



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
James R. Helmer
Jennifer Maguire

SUBJECT: SILICON VALLEY INTELLIGENT TRANSPORTATION SYSTEMS
WEST CORRIDOR PROJECT **DATE:** 07-23-07

Approved

Date

7/27/07

COUNCIL DISTRICT: 1, 6
SNI AREA: Burbank/Del
Monte, Winchester

RECOMMENDATION

- A. Report on bids and award of contract for the Silicon Valley Intelligent Transportation System West Corridor Project, to the sole bidder, Vellutini Corporation dba Royal Electric Company, in the amount of \$2,944,876, and approval of a contingency in the amount of \$222,000.
- B. Adoption of the following Appropriation Ordinance Amendments in the Building and Structure Construction Tax Fund:
 - 1. Increase the ITS: Stevens Creek-West appropriation by \$920,000.
 - 2. Decrease the Reserve – Valley Transportation Plan 2030 Priorities appropriation by \$920,000.

OUTCOME

Award of the construction contract to Vellutini Corporation dba Royal Electric Company will enable the Silicon Valley Intelligent Transportation Systems West Corridor Project to proceed with minimal delay. Approval of the 7.5 percent contingency will allow funding for any unanticipated work necessary for the proper completion of the project. The project will result in the installation of communications infrastructure and traffic surveillance cameras that will enable the City, the County and the State, along with two other local agencies to better manage traffic congestion and incidents along the Stevens Creek Boulevard and Saratoga Avenue corridors.

EXECUTIVE SUMMARY

City staff recommends award of contract for the Silicon Valley Intelligent Transportation Systems West Corridor Project. The proposed project will extend the Silicon Valley Intelligent

Transportation System (SV-ITS) network and infrastructure to the western region of the county, along Stevens Creek Boulevard between Bascom Avenue and State Route 85, to enable project partners, including Caltrans, the County of Santa Clara, and the cities of Cupertino, Santa Clara and San Jose, to actively manage and improve traffic flow conditions around the Stevens Creek auto mall, shopping complexes, expressways and freeway interchanges. The \$5.6M project is leveraged by 95% in federal, state and local grant funds.

BACKGROUND

The Silicon Valley Intelligent Transportation Systems Program is a regional partnership consisting of twelve local, county, and state agencies that work collectively to deploy ITS technology across the region to mitigate traffic congestion and reduce travel delays resulting from day-to-day commute, incidents, and planned events. A reliable transportation system and air quality improvements are two targeted outcomes of such programs. The Department of Transportation serves as the program administrator and lead design agency for the regional SV-ITS Program. The design and construction documents were prepared under the City's lead and have been verified that they meet the requirements of all project partners.

The SV-ITS West Corridor Project will provide the necessary communication and ITS infrastructure to enable the project partners to remotely monitor and adjust traffic signal operations to respond to day-to-day commute, and seasonal travel demands resulting from the thriving auto mall and retail centers along Stevens Creek Boulevard. Surveillance cameras and traffic signal communication systems installed by the project can also support first responders' incident management and emergency detection and response efforts.

A comprehensive project scope consisting of 8 miles of communication infrastructure, 17 surveillance cameras and interconnection of 17 signals was first bid on August 24, 2006. A steady trend of rising construction costs and high demand for regional construction services resulted in a low bid that exceeded the Engineer's Estimate by 50 percent. On November 24, 2006, Council approved the rejection of all bids and authorized the re-advertising and re-bidding of this project. A reduced project scope was prepared and readvertised for bid on April 24, 2007.

