



**DATE:** April 21, 2026

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT** Adopt a Resolution Awarding a Contract to Bay Cities Paving & Grading, Inc., for the FY26 Pavement Improvement Project, Project No. 05347, in the Amount of \$10,063,947.60 and Authorizing an Administrative Change Order Budget of \$1,436,052.40

**RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) approving Addendum No. 1 & No. 2 consisting of revisions to the plans and specification for the FY26 Pavement Improvement Project (PIP) and awarding the contract for the project to Bay Cities Paving & Grading, Inc., in the amount of \$10,063,947.60 and authorizing an administrative change order budget of \$1,436,052.40 for a total not to-exceed contract amount of \$11,500,000.

**SUMMARY**

The City maintains a total of 679 lane-miles of pavement on 292 centerline miles of roadway.

The FY26 PIP is scheduled to treat 129 lane-miles, including 24 lane-miles of rehabilitation, 13 lane-miles of micro-surfacing, and 91 lane-miles of crack sealing (Attachment III & IV). This represents approximately 19% of the City’s total maintained lane-miles. The proposed improvements will repair failed pavement segments and improve street surfaces.

On March 17, 2026, the project received seven (7) bids. Six of the seven bids were under the Engineer’s Estimate of \$11,650,000. At \$10,063,947.60, the low bid received is \$1,586,052.40 or 13.6% under the Engineer’s Estimate.

Staff recommends award of the contract to the responsible low bidder, Bay Cities Paving & Grading, Inc., in the amount of \$10,063,947.60, and authorization of an administrative change order budget of \$1,436,052.40 at the discretion of the Director of Public Works. The change order budget may be used for additional work, including the addition of streets not included in the base bid, such as West A Street (Hathaway Avenue to I-880 Northbound On-Ramp) and Amaral Street (Whipple Road to Almaden Road).

Additional streets may be added to the project scope as funding and scheduling allow, including streets where City utility projects, private utility projects (PG&E, AT&T, etc.), or development work will be completed first, ensuring that new pavement is not subject to subsequent utility cuts.

The project budget of \$12,870,000 is funded via the Gas Tax, Road Repair and Accountability Act (RRAA) (SB1), Measure BB, Vehicle Registration Fees, Street Impact Fee, and Street System Improvement funds.

There is no General Fund contribution to this project.

### **FISCAL IMPACT**

There are no impacts to the General Fund or Measure C from this project.

The estimated project funding sources are as follows:

210 - Gas Tax	\$804,207
211 - RRAA (SB1)	\$5,900,000
212 - Measure BB - Local Transportation	\$4,665,793
218 - Vehicle Registration Fee	\$400,000
450 - Street System Improvements	<u>\$1,100,000</u>
Total:	\$12,870,000

Of this required funding, \$1.7 million is incorporated into the FY 2027-36 Capital Improvement Program (CIP) which has not been submitted to or adopted by City Council. The CIP will be reviewed at a Council Infrastructure & Airport Committee (CIAC) meeting, tentatively scheduled for April 22, 2026, at a City Council work session, tentatively scheduled for May 5, 2026, and then again at a public adoption hearing, tentatively scheduled for June 9, 2026. Staff recommends proceeding with this action and, if changes are required resulting from the CIP, Public Works and Finance Departments will identify and coordinate alternate funding options. If alternative funding is not found, then the contingency will be reduced. Each of these funds receive ongoing revenue annually.

Estimated project costs are as follows:

Design and Contract Administration	\$600,000.00
Construction Inspection and Testing	\$770,000.00
Bay Cities Paving & Grading Construction Bid	\$10,063,947.60
Construction Contingency	<u>\$1,436,052.40</u>
Total:	\$12,870,000.00

The project is funded by City's CIP Program with Direct Local Distribution (Gas Tax, Measure BB, and vehicle registration fees), State RRAA (SB1) and Street System Improvement funds and there is no impact on the General Fund or Measure C.

