



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 26-224

Meeting Date: 4/21/2026

TITLE:

AWARD OF THE 2025-26 CITYWIDE ALLEY REHABILITATION PROJECT, CITY PROJECT NO. 25-17

DEPARTMENT: PUBLIC WORKS DEPARTMENT/ENGINEERING DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: SEUNG YANG, P.E., CITY ENGINEER (714) 754-5335

RECOMMENDATION:

Staff recommends the City Council:

1. Make a finding of California Environmental Quality Act (CEQA) categorical exemption pursuant to CEQA Guidelines section 15301.
2. Adopt plans, specifications, and working details for the 2025-26 Citywide Alley Rehabilitation Project, City Project No. 25-17.
3. Reject the apparent low bid submitted by Diamond Construction & Design, 638 Camino De Los Mares, #H130-513, San Clemente, California 92673, as non-responsive.
4. Award a Public Works Agreement (PWA) for construction to the second lowest bidder to Kalban, Inc., 26450 Ruether Avenue #201, Santa Clarita, California 91350 in the amount of \$1,131,951 and authorize an additional ten percent (10%) contingency in the amount of \$113,195 as needed for any unforeseen costs related to this project.
5. Authorize the City Manager and City Clerk to execute the PWA and future amendments to the agreement within Council authorized limits.

ENVIRONMENTAL DETERMINATION:

The proposed action is exempt from the California Environmental Quality Act (CEQA). The action involves an organizational or administrative activity of government that will not result in direct or indirect physical change in the environment. In addition, the proposed action is exempt under section 15301 relating to the operation, repair, maintenance, permitting, and/or minor alteration of existing public facilities.

BACKGROUND:

The City oversees and maintains nearly 130 public alleys. On November 20, 2007, a Citywide Alley

Improvement Report was presented to the City Council. At that meeting, the Council approved a Citywide Alley Improvement Priority List to address the City's alley system, beginning with those alleys in most need of improvements. Over the course of several years, 105 alleys have been reconstructed.

This next phase of this project involves the reconstruction of eleven (11) alleys at the following locations, noted with their identifiers:

1. **Alley No. 19B - Joann Street Alley**, located north of Joann Street between Alley No. 20 and Alley No. 21.
2. **Alley No. 20 - Pomona Avenue Alley**, located west of Pomona Avenue and north of Joann Street between Joann Street and Alley No. 19B.
3. **Alley No. 21 - Meyer Place Alley**, located west of Meyer Place and north of Joann Street between Joann Street and Alley No. 19B.
4. **Alley No. 26 - Clubhouse Circle Alley**, located north of Clubhouse Circle from approximately Kauai Place to Lanai Drive.
5. **Alley No. 27 - Clubhouse Circle Alley**, located north of Alley No. 26, starting from the northerly end of Clubhouse Road and ending near Mesa Verde Drive West.
6. **Alley No. 45 - Fairview Road Alley**, located west of McClintock Way between Baker Street and Logan Avenue.
7. **Alley No. 53 - Ogle Street Alley**, located between 17th Street and Ogle Street from Alley No. 52 to Westminster Avenue.
8. **Alley No. 57 - Ogle Street Alley**, located between Ogle Street and 16th Place from Westminster Avenue to Santa Ana Avenue.
9. **Alley No. 84 - Broadway Alley**, located west of Orange Avenue between Broadway and Magnolia Street.
10. **Alley No. 98 - Cabrillo Alley**, located west of Westminster Avenue between Cabrillo Street and 17th Street.
11. **Alley No. 115 - Newport Boulevard Alley**, located south of Santa Isabel Avenue between Newport Boulevard and Elden Avenue.

A location map has been included as Attachment 1. Following the completion of these alleys, there will remain fourteen (14) alleys to be reconstructed.

The alley rehabilitation process consists of removal of deteriorated asphalt concrete alley sections and construction of new Portland Cement Concrete (PCC) pavement sections, adjustment of water and sewer utilities to grade, removal of conflicting vegetation, and other incidental work needed to

transition between new and existing improvements.

