



Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to questions from Councilmember Tanaka regarding the [Monday, June 5 Council Meeting](#) consent agenda items.

Consent Calendar Item 4: Approval of Construction Contract with O'Grady Paving, Inc. (C23187512) for the Churchill Avenue/Alma Street Railroad Crossing Safety Improvements Project, Capital Improvement Program Project PL-20000 in the amount of \$2,265,340 and Authorization for the City Manager to Execute Change Orders up to \$226,534; and CEQA status – exempt under CEQA Guidelines Section 15301(c)

1. The document mentioned that the bid price from O'Grady Paving, Inc. is 29% above the engineer's estimate and states that since this is the only bid, there is no comparison of prices. In the past, O'Grady continually had bids much higher than the engineer's estimate, such as in the Contract for FY 2017 Lincoln/Middlefield Paving, which was \$3,686,766, 27% percent above the engineer's estimate of \$2,912,074. Moreover, multiple times, such as in the FY 2022 Street Resurfacing Project and in Capital Improvement Program Projects Street Maintenance PE-86070 and Storm Drainage System Replacement and Rehabilitation SD-06101, O'Grady continues to be the lowest responsible bidder in Palo Alto. In other cities, however, such as the Road Rehabilitation Project in Hollister (O'Grady bid 44,293.10 above McKim Corporation) and the 2022 West Pavement Rehabilitation Project in South San Francisco (O'Grady bid \$751,429.70 above Bay Cities Paving and Grading). How does O'Grady continue to be the lowest bidder in only Palo Alto, but is among the highest in other cities and supersedes the engineer's price by an extremely high amount?

Staff response: *Under state and city laws, construction contracts are awarded to the lowest responsible bidder, with detailed specifications issued for prospective bidders to review and base their bids upon. Each contractor makes their determination of which projects to bid and at what price, often based on their assessment of costs, synergy with other work, and workforce availability. Staff has no insight as to how O'Grady Paving, Inc. determines their bids. O'Grady's bids are not always higher than the engineer's estimate. For example, O'Grady Paving was the low bidder and 15% under the engineer's estimate for the FY 2023 Overlay Project construction contract approved by Council on February 27, 2023.*

2. During the time of construction, how will the engineers ensure that there is not an excess of vehicular and pedestrian traffic, considering the construction's proximity to Palo Alto High School?

Staff response: *Project engineers have various ways to manage excess vehicular and pedestrian traffic in construction zones. These methods include trying to target construction dates when school is not in session, avoiding work during peak traffic periods, and providing advanced notifications and recommendations for alternative routes.*

3. In Attachment B's bid summary, several areas including clear and grubbing, tree preservation, asphalt deep lift, sidewalk concrete, 8" PVC Storm Drain Line, Traffic Control Assembly, Traffic Signal Box, and Traffic Signal Conduit and Conductor are noted as almost four times the total cost by O'Grady Paving compared to the engineer's estimate. Why does this disparity occur and is it

justifiable?

Staff response: *The lowest bid is determined by the total of all bid line items, even though bids usually contain individual bid line items that are above and below the engineer's estimate for the items. Some of the line items in O'Grady's bid were very high compared to the engineer's estimate, but staff cannot pick and choose which bid items to accept or reject. Staff can speculate that the contractor may have marked up specific bid items due to the small number of quantities listed for the project, or because subcontractors submitted higher prices due to demand or shortage of materials, but there could be many reasons and the observed disparities between the bid line items and the engineer's estimate are not unusual.*

4. The document states that O'Grady was chosen because they were the only company to bid within the open period, and the grant is time-urgent. Would it be possible to extend the bid period for a short amount of time and still maintain the time frame initially placed for the project?

Staff response: *No, it would not be possible. The project would need to be rebid, which would delay the project by months. This includes a mandatory pre-bid meeting due to grant requirements. Moreover, the project schedule is designed to have the contractor on board in June to maximize construction during summer when school is out of session.*

Consent Calendar Item 5: Adoption of a Resolution for Senate Bill 1, the Road Repair and Accountability Act, for Fiscal Year 2024, Providing the Project List for the Street Maintenance Project, Capital Improvement Program Project PE-86070; CEQA Status – Not a Project

1. The FY 2024 overlay list only covers 27 out of a total of 124 streets in the projected five-year plan. There are several streets with lower PCIs whose construction is planned in future years, such as Palm Street whose construction will occur in 2026 (PCI: 37), and Emerson Street whose construction will occur in 2025 (from Homer Avenue to Channing Avenue) (PCI: 34). How can we ensure that with our current plan, there will be sufficient funding for these projects that are more pertinent?

Staff response: *Streets in the five-year plan are selected based on multiple factors, not based solely on the lowest PCI scores. Each street segment has been verified and coordinated with other department's projects including the Office of Transportation and Utilities Department to avoid damage to newly paved streets, and this can result in deferral of paving work on lower PCI streets until a project is completed. Sometimes multiple street segments are grouped together to avoid inconveniencing residents with construction over multiple years and to encourage potential cost savings by concentrating work in one area. Streets listed on the five-year plan are selected based on projected capital funding over the next five years. The five-year plan is updated annually based on input from other departments, available funding, and PCI conditions from the biennial street survey that staff conducts.*

2. The FY 2024 overlay list is majorly comprised of streets that are close to bus routes and near university grounds, and a large portion of the list is comprised of roads in the 50 PCI range. However, at the same time, projects in more residential areas such as Wintergreen Way (from

Ross Road to End; PCI: 48; for FY 2026) and Waverley Street (from Santa Rita Avenue to Washington Avenue; PCI: 48; for FY 2027) are pushed further out into the future. By focusing on streets near bus routes and university grounds, wouldn't this undermine people who live in residential areas? Moreover, wouldn't this make it harder for transportation to and from these areas, essentially further isolating them?

Staff response: *Streets are selected based on coordination with other City projects and staff assessment of their needs. For example, University Avenue will be paved after the Gas Main Replacement Project is completed later this year. Most of University Avenue has PCI scores in the 30s or 50s. Waverley Street cannot be paved until FY 2028 due to the Sanitary Sewer Main Project that is planned for FY 2027. The FY 2024 Overlay project will also address residential streets. The five-year paving plan tries to balance the street list based on the criteria listed in the response above and staff does not believe this would undermine people users of residential streets. The paving of residential, collector, and arterial streets improves the street conditions and rideability for all users of this infrastructure.*