

City of Hesperia

STAFF REPORT



DATE: May 21, 2019

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Michael Blay, Assistant City Manager
David Burkett, Project Construction Manager

SUBJECT: Award Contract for FY 2018-19 CDBG Street Improvement Project

RECOMMENDED ACTION

It is recommended that the City Council award a contract for the FY 2018-19 CDBG Street Improvement project to the lowest responsive/responsible bidder, Matich Corporation for the Base Bid amount of \$597,350 plus the Add Alternate Bid in the amount of \$250,915 for a total amount of \$848,265; approve an additional 10% contingency in the amount of \$84,000 for a total construction budget of \$932,265; approve the design of the project represented by the plans and specifications; and authorize the City Manager to execute the contract.

BACKGROUND

The City Council has continuously expressed a desire to improve existing roadways within the City. As a result, staff has sought innovative ways to fund such improvements. Annually the City receives Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD). In the past a large part of this funding was directed to programs, which left small amounts available for capital projects. In order to accomplish the Council's goal of improving more streets throughout the City, staff has designated a larger amount of the CDBG funding towards the CDBG Capital Fund.

The FY 2018-19 CDBG Street Improvement Project consists of construction of new asphalt paving over portions of Wells Fargo Street, Larch Street, and Ash Street, which are currently dirt roadways. The improvements will include construction of 26-foot wide asphalt concrete (AC) pavement within the middle of each street's existing 60-foot wide right-of-way. These roads were selected due to the fact that infrastructure upgrades to waterlines have been completed and residential development is near build-out. There are few vacant lots left on these particular streets so there is less chance that the new roadway will be cut after completion in order to install new water or sewer services.

On June 19, 2018 the Hesperia City Council adopted the Fiscal Year 2018-19 Capital Improvement Program (CIP) Budget that included the FY 2018-19 CDBG Street Improvement project under Construction Order No. 7150. The Council also approved additional funding for this project in the amount of \$400,000 via previous budget amendments for a total revised project budget of \$1,006,546.

ISSUES/ANALYSIS

This project was advertised for bids beginning on April 11, 2019. Various contractors were notified about the project. Bids were received, opened, and publicly read on May 2, 2019.

The City received the following three Base Bids, which were utilized to determine the lowest responsible/responsive bidder:

Matich Corporation	San Bernardino, CA	\$597,350
Sully-Miller Contracting Co.	Brea, CA	\$797,994
Leonida Builders, Inc.	Santa Clarita, CA	\$1,005,740

After review of the submitted bids, staff has determined that Matich Corporation is the lowest responsive/responsible bidder. Matich Corporation has been in the Southern California construction industry since 1918 and has earned a reputation as a service-oriented company that produces first-class, quality projects, on schedule and within budget. Matich Corporation has extensive experience in public works roadway projects. After completing due diligence staff believes Matich Corporation has a reputation of professionalism and reliability and will meet the construction needs of this project. Therefore, staff is recommending that the Council award a contract to Matich Corporation for construction of FY 2018-19 CDBG Street Improvements.

FISCAL IMPACT

This project was originally included in the FY 2018-19 CIP Budget. Additional funding was subsequently added during the quarterly budget review process. Since then, additional unallocated CDBG Capital Funds have become available that must be utilized for capital projects. Staff would like to add a portion of this funding to the FY 2018-19 CDBG Street Improvement project in order to have the ability to construct the additional street (i.e., Ash Street) that was included in the Bid as an add alternate. The estimated costs for this project are as follows:

Construction	\$848,265
Construction Contingency	84,000
Engineering Design Services	100,519
Construction Geotechnical Engineering	85,388
Labor Compliance Consulting Services	20,895
Project Administrative Costs ¹	2,933
Total =	<u>\$1,142,000</u>

¹Project administrative costs include items such as legal advertising, copying services, postage, etc.

If approved, the proposed FY 2019-20 CIP Budget, which will be presented to the City Council during June 2019, will reflect the additional funding to construct the street improvements proposed under FY 2018-19 CDBG Street Improvements (Acct. No. 251-29-700-7150-8000).

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

None.