

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** James R. Helmer  
Larry D. Lisenbee

**SUBJECT:** SEE BELOW

**DATE:** 06-06-05

Approved:

Date: 6/16/05

Council District: 1, 4, 6, 9

**SUBJECT: THIRD AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES FOR THE SILICON VALLEY SMART CORRIDOR INTELLIGENT TRANSPORTATION SYSTEMS (ITS) ENHANCEMENT PROJECT AND APPROPRIATION ORDINANCE AMENDMENTS IN THE BUILDING AND STRUCTURE CONSTRUCTION TAX FUND FOR THE ITS ENHANCEMENTS PROJECT**

## RECOMMENDATION

It is recommended that the City Council take the following actions:

1. Approve the Third Amendment to the Agreement for Consultant Services Between the City of San José and DKS Associates, for the design and development of the Silicon Valley Intelligent Transportation Systems (SV-ITS) Enhancement Project, extending the term of the agreement from June 29, 2005 to December 31, 2007 and increasing the maximum compensation by \$180,000 from \$1,513,925 to \$1,693,925. Approval of the Amendment will also authorize the Director of Transportation (Director) to extend the term of the Agreement up to three months beyond December 31, 2007, at his or her sole discretion.
2. Approve the following Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
  - a. Increase the appropriation to the Department of Transportation for the ITS Enhancements project by \$100,000.
  - b. Decrease the Ending Fund Balance by \$100,000.

## BACKGROUND

The Department of Transportation (DOT), on behalf of a twelve-agency partnership, manages the design and implementation of intelligent transportation system projects that use technology

solutions to enable the delivery of coordinated traffic management services region-wide. The Silicon Valley Smart Corridor ITS Enhancement Project (Project) will expand upon the existing link to traffic management centers of nine local, county and state jurisdictions, enhance real time data and video sharing capabilities among these agencies, and extend video coverage of roadways. When completed, agencies from Fremont in the north to Los Gatos in the south will be able to share resources such as real time traffic volume data, signal-timing control along designated corridors, traffic videos, and dynamic message signs to effectively manage both day-to-day and incident traffic across jurisdictional boundaries.

The following changes have been made to the Agreement:

- A. 01-06-01 - Council authorized the City Manager to execute the Agreement valued at \$1,332,000.
- B. 06-11-02 - Council approved First Amendment to decrease maximum compensation by \$31,530 and eliminate signal timing task.
- C. 06-09-03 - Council approved Second Amendment, increased maximum compensation by \$213,455, and extended the term of the Agreement by one year to add software development work.
- D. 12-04-04 - Director extended the term of the Agreement by six months to continue software development work.

### ANALYSIS

Due to the circumstances outlined below, this report recommends an amendment to extend the term of the Agreement by two and a half years from June 29, 2005 to December 31, 2007 and increase the total compensation by \$180,000. The Amendment will also authorize the Director to extend the term of the Agreement up to three months beyond December 31, 2007, at his or her sole discretion.

### Changes in Project Conditions

Changes in field condition, technology, and agency policies since the Project began in 2001 have necessitated additional design work in order to finalize the construction plans. These changes have caused a moderate increase in the consulting costs for the project of approximately \$80,000. These costs are fully reimbursable and have already been included in the 2004-2005 budget and revenue estimates for the project. However, the total compensation for the consultant still needs to be adjusted to incorporate this moderate increase. This \$80,000 increase represents a portion of the total \$180,000 increase to the consulting contract recommended in this memorandum.

### Increase in Project Grant Funds

In April 2005, due to a CMAQ funding surplus, the Metropolitan Transportation Commission (MTC) proposed to allocate to the Project an additional \$500,000 toward construction of surveillance cameras along State right-of-way. The proposal was approved by the Federal Highway Administration (FHWA) on May 16, 2005. The addition of surveillance cameras will require changes to the bid documents.

### Change in Construction Management Agency

The Project bid documents were completed based on a previous understanding that the County of Santa Clara (County) would advertise, award, and manage the construction of the Project. After delaying the construction schedule twice at the request of the County to accommodate their workload, the County has finally notified the City that it is no longer able to keep its commitment to perform construction management duties due to the continued reduction in its fiscal and staff resources. To limit any further delays and to explore "contracting-in" opportunities, DOT discussed the Project with the City's Department of Public Works (DPW). DPW has agreed to replace the County as construction manager. Based upon their projected workload, DPW anticipates that the Project can be advertised in June 2006. This change requires DKS Associates (Consultant) to modify the bid documents to conform to City standards.

