



DATE: June 27, 2023

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt Resolutions Rejecting All Bids for the La Vista Park Project and Approving Plans and Specifications and Call for Bids for the La Vista Park – Keyways Grading Project, Project No. 06914, and Authorizing the City Manager to Execute Amendment No. 2 to the Professional Services Agreement with SurfaceDesign, Inc.

RECOMMENDATION

That Council adopts resolutions (Attachment II, Attachment III, and Attachment IV):

1. Rejecting all bids for the La Vista Park Project, Project No. 06914 (Attachment II)
2. Approving Plans and Specifications and Calling for Bids to be received on August 22, 2023, for the La Vista Park – Keyways Grading Project, Project No. 06914 (Attachment III)
3. Authorizing the City Manager to execute Amendment No. 2 to the Professional Services Agreement with SurfaceDesign, Inc., to increase their contract amount by \$118,000, for a total not-to-exceed amount of \$755,975 (Attachment IV).

SUMMARY

On June 6, 2023, three (3) bids were received for the La Vista Park Project ranging from \$41,927,606 to \$47,323,996 for base bid items. DeSilva Gates Construction LLC submitted the low bid in the amount of \$41,927,606, which is 64.8% above the engineer's estimate of \$25,438,301.

Staff recommends rejecting all bids and approving the plans and specification and call for bids for the La Vista Park – Keyway Grading Project. Staff will reevaluate the scope of the La Vista Park Project for future bidding possibilities.

The La Vista Park – Keyways Grading Project will remove and replace weak existing landslide areas with stronger backfill based on recommendations from the geotechnical report prepared by Langan, geotechnical consultant hired by the City, to provide a strong and stable ground for the future construction of park improvements and future development in the former Route 238 Caltrans property, Parcel Group 3 (PG3). This project will expedite the construction of the keyways and allow work to begin on the Parcel Group 3 housing

development while the overall park scope is reevaluated.

The adopted FY23 CIP budget includes a total project budget appropriation of \$23.27 million (Fund 405) for the design and construction of La Vista Park, including the proposed keyway slope stabilization improvements portion of the La Vista Park – Keyways Grading Project.

From the bids received for the La Vista Park Project, the estimated cost range to construct the La Vista Park – Keyways Grading Project is from \$9.2M to \$16.0M with the average at \$11.9M. This cost range was not a stand-alone item cost and costs for a stand-alone project may be higher. With the average cost estimate for the Keyway Grading only project at approximately \$12M, \$11.27 would be the remaining funding for future construction of the La Vista Park.

The project California Environmental Quality Act (CEQA) addendum analysis for La Vista Park was completed and presented to the City Council on September 28, 2021 with no further action required per adopted Resolution 21-195.

On November 15, 2016, Council passed a resolution authorizing a Community Workforce Agreement (CWA) with the Alameda County Building Trades Council (BTC), which applies to City projects with construction costs of \$1,000,000 or more. The agreement requires contractors to use local union hiring halls, encourages contractors to employ Hayward residents or Hayward Unified School District graduates, and requires hired workers to pay union dues and other benefit trust fund contributions, etc. Because the construction cost estimate for the La Vista Park – Keyways Grading project is more than \$1,000,000, the CWA agreement applies to this project.

BACKGROUND

In 2005, the La Vista residential development that included 179 new single-family homes to be built at the South Hayward site east of (and up the hill from) the terminus of Tennyson Road and Mission Boulevard was approved. The original project included construction of a new approximately thirty-acre public park. The original thirty-acre park site on land donated from the developer was expanded to almost fifty acres in size by the addition twenty acres of the former Caltrans Route 238 property right-of-way acquired by the City.

In an attempt to expedite the construction of the keyway and to enable the PG3 project to proceed without delays, in April 2022, Council approved the plans and specification and call for bids for the La Vista Park – Keyways Grading Project. Three (3) bids were received in May 2022 ranging from \$8.4M to 11.1M, which were more than 50% over the then Engineer's Estimate and staff recommended that Council reject all bids. Staff believed that combining the Keyways Grading Project with the entire park would result in lower overall bids.

On February 28, 2023¹, Council approved the plans and specification and call for bids for the entire La Vista Park Project. Construction staffing shortages and supply chain issues have contributed to substantial increase in construction costs, thus resulting in all bids received

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6040388&GUID=16358530-F413-4153-A9E4-585A318254D7&Options=&Search=>

for the La Vista Park Project coming in much higher than expected.

The construction of the Keyways is necessary for geological seismic stabilization for the park and is also required for the proposed development of the Parcel Group 3. Because staff is recommending the rejection of the bids for the La Vista Park, construction of the park will be delayed pending reevaluation of the scope of the park. Parcel Group 3 development will now be constructed prior to the beginning of the park construction, and construction of the Keyway as a separate project from the park is now necessary prior to the anticipated construction of the park. This would allow the construction of the Parcel Group 3 development to commence as planned and the geological seismic stabilization necessary for the Parcel Group 3 would be in place prior to the beginning of that housing construction.

