



**DATE:** March 15, 2022

**TO:** Mayor and City Council

**FROM:** Director of Public Works  
City Attorney

**SUBJECT:** Adopt a Resolution Approving Addendum Nos. 1, 2 and 3, Rejecting Two Non-Responsive Bids, Awarding a Contract to Golden Bay Construction, Inc., for Construction of Tract 8058 (Golden Oaks 2) Access and Utilities Improvements Project, Project No. 08058 in the Amount of \$713,831, and Authorizing a Construction Contingency Budget in the Amount of \$89,230 and Budget for Charges Related to Extension of PG&E Facilities in the Amount of \$30,000

## **RECOMMENDATION**

That the Council adopts a resolution (Attachment II) approving Addendum Nos. 1, 2, and 3 and awarding a contract to Golden Bay Construction, Inc., (GBC) for construction of Tract 8058 Access and Utilities Improvements in the Golden Oaks 2 Subdivision, in the amount of \$713,831, and authorizing a construction contingency budget in the amount of \$89,230 and a budget of \$30,000 for charges related to extension of PG&E facilities to the subdivision.

## **SUMMARY**

This project involves construction of specific subdivision improvements within Tract 8058 of the Golden Oaks 2 subdivision. Once completed, these improvements will allow the property owners within the tract to connect their homes to utility services and apply for certificates of occupancy. In February 2017, Ron Esau, the subdivider of Tract 8058 entered into a Subdivision Improvement Agreement with the City to construct improvements specified for the subdivision within 365 days of the agreement. The improvements remain incomplete as of this date. On January 25, 2022, Council authorized the Director of Public Works to pursue completion of the improvements in the open market pursuant to Hayward Municipal Code Section 2-8.01.

CEQA review was conducted as part of the original entitlement process for Tract 8058 (Golden Oaks 2) and the project was found to be categorically exempt from environmental review pursuant to Section 15332 of the CEQA Guidelines for infill development.

## **BACKGROUND**

Pursuant to Council's authorization, the Public Works & Utilities Department prepared construction bid documents and solicited bids for completion of the subdivision improvements directly on the open market for this project. Bids were received and opened on February 16, 2022. The City received six (6) bids for the project ranging from \$592,954 to \$969,975. Bids of Devaney Engineering, Inc., of San Francisco and Bridges Construction, Inc., of San Lorenzo omitted bid prices for a number of contract items and hence were deemed non-responsive bids. GBC of Hayward submitted the lowest responsible bid in the amount of \$713,834, which is approximately 55% above the Engineer's estimate of \$460,000. High bid prices are generally due to work area restrictions created by new homes, which were built before completion of their utility services, surplus dirt deposits, and incomplete site grading. The Council previously authorized expenditure of funds for this project in an amount not to exceed \$630,000; however, staff recommends proceeding with the award to GBC at this time. Staff also requests authorization of a 10% contingency budget in the amount of \$89,230 to account for potential administrative change orders and construction contingency costs. Additionally, a budget of \$30,000 is required for PG&E charges related to extension of PG&E facilities to serve the subdivision.

## **DISCUSSION**

GBC and its listed two sub-contractors (St. Francis Electric of San Leandro and Hunt Masonry, Inc., of Concord) possess contractor's licenses and experience required for successful completion of the contract improvements. The contract will entail construction of the following subdivision improvements:

- a. Sanitary sewer extension to each lot in Tract 8058.
- b. Natural gas, electricity, and telecommunication conduit extensions to lower three lots
- c. Natural gas will be extended to upper two lots fronting on Hillcrest Avenue. Electrical and telecommunication services to these lots will be from existing utility poles with underground conduits on each lot.
- d. Drainage collection from each lot, treatment for pollution prevention, and disposal to existing drainage system on Hayward Boulevard through new storm drains on-site.
- e. Common driveway extension from existing paved street to lower three lots. The upper two lots front on a public street (Hillcrest Ave).
- f. Removal and disposal of surplus dirt left on some lots and regrading as per the approved plans.
- g. Lot owners will pay for and complete improvements required on their lots such as buildings, patios, landscaping, retaining walls, utility services, and laterals, etc.

On November 15, 2016<sup>1</sup>, 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 this project is less than \$1,000,000, the CWA agreement does not apply.

CEQA review was conducted as part of the original entitlement process for Tract 8058 (Golden Oaks 2) and the project was found to be categorically exempt from environmental review pursuant to Section 15332 of the CEQA Guidelines for infill development.

## **ECONOMIC IMPACT**

This project is not anticipated to have a significant economic impact on the City.

## **FISCAL IMPACT**

The developer was required to post a cash deposit in the amount of \$209,140.76 to secure performance of its obligations under the Subdivision Agreement. The remaining balance of the security deposit is \$141,671.91. A combination of the remaining cash deposit and City funds will be used to finance construction of the improvements. The City Attorney's Risk Fund will absorb the cost of construction in excess of the developer's security, including construction contingency costs and PG&E charges. Public Works & Utilities staff charges of \$121,350 are estimated for preparation of the construction bid documents, bid invitation, construction inspection and administration. These internal staff costs will be funded through the Public Works & Utilities Department existing General Fund budget. The City has the contractual right under the subdivision agreement to seek reimbursement from the subdivider. City staff will explore this option with Council at a later date.

The estimated costs for the project are as follows:

Construction Contract	\$713,831
Construction Contingency (10%)	\$ 89,230
PG&E Service Extension Charges	\$ 30,000
Bid Preparation, Construction Administration, Inspection – City Staff (Estimated)	\$121,350
<b>Total</b>	<b>\$954,441</b>

## **STRATEGIC ROADMAP**

This agenda item is a routine operational item and does not relate to any of the projects outlined in the Council's Strategic Roadmap.

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

## NEXT STEPS

The following schedule has been developed for this project

Award Construction Contract	March 15, 2022
Notice to Proceed	April 4, 2022
Construction Substantial Completion	July 8, 2022

*Prepared by:* Mo Sharma, Senior Civil Engineer  
Kathy Garcia, Deputy Director of Public Works  
Michael G. Vigilia, Senior Assistant City Attorney

*Recommended by:* Alex Ameri, Director of Public Works  
Michael S. Lawson, City Attorney

Approved by:



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Kelly McAdoo, City Manager