TO:     HONORABLE CITY COUNCIL

FROM:  CITY MANAGER     DEPARTMENT: PUBLIC WORKS

DATE:  JUNE 10, 2002     CMR:233:02

SUBJECT: APPROVAL OF SECOND AMENDMENT TO THE 1996 MEASURE B PAVEMENT MANAGEMENT PROGRAM COOPERATIVE AGREEMENT WITH THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY; APPROVAL OF A BUDGET AMENDMENT ORDINANCE FOR THE FISCAL YEAR 2001-02 TO ACCEPT REVENUE FROM THE STATE TRAFFIC CONGESTION RELIEF FUND AND THE VTA, AND TO PROVIDE AN ADDITIONAL APPROPRIATION TO THE STREET MAINTENANCE CAPITAL PROJECT, NUMBER 9630 IN THE AMOUNT OF $259,916; AND APPROVAL OF A CONTRACT WITH DESILVA GATES CONSTRUCTION IN THE AMOUNT OF $2,544,081 FOR THE 2002 STREET MAINTENANCE CAPITAL IMPROVEMENT PROGRAM PROJECT 9630

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the City Manager to execute the attached Second Amendment to the 1996 Measure B Pavement Management Program (PMP) Cooperative Agreement with the Santa Clara Valley Transportation Authority (VTA), increasing the City of Palo Alto’s allocation by $121,605.

2. Approve a Budget Amendment Ordinance (BAO) to accept revenue from the State Traffic Congestion Relief Fund in the amount of $138,311, to increase the City’s allocation from the 1996 Measure B PMP Cooperative Agreement with VTA by $121,605, and to provide an additional appropriation to the street maintenance Capital Improvement Program Project number 9630, in the amount of $259,916.

3. Approve and authorize the Mayor to execute the attached contract in the amount of $2,544,081 with DeSilva Gates Construction for the 2002 Street Maintenance Project.
4. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with DeSilva Gates Construction for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $254,409.

BACKGROUND
Annually, Public Works Engineering manages the resurfacing and reconstruction of various City streets. The candidate streets are surveyed and rated biannually by a computerized pavement management system. The project typically encompasses approximately eight lane miles of asphalt concrete paving and approximately eight lane miles of slurry sealing. The project budget averages $1.8 million per year.

On November 5, 1996, voters passed Measure A, an advisory measure establishing transportation funding priorities for Santa Clara County, and Measure B, which imposes a one-half cent retail and sales tax for a period of nine years to fund certain transportation improvements. The City of Palo Alto’s annual street maintenance project is eligible for funding under the County’s Measure B Pavement Management Program. These funds are designated to expand pavement maintenance projects, thus increasing the number of repaired and replaced City streets beyond that of the City’s annual pavement maintenance project budget.

On June 21, 1999, the City Council approved the Measure B Cooperative Agreement with the Santa Clara Valley Transportation Authority (CMR 282:99) which allocated $2,503,686 to the City of Palo Alto in Measure B funding to be expended no later than July 31, 2004. On May 21, 2001, the City Council approved the First Amendment to the Measure B Cooperative Agreement (CMR 246:01) to accept an additional $981,312 resulting in total allocation of $3,484,998 from Measure B funding. Due to additional funding, the 1999, 2000, and 2001 street maintenance projects were expanded. Approximately $2.7 million has been expended to date.

DISCUSSION
On June 27, 2000, the County Board of Supervisors approved the Second Amendment to the PMP agreement (Attachment B). This amendment, if approved by the Council, increases the City’s share by $121,605 resulting in a total allocation for the City of Palo Alto of $3,606,603 and allowing further expansion of the annual street maintenance project over the next two years.

Staff is requesting approval of a BAO (Attachment A) to increase the City’s allocation from the 1996 Measure B PMP Cooperative Agreement with VTA by $121,605, as well as to receive $138,311 from the State of California as a result of AB2928, which allocates $400 million to cities and counties for Transportation Congestion Relief. Approval for expenditure of these funds for the 2002 street maintenance project is also part of the BAO. The AB2928 funds must be expended no later than June 30, 2003.
The project scope of the proposed 2002 street maintenance project includes overlaying eight lane miles and slurry sealing nine lane miles of city streets. Attachment D provides a list of streets to be resurfaced. Part of the asphalt overlay and slurry seal work includes related work such as lane striping and various concrete work such as replacement of curb ramps, curb and gutters, and sidewalks. Curb ramps will be installed to comply with the guidelines of the Americans with Disabilities Act (ADA).

Additionally, pavement will be replaced and new valley gutters will be installed on Matadero Avenue from Laguna Avenue to Josina Avenue and on Georgia Avenue from Amaranta Avenue to end. New storm drainage, street and sidewalk reconstruction will take place on Emerson Street from El Dorado Avenue to Matadero Creek.

Following the award of contract, businesses and residents affected by the project will be notified. The contractor will also hand deliver door hanger notices seven days and 24 hours in advance of the construction work. Work is expected to start at the end of June and be complete in November 2002.

**Bid Process**
A notice inviting formal bids for the 2002 street maintenance project was issued on April 4, 2002 and sent to 14 builders' exchanges and 20 general contractors. The bidding period was 20 days. Bids were received from six (6) qualified contractors on April 23, 2002, as listed on the attached bid summary (Attachment E). Bids ranged from a high of $3,212,952 to a low bid of $2,544,081.

Staff has reviewed all bids submitted and recommends that the bid of $2,544,081 submitted by DeSilva Gates Construction be accepted and that DeSilva Gates Construction be declared the lowest responsible bidder. The bid is 20 percent under the engineer’s estimate of $3,194,144. The change order amount of $254,409, which equals 10 percent of the total contract, is requested to resolve unforeseen problems and/or conflicts that may arise during the construction period.

Staff checked references supplied by the contractor for previous work performed and found no significant complaints. Staff also checked with the Contractor's State License Board and found that the contractor has an active license on file.

**RESOURCE IMPACT**
The attached BAO requests an additional appropriation of revenues and expenses in the amount of $259,916 for CIP project #9630 to expand the 2002 street maintenance project. This BAO has no impact on the Budget Stabilization Reserve and no future year General Fund ongoing costs are anticipated.
POLICY IMPLICATIONS
This recommendation does not represent any change to existing City policies.

ENVIRONMENTAL REVIEW
This project is exempt from the provisions of the California Environmental Quality Act and no further environmental review is required.

ATTACHMENTS
Attachment A:  Budget Amendment Ordinance
Attachment B:  Second Amendment 1996 Measure B PMP Cooperative Agreement
Attachment C:  Contract
Attachment D:  List of Asphalt Overlay and Slurry Seal streets
Attachment E:  Bid Summary

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