An alternative option was explored to have DPW staff perform the additional design and repackaging work rather than the Consultant; however, it was determined that DPW does not have the staff resources necessary to complete the required design and repackaging work within grant funding deadlines. Due to familiarity with the project design, the Consultant is able to perform this work more quickly and cost-effectively. Additionally, the Project involves various software development and subconsultant coordination tasks associated with the design, which cannot be performed by DPW staff.

The additional design and repackaging work that has resulted from the increase in project grant funds and the shift of construction management responsibility to the City is anticipated to cost approximately \$100,000. This amount has not yet been included in the project budget and is recommended for inclusion in the 2004-2005 Capital Budget with this memorandum. The full cost of these additional consultant services is reimbursable by the Federal and State grants supporting this project. When combined with the \$80,000 increase discussed above, this action brings the total recommended change to the consulting contract to \$180,000.

### OUTCOME

Approval of the proposed Amendment will allow the completion of required revisions to the construction bid package and allow Public Works to advertise for the construction of this Project in a timely manner.

**COORDINATION**

The Amendment has been coordinated with the City Attorney’s Office, the Office of Planning, Building, and Code Enforcement, and the Department of Public Works.

**COST IMPLICATIONS**

This Amendment, authorizing \$180,000 in additional consulting services, is fully reimbursable by the Federal and State grants obtained for the Project.

Of this amount, \$80,000 is related to changes in project conditions since 2001, for which both the expenditure and the associated reimbursement have already been programmed in the current project budget. No further budgetary adjustment is required as a result, however at this time it is necessary to increase the consultant agreement to cover these costs. The remaining \$100,000 that is required to extend the consultant contract has not yet been included in the project budget and an appropriation increase is recommended as part of this memorandum, which will be fully reimbursable under the grants received for the project. Reimbursements will be received over three years as the work is completed. Revenues of \$60,000 are recommended for inclusion in the 2005-2006 Adopted Capital Budget as presented in the 2005-2006 Clean-Up Manager’s Budget Addendum. Further reimbursements of \$20,000 in 2006-2007 and \$20,000 in 2007-2008 are anticipated, for a total new revenue of \$100,000.

This Amendment is consistent with the Mayor’s Expenditure Control Strategy and has a neutral impact on the General Fund. The approval of this Amendment will also allow completion of the design for a construction project that will have a beneficial impact to the economy of Silicon Valley.

**BUDGET REFERENCE**

| Fund #   | Appn # | Appn. Name        | RC #   | Total Appn.      | Amt. for Contract | Adopted Budget Page | Last Budget Action (Date, Ord. No.) |
|--|--------|-------------------|--------|------------------|-------------------|---------------------|-------------------------------------|
| <b>Costs of Third Amendment</b>                  |        |                   |        | <b>\$180,000</b> |                   |                     |                                     |
| <b>Current Funding Available</b>                 |        |                   |        |                  |                   |                     |                                     |
| 429  | 5137   | ITS: Enhancements | 109223 | \$177,000        | \$80,000          | V-1045              |                                     |
| <b>Total Current Funding Available</b>           |        |                   |        | <b>\$177,000</b> |                   |                     |                                     |
| <b>Additional Funding Recommended</b>            |        |                   |        |                  |                   |                     |                                     |
| 429  | 5137   | ITS: Enhancements | 109223 | \$100,000        | \$100,000         |                     |                                     |
| <b>Total Funding for 2004-2005 Project Costs</b> |        |                   |        | <b>\$277,000</b> | <b>\$180,000</b>  |                     |                                     |

HONORABLE MAYOR AND CITY COUNCIL

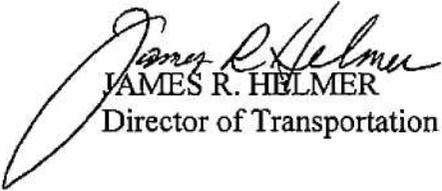
06-06-05

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CEQA

CEQA: Exempt, PP# 03-06-214.



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