## BACKGROUND

On April 22, 2025<sup>1</sup>, staff recommended City Council approve a project list for the SB1 FY26 PIP Funding. A resolution was required to submit an application to the California Transportation Commission (CTC) to receive an estimated \$4,000,000 in funding for pavement improvement.

On June 3, 2025<sup>2</sup>, staff recommended City Council adopt a resolution authorizing the City Manager to execute a Professional Services Agreement (PSA) with Pavement Engineering, Inc., (PEI) for engineering services associated with the FY26 PIP. The scope of work for PEI is limited to engineering review, pavement evaluation, measurement of field quantities, curb ramp design, and construction support.

On February 24, 2026<sup>3</sup>, Council approved the plans and specifications for the FY26 PIP and calls for bids to be received on March 17, 2026.

On March 5, 2026, staff issued Addendum No. 1 to revise plans and specifications.

On March 13, 2026, staff issued Addendum No. 2 to revise specifications.

On March 17, 2026, seven (7) bids were received, six of the seven bids were under the Engineer's Estimate. At \$10,063,947.60 the low bid received by Bay Cities Paving & Grading, Inc., of Concord is \$1,586,052.40, or 13.6%, under the Engineer's Estimate of \$11,650,000. MCK Services, Inc., of Martinez, submitted the second lowest bid in the amount of \$10,333,414.67 which is 11.3% under the Engineer's Estimate.

Staff factored recent oil price increases and inflation costs into the engineer's estimate; however, the bids did not reflect those changes.

The PIP for each street involves one of three types of treatments:

### Pavement Rehabilitation:

- 1) A cold plane and overlay of existing street pavement with Hot Mix Asphalt, at variable depths of 2", 2.5", or 3" (grind and replacement in kind).

### Preventive Maintenance:

- 2) Varying combinations of: crack sealing, 6" spot repair and micro-surfacing.
- 3) Combination of crack sealing and spot repairs.

Street selection for the PIP is based on staff's analysis using several criteria described on the following page:

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<sup>1</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7349053&GUID=8F28E2AC-5C0B-4DC4-A1B6-DBAC8CA3FB4B&Options=&Search=>

<sup>2</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7420492&GUID=1CC7F335-095E-4DDC-B288-DAB76D58554E&Options=&Search=>

<sup>3</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7924341&GUID=28265519-C828-40D4-BF9C-0B70A7DF9FFF&Options=&Search=>

- **Technology** – The Pavement Management Program (PMP)<sup>4</sup> evaluates current and predicts future roadway conditions. It provides logical and efficient methods of identifying street rehabilitation needs. It also determines the most cost-effective allocation of funds to the street segments needing preventive maintenance, rehabilitation or reconstruction. Staff utilized the PMP to compile an initial list of recommended streets. This list is then revised to consider other criteria and project budget allocation parameters.
- **Social Equity** – Whether a particular area of the City has received its fair share of improvements in the past.
- **Internal Reports** - Reports from the City’s Maintenance Services staff on streets needing repair were considered.
- **Council Members Input** – Council member requests for selecting streets were considered.
- **Public Input** - Public requests for selecting streets were considered.
- **Geographic Location** – Selecting streets in close vicinity to other streets to help lower construction bids was considered.
- **Funding Availability** – Available funding and potential for obtaining outside grant funding was evaluated.

The Pavement Condition Index (PCI) is an overall rating of road conditions. The PCI of each arterial and collector street segment is evaluated by an independent third-party every other year, and each residential street segment is evaluated every five years.

<u>PCI Rating</u>	<u>Description</u>
100	This rating is given to newly constructed or rehabilitated roadways.
85 - 99	Highly functional roadway. No action required.
70 - 85	Roadway can be maintained ("preventive maintenance") with crack sealing, slurry seals, micro-surfacing, and some minor, localized pothole repairs. As the roadway pavement ages, preventive maintenance may not be effective after a few maintenance cycles.
40 - 70	Extensive "dig-outs," grinding, fabric, or asphalt overlays may be required to maintain (or "rehabilitate") roadways.
0 - 40	Roadway requires complete reconstruction using full depth reconstruction, cold in place recycling, or hot in-place recycling methods. If a street deteriorates beyond certain points, it becomes progressively more expensive to bring that street back to the desired standard.

