



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 06/01/2021

ITEM NO: 7

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DATE: May 25, 2021  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Approve Increasing Construction Contingency to \$308,000 for the Guardrail Replacement Project (CIP No. 812-0120/Federal No. HSIPL-5067-022) and Authorize Staff to Execute Future Change Orders up to the Approved Amount to Expend the Federal Grant Funds

**RECOMMENDATION:**

Staff recommends that the Town Council approve increasing construction contingency to \$308,000 for the Guardrail Replacement Project (CIP No. 812-0120 / Federal No. HSIPL-5067-022) and authorize staff to execute future change orders up to the approved amount to expend the federal grant funds.

**BACKGROUND:**

The adopted Fiscal Year (FY) 2020/21-2024/25 Capital Improvement Program (CIP) Budget designates funding for the Guardrail Replacement Project (CIP No. 812-0120).

On February 16, 2021, the Town Council approved the plans and specifications for the Guardrail Replacement Project; and authorized the Town Manager to advertise the project for public bid and award a construction contract to the lowest responsible bidder not to exceed \$800,000, including construction contingencies for future change orders (up to ten percent of the contract amount). The project replaces approximately a half-mile of Town guardrails located on Blossom Hill Road, Cleland Avenue, Los Gatos Boulevard, Miles Avenue, More Avenue, Reservoir Road, and three segments on Santa Rosa Drive. The design, construction, and project delivery of the project is largely funded through a \$980,100 Highway Safety Improvement Program (HSIP) grant secured from the Federal Highway Administration (FHWA).

**PREPARED BY:** WooJae Kim  
Town Engineer

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Finance Director, and Parks and Public Works Director

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DISCUSSION:

On March 18, 2021, the Town received three bids as summarized below, with the lowest bid being \$458,241 from Coral Construction Company:

Project	No. of Bids	Bid Range	Bid Average	Engineer's Estimate (without Contingency)	Council Authorized Not to Exceed Award Amount (includes 10% for Change Orders)
Guardrail Replacement Project	3	\$458,241-\$496,114	\$482,559	\$678,610	\$800,000

All bids received were lower than the Engineer's Estimate and well below the construction award amount of \$800,000 approved by Council on February 16. The bid from Coral Construction Company was deemed the lowest responsible, and staff has executed a construction agreement for \$458,241. Construction is anticipated to start in July.

As approved by Council, staff currently has the authority to issue up to \$45,824 (10% of project award amount) for future change orders. Staff typically requests the construction authorization amount to include ten percent of the initial contract amount for future change orders for unanticipated or anticipated additional work. In extenuating circumstances, staff can request Council to increase the contingency amount and staff's change order authority.

The total HSIP grant awarded to the Town is \$980,100. FHWA has authorized up to \$145,200 of the grant funds for the design phase. HSIP funds remaining for the construction phase is \$834,900, which includes up to 15% of the construction amount for construction engineering or management. With the current construction contract amount of \$458,241, maximum HSIP allowance for construction management is \$68,736. Hence, a balance of approximately \$308,000 of the HSIP reimbursable grant fund is unprogrammed.

<b>HSIP Grant Total</b>	-	<b>\$980,100</b>
Design	-	\$145,200
Construction	-	\$458,241
Construction Management	-	\$ 68,736
HSIP Balance	-	<b>\$307,923</b>

FHWA, through Caltrans (the lead agency), has indicated that change order work can be added to the project to complete additional needed work utilizing the remaining grant fund balance

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DISCUSSION (continued):

on the Guardrail Replacement Project. Staff prioritized and identified additional Town locations where guardrails could be upgraded or added along Cypress Way, College Avenue, Teresita Way, Buena Vista Avenue, Quito Road, and Kennedy Road. Staff submitted the scope and locations for the additional guardrail work to Caltrans, which Caltrans reviewed to recertify the environmental and right-of-way approvals. The Town is now authorized to utilize the remaining HSIP funds for the additional guardrail upgrades.

Staff is requesting the Council's authorization to increase the contingency amount and future change order authority up to \$308,000 to take advantage of the low prices from Coral Construction in order to proceed with the additional work. This authorization would result in a total construction contract spending not to exceed \$766,241, which remains below the original Council authorized amount of \$800,000 for the construction contract.

CONCLUSION:

Approval of the recommendation allows staff to work with the low bid contractor to add new guardrails and upgrade additional guardrails, meeting the latest guardrail standards, at more locations throughout the Town all within the budgeted funds for the Guardrail Replacement Project (CIP No. 812-0120).

ALTERNATIVES:

The Council could direct staff to bid the additional work as a separate project. Staff has not recommended this option as the unit pricing from the original bid is very competitive and completing the additional work within the original project provides increased efficiencies in design, bidding, project management, and construction.

COORDINATION:

This project has been coordinated with the Finance Department.

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FISCAL IMPACT:

Funds for the increased costs are available in the Guardrail Replacement Project. Remaining GFAR fund balances shall be carried forward to the next fiscal year.

<b>Guardrail Replacement Project Project 812-0120</b>		
	<b>Budget</b>	<b>Costs</b>
GFAR	\$ 93,015	
HSIP Grant	\$ 980,100	
<b>Total Project Budget</b>	<b>\$ 1,073,115</b>	
Engineering Consultant		\$ 130,000
Staff Cost – Design Phase (Temporary)		\$ 23,115
Construction (Low Bid)		\$ 458,241
Construction Management (15%)		\$ 68,736
Construction Contingency		\$ 308,000
<b>Total Project Costs</b>		<b>\$ 988,092</b>
<b>Available Balance (GFAR)</b>		<b>\$ 85,023</b>

ENVIRONMENTAL ASSESSMENT:

This is a project defined under CEQA as being categorically exempt [Section 15301(c) Existing streets, sidewalks, trails and similar facilities]. A Notice of Exemption has been filed. Under the National Environmental Policy Act (NEPA), the project is determined to be categorically excluded from detailed environmental analysis.

For the additional work proposed, CEQA Categorical Exception/NEPA Categorical Exclusion document has been approved and recertified by Caltrans.