ANALYSIS

Based on the previous bids, the available construction budget of \$2,256,000 was exceeded by \$1.2M. In order to stay within available grant funds, the project implementation strategy was modified to include a reduced construction contract scope, an increased project partner financial contribution, and a commitment to enhancing the ITS network in the future. The new project scope provides 7.5 miles of scalable communication infrastructure necessary to connect the Cupertino Traffic Operations Center to the SV-ITS network and upgrade of 20 communication junction boxes to facilitate future installation of 11 of the 14 cameras that have been eliminated from this contract and future interconnect of traffic signals along Saratoga, Moorpark and Forest Avenues. Items of work that can be performed by stakeholders or those that were less critical to the project objectives were eliminated from the project scope. Construction requirements that

had the greatest potential for high cost impact were analyzed and mitigated, including expanding working hours to minimize mobilization cost and eliminating work that fell outside of Stevens Creek corridor. Saratoga Avenue near Interstate 280 and Forest Avenue near Westfield shopping center were retained as part of the focus project to meet grant obligations.

To further reduce construction contract cost, the project stakeholders have indicated an intent to fund all construction elements that specifically benefit them, including project delivery and contingency costs. The City intends to enter into funding agreements with the following stakeholders to receive funds in advance of construction work for the following amounts:

- County of Santa Clara: \$86,000
- City of Cupertino: \$54,000
- City of Santa Clara: \$53,000

At the time of bid, construction elements included items for the City of Campbell who had indicated that it would fund those that were specifically for its benefit. After reviewing the bid results, Campbell has indicated that, at this point, it is not able to pay for the work. The construction contract contains provisions that would allow this work to be revoked. If necessary, this same provision can be used to revoke the construction elements funded under the above agreements.

Bids were opened on May 17, 2007 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Vellutini Corporation dba Royal Electric Company (Sacramento)	\$2,944,875.60	\$486,394.60	20
Engineer's Estimate	\$2,458,481.00	---	-

The sole bid submitted by Vellutini Corporation dba Royal Electric Company, is 20 percent above the Engineer's Estimate. Staff and project stakeholders again surveyed contractors and studied recent bid results in surrounding jurisdictions to understand potential reasons for the higher bid. Based on these discussions, the higher bid is a combination of the increase in material costs, seasonal work demand increases/labor resource shortages, and higher mobilization and traffic control prices.

Upon extensive evaluation by staff and project stakeholders, the bid is considered reasonable for the work involved in the project. Another re-bidding and re-advertising was considered, but while it is expected to obtain more bids, the anticipated low bid is expected to be higher than the bid currently proposed due to continued upward construction cost trends. VTA was also consulted for its expertise in the construction management and concurred that the award of the contract under the current bid is the best option since construction cost is expected to trend upward. In recognition of this, VTA is submitting an allocation request to the Metropolitan

Transportation Commission (MTC) for an additional \$500,000 in Surface Transportation Program grant funds in order to reimburse the City. MTC Transportation Improvement Program (TIP) Amendment is scheduled to occur in October.

In accordance with Federal Regulations, 49 CFR Part 26, no DBE goal was established for this project, Vellutini Corporation dba Royal Electric Company had 0% DBE participation in their bid.

Council Policy provides for a standard contingency of ten percent on public works projects involving traffic signals. However, on this project a contingency of 7.5 percent is being requested because the majority of work is located where conditions are generally well known.

EVALUATION AND FOLLOW-UP

The project will be within budget with approval of the recommendation. Due to the re-scoping and re-bidding of the construction contract, the project is now expected to be completed by Summer of 2008. Upon approval of the TIP Amendment by the MTC for a reimbursement increase of \$500,000 in grant funds, administration will submit a revenue increase request to Council for consideration.

PUBLIC OUTREACH/OUTREACH

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges. In addition, this memorandum will be posted on the City's website for the August 14, 2007 Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Planning, Building and Code Enforcement Department, the City Attorney’s Office and the SV-ITS Project Stakeholder Agencies. Due to the regional nature of the projects, a number of agencies have been actively involved in the coordination and development of these projects through the Valley Transportation Plan 2030.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. This project also supports Transportation and Aviation CSA Outcome #3: Travelers have a positive, reliable and efficient experience.