<sup>4</sup> The PMP is a Metropolitan Transportation Commission (MTC) recommended software program.

## DISCUSSION

The FY26 PIP focuses on enhancing the streets in the neighborhoods of: Jackson Triangle, Whitman Moline, Mount Eden, and Industrial Hayward. The FY26 PIP aims to promote social equity by paving collector and arterial streets in proximity to lower socioeconomic areas, including A St, Hathaway Ave, and Western Blvd.

Staff has engaged an experienced consultant, PEI, to validate the selection of street segments and assess the approximate level of treatment required for each. Additionally, PEI will provide essential engineering support services throughout the project.

The FY26 PIP calls to install 4.9 centerline miles of bike facilities.

3.8 centerline miles of Class II bike lane striping will be installed at the following locations:

- 1.7 centerline miles of new class II bike lanes:
  - A St, I-880 to Walnut Ave (0.6 miles)
  - A St, Foothill Ave to City Limits (0.4 miles)
  - Hathaway Ave, A St to City Limits (0.4 miles). Staff is evaluating whether the southbound lane can be upgraded to a Class IV facility.
  - Main St, A St to Warrant St (0.1 miles). Staff is evaluating whether the northbound facility can be upgraded to Class IV.
  - Amaral St, Whipple Rd to Almaden Blvd (0.2 miles)
- 2.1 centerline miles maintaining existing class II bike lanes:
  - Santa Clara St, A St to Winton Ave (0.7 miles), upgraded to a buffered bike lane
  - Tampa Ave, Tennyson Rd to Patrick Ave (0.4 miles)
  - Eden Shores Blvd, Hesperian Blvd to Sand Creek Dr (0.5 miles)
  - Marina Dr, Industrial Pkwy to Eden Park Pl (0.5 miles)

1.1 centerline miles of Class III bike route facilities will be installed at the following locations. Class III bike facilities are typically provided on residential streets with lower traffic speeds and volumes. They consist of signage, shared lane markings, and traffic calming treatments as appropriate:

- 0.9 centerline miles of new class III bike routes:
  - Orchard Ave, Soto Rd to Joyce St (0.2 miles)
  - Folsom Ave, Ruus Rd to Tampa Ave (0.5 miles)
  - Dune Cir, Sand Creek Dr to Bay Trail Trailhead (0.1 miles)
  - Sand Creek Dr, Eden Shores Blvd to Dune Cir (0.1 miles)
- 0.2 center line miles replacing existing class III bike routes:
  - 5<sup>th</sup> St, B St to C St (0.1)
  - 6<sup>th</sup> St, B St to C St (0.1)

The above listed bike facilities in FY26 PIP are not comprehensive or final; there is opportunity to adjust the striping plans based on the further evaluation of feasibility and community input.

The City's Bicycle and Pedestrian Master Plan (BPMP) is a planning-level document and does not commit the City to a specific design for any individual street. Most corridor recommendations were developed without detailed feasibility analysis or corridor-specific outreach, with the understanding that additional technical study and community engagement would occur in a future project phase. Due to these constraints, not every facility type delivered through PIP matches the recommendation in the BPMP (Attachment V). In addition to PIP, bicycle facilities may also be developed through standalone complete streets projects.

### **Measure BB Funding**

The total FY26 PIP budget of \$12,870,000 is funded through Gas Tax, Road Repair and Accountability Act (RRAA/SB 1), Measure BB (Fund 212 – Local Transportation), Vehicle Registration Fees, and Street System Improvement funds.

City's FY26 Measure BB Direct Local Distribution revenue projection for Local Transportation (Fund 212) is \$6,227,431<sup>5</sup>, of which the FY26 PIP will allocate \$4,665,793.