DISCUSSION

On February 28, 2023, Council approved the plans and specifications for the project and called for bids for the La Vista Park Project to be received on March 28, 2023, which was later extended to May 23, 2023. In mid-May 2023, staff received a request from an interested contractor to extend the bid date again so that they could prepare and submit their bid. Also, they commented that the construction duration of sixteen months was not enough and would necessitate overtime work, which would add to the cost. In light of the comments, staff extended the bid date to June 6, 2023, and added four months to the duration of the construction.

On June 6, 2023, the City received three (3) bids for the project, ranging from \$41,927,606 to \$47,323,996. DeSilva Gates Construction LLC. submitted the low bid in the amount of \$41,927,606, which is 64.8% above the Engineer's Estimate of \$25,438,301. For this size of project, receiving three bids is considered good participation. Furthermore, given that all three bids are in the \$40M range, it can be assumed that they are accurate representation of current cost of the work detailed in the plans and specifications. Thus, this range is approximately \$20M more than the City has budgeted for the project, and the City does not have the financial resources to award the project.

Staff recommends rejecting all bids and approving the plans and specifications and call for bids for the La Vista Park – Keyways Grading Project which will construct the keyway for the geotechnical stabilization for future park construction and the construction of the Parcel Group 3 housing development project.

On March 26, 2019², Council approved Resolution No. 19-054, authorizing the City Manager to enter into a Professional Services Agreement (PSA) with SurfaceDesign, Inc., (SDI) for design services and technical support during construction in an amount not-to-exceed \$467,417.

On March 22, 2022, Council adopted Resolution No. 22-066, approving Amendment No. 1 to the PSA with SDI, increasing the contract amount by \$122,975 with a total not-to-exceed

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=3897638&GUID=AD716AFF-467D-4E35-8C07-0F39495BAE26&Options=&Search=>

amount of \$637,975.

Therefore, staff also recommends execution of Amendment No. 2 to increase the amount of the PSA with SDI for additional services related to the La Vista Park – Keyways Grading Project by \$118,000 for a total not-to-exceed contract amount of \$755,975.

The California Environmental Quality Act (CEQA) addendum analysis for La Vista Park was completed and presented to Council on September 28, 2021, with no further action required per the adopted Resolution 21-195.

On November 15, 2016^[1], Council passed a resolution authorizing a Community Workforce Agreement (CWA) with the Alameda County Building Trades Council (BTC), which applies to City projects with construction costs of \$1,000,000 or more. The agreement requires contractors to use local union hiring halls, encourages contractors to employ Hayward residents or Hayward Unified School District graduates, and requires hired workers to pay union dues and other benefit trust fund contributions, etc. Because the construction cost estimate for the La Vista Park project is more than \$1,000,000, the CWA agreement applies to this project.

ECONOMIC IMPACT

The addition of a destination park to the South Hayward community will create a much-needed amenity and attraction for this part of the City. This will likely result in increased visitors to the area as well as more dollars spent on local businesses. In addition, there have been numerous studies that indicate that the addition of open space or parkland has a positive impact on home values in the surrounding areas.

FISCAL IMPACT

The estimate project costs for the keyway grading are:

Design (3%)	\$360,000
Administration (2%)	\$240,000
Geotechnical Inspections, Testing & Report (5%)	\$600,000
<u>Construction with 10% Contingency</u>	<u>\$12,000,000</u>
Total Project Cost	\$13,200,000
Remaining budget for La Vista Park construction	\$10,070,000

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap to Invest in Infrastructure. Specifically, this item relates to the implementation of the following project:

^[1] <https://hayward.legistar.com/LegislationDetail.aspx?ID=2882111&GUID=118B2EF9-1D2C-471F-999E-4BE0929706A0&Options=&Search=>

Project N14, Part N14b: Construct La Vista Park

SUSTAINABILITY FEATURES

The La Vista Park has been designed to be the most environmentally sustainable park within the City. As part of the design, park areas will require less irrigation and native grasses and plants will be used throughout the park. Park structures will be constructed from natural materials versus traditional fabricated structures. Bio-retention filtration areas will collect and retain stormwater runoff prior to exiting the park into the storm drainage system.

PUBLIC CONTACT

After construction work for the La Vista Park – Keyways Grading Project has been scheduled, signs will be posted seventy-two hours prior to commencement of work indicating the date and time of work on E. 16th Street. Residents will be advised to park their vehicles on side streets outside of the work area during the construction period.

NEXT STEPS

The following is the tentative schedule for this project:

Begin Construction	October 2023
Complete Construction	Late Spring 2024

Prepared by: Kathy Garcia, Deputy Director of Public Works

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager