



TITLE

Contract Award for South Kelly-Highway 29 Intersection Project (TR23-0200)

RECOMMENDATION

Adopt a Resolution 1) awarding a Construction Contract to Carone and Company, Inc. in the amount of \$3,128,499.50, 2) authorizing the City Manager to execute a reimbursement agreement between the City of American Canyon and the County of Napa to complete the construction of the Project for an amount not to exceed \$2,149,156, 3) authorizing the City Manager to enter into an agreement for Construction Management and Inspection Services in an amount not to exceed \$300,000, and 4) authorizing the Public Works Director to approve and execute contract change orders in an aggregate amount not to exceed the Construction Budget, in conjunction with the South Kelly-Highway 29 Intersection Project (TR23-0200).

CONTACT

Erica Ahmann Smithies, P.E., Public Works Director
Ron Ranada, P.E., Senior Civil Engineer

BACKGROUND & ANALYSIS

South Kelly Road and SR-29 Intersection Improvements

South Kelly Road is a two-lane collector providing access to the Napa Valley Business Park and Napa Logistics Park, carrying significant truck traffic and showing substantial pavement deterioration. The road is in failing condition and needs to be fully reconstructed. The roadway is split between jurisdictions: the north half of the road is in Napa County while the south half is in American Canyon.

Napa Logistics Park Phase 2 (NLP2), a development located less than a mile away, completed an Environmental Impact Report (EIR) in 2015 that identified needed circulation improvements, including upgrades at the SR-29/South Kelly Road intersection. As part of the project's Conditional Use Permit (CUP), the developer was required to construct public improvements along South Kelly Road, the SR-29 intersection, and the Devlin Road intersection.

In 2018, the City and the developer entered into a Subdivision Improvement and Reimbursement Agreement outlining these obligations. A 2022 amendment reduced the scope of required improvements based on an EIR Addendum and shifted the developer's responsibility from building the project to providing a payment to the City for a portion of construction of improvements. The

City has since programmed the South Kelly-Highway 29 Intersection Project (TR23-0200; "Project") into its on-going Capital Improvement Program.

Napa County Share (South Kelly Road) and Expanded Scope (Tower Road)

Because South Kelly Road is jointly owned, Napa County is partnering with American Canyon to ensure the entire roadway is reconstructed. To maximize efficiency, the County also requested adding nearby Tower Road reconstruction to the Project scope. The City has taken the lead in delivering the Project, with the intent that the County would reimburse the City for its portion of the Project cost. The City and County entered into Agreement 2024-A163 for the Project's design, and the County has been providing corresponding reimbursement payments.

The City and County desire to enter into a new agreement for the construction phase, in an amount not to exceed \$2,149,156. The amount includes payment for costs related to the construction contract as well as construction management and inspection, and staff time. Napa County is anticipating taking their budget approval to the Board of Supervisors on September 15, 2026.

Additional Developer Improvements for Napa Airport Corporate Center

The Napa Airport Corporate Center (NACC) project includes conditions requiring installation of a recycled water main and various public right-of-way improvements along South Kelly Road. Because the City's reconstruction of South Kelly Road will occur before NACC development begins, incorporating these improvements into the City's Project will prevent future damage to the new roadway. The developer, G3 Enterprises, supports this approach. A reimbursement agreement for G3's fair-share contribution is being finalized and will be presented to City Council at a later date.

With the completion of the design of the above improvements (excepting improvements within State Route 29) the City solicited competitive bids for the Project on May 26, 2026. The Engineer's Estimate was \$3,720,000. On July 23, 2026, the following bids were received and publicly read aloud:

Bidder	Total Bid Amount
Carone and Company Inc.	\$3,128,499.50
O.C. Jones and Sons, Inc.	\$3,267,177.00
Team Ghilotti, Inc.	\$3,353,763.00
Ghilotti Construction Company, Inc.	\$3,477,176.20
Mountain Cascade, Inc.	\$3,514,800.00
Ghilotti Bros., Inc.	\$3,570,068.25
MARTIN BROTHERS CONSTRUCTION	\$3,634,877.50
Goebel Construction, Inc.	\$3,663,147.00
Argonaut Constructors	\$3,785,221.00
Granite Rock Company	\$4,008,168.50
Redgwick Construction Co.	\$4,094,063.00