COST SUMMARY/IMPLICATIONS

This project is 95% grant funded, including \$4,248,000 in Congestion Mitigation and Air Quality, \$125,000 in State Transportation Improvement Program, and \$346,000 in Transportation Fund for Clean Air funds and is augmented by stakeholder contributions for non-regional elements. San José will utilize its reserves allocated for VTP 2030 Priorities to provide:

- Construction \$500,000
- Local agency-reimbursed construction elements \$275,000
- Consultant and construction management services \$145,000

It is anticipated that \$500,000 for construction would be reimbursed from the funds received if MTC approves the TIP Amendment request. The \$275,000 in funds advanced for stakeholder construction elements will be reimbursed when the stakeholders provide the funds. The \$145,000 for consultant and construction management services will not be reimbursed.

The City receives \$25 in grant funds for every dollar it commits to this project.

1. AMOUNT OF RECOMMENDATION:	
Project Delivery	\$2,469,573*
Construction	2,944,876
Contingency	<u>222,000</u>
TOTAL PROJECT COSTS	\$5,636,449
Prior Year Expenditures	(1,640,783)
REMAINING PROJECT COSTS	\$3,995,666

* Staff has made a significant level of effort in design and stakeholder coordination to ensure the compatibility of traffic control and video systems being integrated across the county. Staff also made significant effort to coordinate with stakeholders to re-scope and re-package the project as well as to secure additional grant funds and to negotiate agency contribution so that this project would be fully funded and awarded. Project delivery cost reflects these efforts.

2. COST ELEMENTS OF CONTRACT :

Mobilization, traffic control, storm water pollution Prevention	\$ 398,040
Conduit and pull box installation	2,242,386
Cable and conductor installation	175,890
Camera, controller and communications hub installation	<u>128,560</u>

TOTAL CONTRACT AMOUNT \$2,944,876

3. SOURCE OF FUNDING: Fund 429 – Building and Structure Construction Tax Fund

4. OPERATING COSTS: Negligible General Fund operating and maintenance costs will be generated by this project. In accordance with the SV-ITS Memorandum of Understanding, approved 1/25/02, West Corridor Project Cost-Sharing Agreements, approved 2/24/06, and the System Ownership Policy Guidelines Update memorandum adopted by the SV-ITS Policy Board members on October 29, 2003, each of the SV-ITS partners is responsible for operations and maintenance for any SV-ITS Project facilities and equipment installed within its own jurisdiction.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn Name	RC	Total Appn	Amt for Contract	2007-2008 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$3,995,666	\$2,944,876		
Current Funding Available							
429	4049	ITS: Stevens Creek West	12074 3	\$3,131,000	\$2,944,876	V-847	N/A
Total Current Funding Available				\$3,131,000			
Additional Funding Recommended							
429	4049	ITS: Stevens Creek West	12074 3	\$920,000			
Total Funding for Remaining Project Costs				\$4,051,000	\$2,944,876		

HONORABLE MAYOR AND CITY COUNCIL

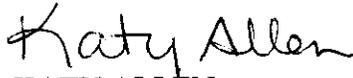
07-23-07

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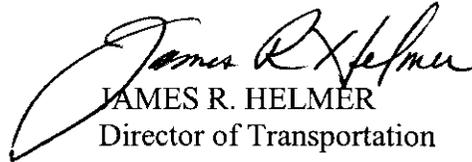
CEQA

CEQA: Exempt, PP-02-07-194.



