The HBP grant requires local agencies to secure formal approval from Caltrans prior to starting any phase of the project. If a local agency advances without authorization all or some of the grant funding is jeopardized. In June 2024, and with the knowledge that the Right of Way and Utility Certification phase would be completed soon, staff submitted a Request for Authorization to Caltrans requesting permission to advance into the construction phase. Initially, Caltrans Local Assistance District 4 would not authorize the construction phase because funds were programmed in Federal Fiscal Years 2026/2027. However, Caltrans staff suggested that Palo Alto apply for Advance Construction. Advance Construction allows local agencies to begin projects with a delayed availability of project expense reimbursements. Caltrans approved the Right-of-Way and Utility Certification on October 10, 2024.

Given the project history and impacts that a delay may cause on other regional projects, including increased cost for construction and required permit or easement extensions, Palo Alto opted to apply for Advance Construction on November 15, 2024. Both the Request for Authorization and Advance Construction were reviewed and approved by three tiers: Caltrans Local Assistance, Headquarters in Sacramento, and ultimately the Federal Highway Administration. Palo Alto received the Notice to Proceed for the construction phase with Advance Construction authorization document (E76) on April 14, 2025.

¹ City Council, June 22, 2021, Agenda Item #5 SR #12368;
<https://portal.laserfiche.com/Portal/DocView.aspx?id=171338&repo=r-704298fc&>

² City Council, May 15, 2023, Agenda Item #7; SR #2304-1248
<https://portal.laserfiche.com/Portal/DocView.aspx?id=65987&repo=r-704298fc&searchid=06bba970-efa5-4cd4-97af-6c6552896d28>

³ City Council, November 27, 2023, Agenda Item #8; SR #2308-1944;
<https://portal.laserfiche.com/Portal/DocView.aspx?id=69112&repo=r-704298fc&searchid=4d4bd209-74eb-4ad4-9bb4-0d97afb8926>

⁴ City Council, December 18, 2023, Agenda Item #18; SR #2312-2313;
<https://portal.laserfiche.com/Portal/DocView.aspx?id=69376&repo=r-704298fc&searchid=4d4bd209-74eb-4ad4-9bb4-0d97afb8926>

⁵ City Council, June 22, 2021, Agenda Item #5 SR #12368;
<https://portal.laserfiche.com/Portal/DocView.aspx?id=171338&repo=r-704298fc&>

ANALYSIS

Construction Contract Solicitation

On April 15, 2025, an Invitation for Bids (IFB) for the Newell Road/San Francisquito Creek Bridge project was posted on OpenGov, the City's eProcurement system. The bidding period was 28 days. The City received five bids from qualified contractors on May 13, 2025, as listed on the attached Bid Summary (Attachment A).

Table 1: Summary of invitation for Bids	
Project Bid Name/Number	IFB194068 Newell Road/San Francisquito Creek Bridge Replacement Project
Proposed Length of Project	548 Calendar Days
Number of Vendors Notified	3,604
Number of Bid Packages Downloaded by Contractors	100
Total Days to Respond to Bid	28
Non-Mandatory Pre-Bid Meeting	April 28, 2025
Number of Company Attendees at Pre-Bid Meeting	10
Number of Bids Received	5
Base Bid Price Range	\$9,399,787 - \$13,263,330
Public Link to Solicitation	https://procurement.opengov.com/portal/palo-alto-ca/projects/161126

The bids ranged from \$9,399,787 to \$13,263,330 and from 22% under the engineer's estimate to 10% over the engineer's estimate. Staff reviewed the submitted bids and recommends the acceptance of the base bid submitted by Granite Construction Company in the amount of \$9,399,787, and that Granite Construction Company be declared the lowest responsible bidder. The construction contingency amount of \$939,979, which equals 10% of the total contract value, is requested for related, additional but unforeseen work, which may develop during the project, implemented via City-approved Change Order.

Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff also contacted the listed references for Granite Construction Company and found that they have performed satisfactorily on past construction projects for other clients and the City. Staff recommends the approval of Contract No. C25194068⁶ for the construction of the Newell Road/San Francisquito Creek Bridge Replacement Project.

⁶ Granite Construction Company Newell Road/San Francisquito Creek Bridge Replacement Project; Contract No. C25194068;

https://www.paloalto.gov/files/assets/public/v/1/public-works/engineering-services/cip-contracts/c25194068-granite-construction_cc_6.16.2025_staff-report_rev1.pdf

Construction Management Services Solicitation

Construction management services for the project include inspections, third-party materials testing, review and coordination of progress for submittals, invoices, payments, change orders and field employee interviews, regulatory permit requirements, and maintaining documentation necessary to complete the project and conform with Caltrans' Local Assistance Procedures Manual.

On March 11, 2024, a Request for Proposals (RFP) for construction management services was posted on the City's eProcurement platform, and 3,033 vendors were notified. The solicitation period was for 24 days. Three proposals were received. The solicitation closed on April 4, 2025.

