

REPORT TO CITY COUNCIL

DATE: FEBRUARY 22, 2006

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: KEN BERKMAN, CITY ENGINEER

SUBJECT: CONSIDERATION TO POSTPONE CONSTRUCTION OF THE SIGNAL SYNCHRONIZATION PROJECT, NIB 04-06

On May 11, 2005, the City Council authorized staff to seek bids for the Signal Synchronization Project, NIB 04-06. The project was designed by the City's engineering consultant Kimley-Horn and Associates, and consists of the installation of a fiber optic and wireless communications system that would coordinate sixteen of the City's nineteen signalized intersections along three arterial corridors. The engineer's estimate in May 2005 was \$908,000. The project was to be funded with \$884,000 of Metropolitan Transit Authority (Metro) grant funds (80%) and City matching funds (20%). In accordance with our Letter of Agreement with Metro, the grant funding for the project will expire on June 30, 2007.

On May 31, 2005, a pre-bid meeting was held to acquaint all prospective bidders with this specialized project and its plans and specifications, and to answer any questions. No potential bidders attended.

On June 7, 2005, the City Clerk administered the public bid opening. No bids were submitted.

On June 22, 2005, Council authorized staff to pursue bids in accordance with State law, Public Contracts Code Section 20166, which permits the City to complete the project through other means. Subsequently, staff contacted several competent and recommended contractors to request bid proposals for this specialized project. As with all construction over the past two years, these contractors indicated they were extremely busy. Ultimately, on September 15, 2005, City staff received two bids. Those bids were for \$2.6 and \$2.7 million dollars; nearly three times the anticipated project cost.

Over the past couple of months, City staff has had conversations with Metro and Caltrans representatives to try and acquire additional funds for this project and/or allow the City to reduce the scope of work. Both agencies have stated that they do not have additional funding for the project nor can changes be made to the overall project scope of work without relinquishing the grant funding.

At this point, the City has expended approximately \$110,000 for the project design, of which \$61,000 is reimbursable grant money.

Given these facts, staff presents Council with the following options to consider:

1. Completely forego the project which will require the City to backfill the \$61,000 grant funds with general funds and require the City to notify Metro and Caltrans that we are relinquishing the grant. This option will allow the City to seek future grants from Metro that would more fully align with the project costs. The project design has been completed and would be shelved until future funding becomes available.
2. Keep the grant and pursue reimbursement of the \$61,000 spent on the design effort. This will require the City to look for additional ways to fund the project, reduce construction costs, and rebid the project to try to lower bid costs. The grant funds do expire on June 30, 2007 at which time we would need to seek a time extension approval by Metro. In the event that the extension is not granted, the City would be required to return the \$61,000.
3. Award the project to the low bidder in the amount of \$2.6 Million. This will allow the City to utilize the grant funds and require the City Council to fund the remaining \$1.8 million with general fund reserves.

Staff is recommending City Council pursue option #1 for the following reasons:

- Construction costs will likely never return to those of a couple of years ago (no less those of 1999 when the grant was awarded) in the foreseeable future, so a significant funding shortfall will always exist;
- The City cannot change the project scope without losing the grant funding, nor acquire additional grant funding to construct the project for its current bid cost;
- Design is complete, therefore staff can submit this project in Metro's next "Call for Projects" effort with cost estimates that would reflect the engineer's estimate at that time, and immediately bid and construct the project.

With such action, the City would need to backfill \$61,000 of expended Proposition C grant design costs from the General Fund and the City Engineer would notify Metro and Caltrans that the project will be cancelled.

RECOMMENDATION

Staff respectfully recommends the City Council:

1. Direct the City Engineer to forego construction of the Signal Synchronization Project, NIB 04-06;
2. Authorize the transfer of \$61,000 of General Fund money to the appropriate Proposition C account for the project;
3. Direct the City Engineer to seek and apply for other grant funding sources for this project and submit the project in Metro's next "Call for Projects" effort.