KATY ALLEN

Director, Public Works Department



JAMES R. HELMER

Director of Transportation



JENNIFER MAGUIRE

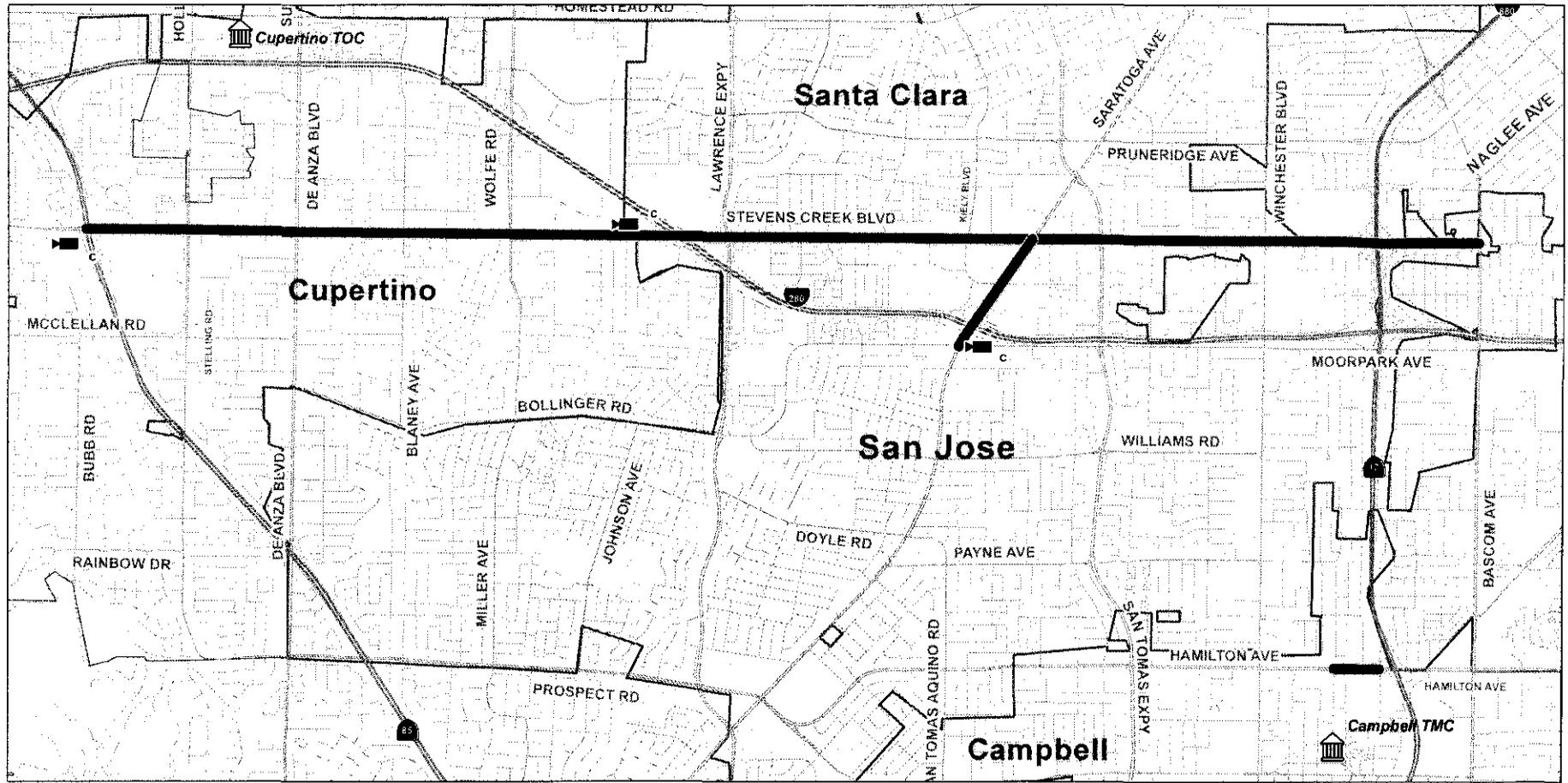
Acting Budget Director, Budget Office

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, DEPARTMENT OF PUBLIC WORKS, at (408) 535-8300.

PD:PH:ew

(gj071607AM.SiliconValley.doc/Elec)

Attachment



LEGEND

Bid Package*

 Fiber Cable Installation
(Including appropriate new conduit and pullboxes)

 Caltrans Camera



Traffic Operations Center (TOC)/Traffic Management Center (TMC)

*Caltrans Camera encoding and transmission equipment and C26 video sharing equipment will be furnished to the contractor for installation.

**SV-ITS West Corridor Project
(Rescoped)**

0 750 1500 3000 4500 6000 Feet

0 250 500 1000 1500 2000 Meters