Measure BB Direct Local Distribution for Pedestrian and Bicycle (Fund 213) is a separate funding source focused on pedestrian and bicycle improvements projects such as: New Sidewalks Projects, Orchard Ave Traffic Calming Program, Santa Clara Traffic Calming Implementation Project (FY26 PIP will use this funding source to stripe Santa Clara St), etc.

Based on the lowest bidder's costs, the FY26 PIP will allocate approximately \$2,000,000 toward pedestrian and bicycle improvements. These construction related expenses are mostly from curb ramp upgrades, as well as bike lane striping on A St, Hathaway Ave, Santa Clara St, Tampa Ave, Eden Shores Blvd, and Marina Blvd, crosswalk upgrades, speed humps, as well as associated mobilization and traffic control costs.

This represents approximately 43% of Measure BB funding (\$4,665,793), exceeding the mandatory 15% minimum requirement. This percentage does not yet include costs associated with Class III bike routes, striping on Main Street, or staff administrative costs, which would further increase the total.

### **California Environmental Quality Act**

This project is categorically exempt from environmental review under Section 15301(c) of the California Environmental Quality Act (CEQA) Guidelines for the operation, repair, maintenance, or minor alteration of existing facilities.

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<sup>5</sup> [FY25-26 Sales Tax Projections .xlsx](#)

## **Community Workforce Agreement**

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. The construction cost estimate for the FY26 PIP is more than \$1,000,000, the CWA agreement applies to this project.

## **ECONOMIC IMPACT**

The project will improve pavement conditions and generate economic benefits by:

- Reducing travel time and congestion
- Lowering fuel consumption and vehicle operating costs
- Attracting business investment
- Increasing property values and neighborhood desirability
- Reducing vehicle traffic through added bike lanes
- Creating local construction jobs under the Community Workforce Agreement

## **STRATEGIC ROADMAP**

This agenda item supports the FY26 Strategic Roadmap of Invest in Infrastructure. Specifically, this item relates to the implementation of the following project(s):

- FM2 - # of miles of bike lanes added Transportation
- FM3 - # of miles of repaving completed Transportation

## **SUSTAINABILITY FEATURES**

The project requires the contractor to recycle all construction and demolition debris generated from the project.

This project is consistent with City's Complete Streets Policy and improves travel for all users including:

- Improved pavement for motorists
- Additional bike lanes and sharrows for bicyclists
- More visible pavement markings for pedestrians, including near school zones
- New or upgraded curb ramps to meet the revised Caltrans standards for pedestrians

The project satisfies the following 2040 General Plan policies:

- PFS-7.10 Recycled Products or Processes for Capital Projects
- HQL-2.5 Safe Routes to School
- HQL-2.6 Education on Sharing the Road
- M-1.7 Eliminate Gaps (in pedestrian networks)
- M-3.1 Serving All Users
- M-5.1 Pedestrian Needs
- M-5.6 Safe Pedestrian Crossings
- M-6.2 Encourage Bicycle Use

### **PUBLIC CONTACT**

Immediately after the construction contract is awarded, a preliminary notice explaining the project will be posted and distributed to all residents and businesses along the affected streets. After the construction work has been scheduled, signs on barricades will be posted seventy-two hours prior to commencement of work indicating the date and time of work for each street. Residents will be advised to park their vehicles on side streets outside of the work area during the period when the streets are being treated.

### **NEXT STEPS**

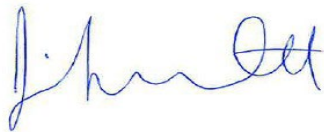
July 2026                      Start of Construction  
November 2026              End of Construction

*Prepared by:*                Yama Farouqi, Senior Civil Engineer

*Reviewed by:*              Dave Hung, Acting Deputy Director of Public Works – Engineering

*Recommended by:*        Alex Ameri, Director of Public Works

Approved by:



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Jennifer Ott, City Manager