The contractor is required to complete all of the tasks necessary to perform the scope of work as outlined in the contract documents, plans, and specifications. A copy of specifications and working details are available for review in the Office of the City Clerk.

In addition, staff will be utilizing the services of Z&K Consultants, Inc. (Z&K) to provide construction inspection and materials testing services for the project in the amount of \$121,832 (Attachment 2). The City Council previously awarded a Professional Services Agreement (PSA) to Z&K during its regularly scheduled meeting on June 20, 2023, to provide “on-call” staff support services for various project management and inspection services for Capital Improvement Program (CIP) projects.

ANALYSIS:

The City Clerk received and opened fifteen (15) bids for this project on January 27, 2026. Diamond Construction & Design, Inc. (Diamond), was the apparent low bidder with a base bid proposal of \$983,609. Kalban, Inc. (Kalban) was the apparent second low bidder with a base bid proposal of \$1,131,951. Nobest, Inc. was the apparent third low bidder with a bid proposal of \$1,244,272.

Rejection of the Non-Responsive Bidder

Diamond submitted the apparent low bid, with a base bid proposal of \$983,609. However, upon review of Diamond’s bid, staff determined that the bid contained multiple material deficiencies, which render it non-responsive. Staff notified Diamond of its determination on March 10, 2026 (Attachment 3). The bid did not conform to the terms of the bid package for the following reasons: (1) materially unbalanced pricing; (2) missing unit cost in bid proposal forms; (3) missing required initials on bid forms; (4) omission of signed addenda in the bid package; and (5) insufficient qualifications and experience.

Based on these material deficiencies, staff has determined that Diamond’s bid does not conform to the terms of the bid package and is, therefore, disqualified as non-responsive. As a result, staff recommends that the City Council rejects Diamond’s bid as non-responsive.

Selection of Lowest Responsible Bidder

Kalban submitted the apparent second low bid with a base bid proposal of \$1,131,951. The Engineer’s estimate for the base bid is \$1,755,842, and the average of the remaining fourteen (14) base bids received (without Diamond’s) amounted to \$1,578,942.54. The bid summary is included as Attachment 4.

The proposal submitted by Kalban includes all the required documents necessary with the bid package and had no irregularities. Therefore, staff recommends that City Council award the PWA (Attachment 5) to Kalban as the lowest responsible bidder.

The license and references of Kalban have been checked and staff have found them to be in good standing. Kalban has successfully completed previous alley projects in the City of Costa Mesa, including the Harbor Boulevard Alley, Bernard Street Alley, Valencia Street Alley, and Walnut Street

Alley.

Upon City Council award of the PWA, Kalban will furnish the necessary bonds and insurance, which will be approved as to form by the City. After the award and subsequent execution of the agreement, a "Notice to Proceed" will be issued.

Staff requests that City Council award the project to Kalban as the lowest responsible bidder.

ALTERNATIVES:

The alternative would be to reject all bids, re-advertise, and rebid the project. Staff believes that re-advertising and re-bidding the project will not result in lower bids and will delay the project.

FISCAL REVIEW:

The construction cost of this project, inclusive of the ten percent (10%) contingency, is \$1,245,146. An additional \$121,832 will provide construction inspection and materials testing services, resulting in a total project cost of \$1,366,978. Funding for this project is available in the Gas Tax Fund (201), which has a project balance of approximately \$1.0 million, and the Measure M2 Fund (416), which has a project balance of approximately \$0.74 million.

LEGAL REVIEW:

The City Attorney's Office has reviewed the agenda report, prepared the Public Works Agreement, and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This project works toward achieving the following City Council goals:

- Maintain and Enhance the City's Facilities, Equipment and Technology
- Strengthen the Public's Safety and Improve the Quality of Life

CONCLUSION:

Staff recommends the City Council:

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for any unforeseen costs related to this project.

5. Authorize the City Manager and City Clerk to execute the PWA and future amendments to the agreement within Council authorized limits.