Table 2: Summary of Solicitation Process for RFP	
Proposal Description	RFP #190454 Construction Management Services for Newell Road/San Francisquito Creek Bridge Replacement Project
Proposed Length of Project	548 Calendar Days
Number of Vendors Notified	3,033
Number of Proposal Packages Downloaded	24
Total Days to Respond to Proposal	24
Pre-Proposal Meeting	Yes
Pre-Proposal Meeting Date	March 19, 2024
Number of Proposals Received	3
Number of Companies Selected for Interview	2
Range of Proposal Amounts Submitted	\$1,490,464 to \$2,756,541
Public Link to Solicitation	https://procurement.opengov.com/portal/palo-alto-ca/projects/83124

The proposals were evaluated and determined to be responsive to the criteria identified in the RFP. Zoon Engineering, Inc. was selected for the construction management services based on the depth and quality of their experience in construction management for Caltrans bridge construction projects, previous work with Palo Alto and East Palo Alto on other related projects, qualifications of their proposed project design team, and understanding of the project goals.

Staff recommends approval of Contract No. C25190454 with Zoon Engineering, Inc. (Attachment B).

Design Contract Amendment

NV5's Original Contract C12142825 and Amendment No. 4 include funding for bidding and construction support services, which includes responding to requests for information, reviewing shop drawings, performing site visits and attending construction meetings. Contract

Amendment No. 7 (Attachment C) with NV5, Inc. will extend the contract date to December 31, 2026 at no additional cost.

Valley Water Cost Share Agreement Amendment

Cost Share Agreement A3581S Amendment No. 2 with Valley Water was for the design and environmental review phase of the project.⁷ Amendment No. 3 (Attachment D) provides for reimbursement of expenses associated with completing the design and securing right-of-way and utility certification, increasing the reimbursement amount by Valley Water from \$314,119 to \$469,577. Staff is working on a separate agreement for the cost share of the construction cost associated with the project, and will bring this additional amendment to Council in the near future.

FISCAL/RESOURCE IMPACT

Funding for all recommendations in the report is available in the Fiscal Year 2025 Adopted Capital Improvement Program Newell Road/San Francisquito Creek Bridge Replacement project (PE-12011). The Caltrans Highway Bridge Program grant will provide reimbursement for 88.53% of eligible project costs, subject to disbursement of Advance Construction funding. The local match will be reimbursed by Valley Water for the remaining 11.47% of the project costs. The budget amendment recommended in this report increases the budget for the additional reimbursement from Valley Water.

Currently, the construction funds are programmed in Federal Fiscal Year 2026/2027. Caltrans authorized the City to advertise the project under Advance Construction in April 2025. Advance Construction allows local agencies to advance projects into the construction phase, but delays when funding reimbursement would be available. The earliest staff would be able to seek reimbursement from Caltrans is October 2026. Under the current administration, Advance Construction also comes with the risk that funding approvals could be rescinded.

Additionally, \$2,000,000 in funding was provided through a state earmark as part of the Budget Act of 2022, which was received in October 2023. The reduced cost of the project due to lower than anticipated construction bids will be considered as staff evaluates capital budget expense reductions in light of the Fiscal Year 2026 budget discussions.

⁷ City Council, April 13, 2015, Agenda Item #1; SR #5549
<https://portal.laserfiche.com/Portal/DocView.aspx?id=179951&repo=r-704298fc>

Table 3: Project Budget*

	Highway Bridge Program (CalTrans)	Valley Water (Local Match)	City of Palo Alto	State Earmark Funds (Budget Act of 2022)	Totals
Design	\$1,548,349	\$379,974	\$612,848		\$2,541,171
Right of Way	\$465,667	\$89,603	\$225,929		\$781,199
Construction	\$8,400,202	\$1,555,050	\$1,602,286	\$2,000,000	\$13,557,538
Salary & Benefits			\$3,998,340		\$3,998,340
Totals	\$10,414,218	\$2,024,627	\$6,439,403	\$2,000,000	\$20,878,248

**This table reflects the new project totals based off the construction bids. It reflects all expense and revenue actuals to date as well as future budgeted expenses and revenues. The previous total project budget as of the Fiscal Year 2025 Adopted budget \$23,456,670.*

STAKEHOLDER ENGAGEMENT

Significant stakeholder engagement was done during the environmental review phase. Extensive public outreach will be conducted during the construction phase to keep the community informed, including flyers to be sent to adjacent residences and businesses, and notices posted online on Nextdoor and the City's website.

ENVIRONMENTAL REVIEW

An Environmental Impact Report for the Newell Road/San Francisquito Creek Bridge Replacement Project was completed and certified by Council on June 1, 2020 (SR#11184), by adoption of resolution No. 9889.⁸

ATTACHMENTS

Attachment A: Contract No. C25194068 Bid Summary

Attachment B: Contract No. C25190454 with Zoon Engineering, Inc.

Attachment C: Amendment No. 7 to Contract No. C12142825 with NV5, Inc.

Attachment D: Amendment No. 3 to Cost Share Agreement with Santa Clara Valley Water District

APPROVED BY:

Brad Eggleston, Director Public Works/City Engineer

⁸ Resolution 9889, <https://www.cityofpaloalto.org/files/assets/public/v/1/city-clerk/resolutions/reso-9889.pdf?t=62904.01>