Bay Cities Paving and Grading Inc.	\$4,350,789.24
------------------------------------	----------------

The bid submitted by Carone and Company, Inc. ("Carone") in the amount of \$3,128,499.50 was the apparent low bid. Staff has reviewed the bid from Carone and found it to be both responsive and responsible. Staff has verified the contractor's qualifications including valid Class A license, DIR registration, and references, and found them to be satisfactory and acceptable. The prices of the bid items reflect reasonable and customary costs of completing the work.

Staff recommends the Council award a construction contract to Carone in the amount of \$3,128,499.50 and authorize the Public Works Director to approve and execute contract change orders in an aggregate amount not to exceed the Construction Budget, in conjunction with the South Kelly-Highway 29 Intersection Project (TR23-0200). Staff further recommends the Council authorize the City Manager to execute a reimbursement agreement between the City and County for the construction of the Project for an amount not to exceed \$2,149,156.

SR-29 State Highway Improvements Update

The Project includes turn lane and widening improvements at the SR-29/South Kelly Road intersection, within State Right-of-Way. In coordination with Caltrans, the City is continuing to pursue its application for a *Request for Cooperative Agreement* (RCA), through which Caltrans would deliver the desired improvements that lie within State Right-of-Way. The City is continuing to coordinate with Caltrans on the development of the agreement. Once finalized, the final agreement will be brought to Council for approval.

COUNCIL PRIORITY PROGRAMS AND PROJECTS

Transportation: "Improve the transportation network within the City to alleviate congestion and enhance the quality of life for the community."

FISCAL IMPACT

The FY26-27 Capital Budget currently provides for the following Project Budget:

Fund	Budget
Capital Projects (Fund 350)*	\$4,036,068
Measure U (Fund 211)	\$1,568,932
Total	\$5,605,000

*Fund 350 includes approximately \$2.4 million in estimated County-reimbursement, and \$1.5 million in estimated developer-contributions and/or reimbursement.

The estimated Construction Budget for construction of the improvements slated with the Carone contract are as follows:

Item Description	Estimated Cost
Construction Contract	\$3,128,500
Construction Contingency (15%)	\$ 470,000
Materials Testing Services	\$ 50,000
Construction Management and Inspection	\$ 300,000
Staff	\$ 50,000
Total	\$3,998,500

After deducting all existing encumbrances and material services paid to date, the remaining FY26-27 Capital Budget is \$5.2 million, which is sufficient to cover the construction expenses noted above, as well as the anticipated cost of the Caltrans RCA.

Due staff availability and overall workload, delivery of the Project's construction phase requires the aid of consultant-provided Construction Management and Inspection services. Staff is seeking to procure these services from the City's current on-call list, with a budget not to exceed \$300,000, as noted above . Thus, staff recommends the Council authorize the City Manager to enter into an agreement with a consultant, as yet to be determined, for an amount not to exceed \$300,000 for Construction Management and Inspection Services, in conjunction with the Project.

ENVIRONMENTAL REVIEW

South Kelly Road and SR-29

The project improvements to South Kelly Road and SR-29 were first identified in a 2015 EIR prepared by First Carbon Solutions, which was subsequently amended in June 2022. The 2022 Initial Study/Addendum determined that there was no potential for new or more severe significant environmental impacts, and no subsequent EIR was required to complete the project.

Tower Road

The Tower Road reconstruction is Categorically Exempt from CEQA per CEQA Guidelines Sections 15301(c) (Existing Facilities) and 15302 (Replacement or Reconstruction).

COMMUNICATION

Level 3: Broad Communication

There will be anticipated lane closures and/or detours during construction. Broad communication is anticipated with this project and will require continued collaboration with our project partner, Napa County, and the American Canyon Chamber of Commerce.

ATTACHMENTS:

[1. Resolution](#)

2. Exhibit A - Reimbursement Agreement
3. South Kelly-Hwy 29 Intersection Project Plan Exhibits