



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 07-27-05

Approved

Date

8/4/05

Council District: 1

SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE CONSTRUCTION EXCISE TAX FUND FOR THE STATE PROPOSITION 42 STREET MAINTENANCE PROJECT AND APPROVAL OF COOPERATIVE AGREEMENT WITH THE CITY OF SANTA CLARA FOR THE STEVENS CREEK BOULEVARD PAVEMENT MAINTENANCE PROJECT.

RECOMMENDATION

Approval of the following actions related to street maintenance:

1. Approval of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:
 - a. Establish an appropriation to the Department of Transportation for Proposition 42 Street Pavement Maintenance project in the amount of \$4,145,000.
 - b. Increase the estimate for Earned Revenue by \$4,145,000
2. Approval of a Cooperation Agreement with the City of Santa Clara to perform street pavement maintenance on Stevens Creek Boulevard from west of Bret Avenue to west of Redwood Avenue in an amount not to exceed \$800,000.
CEQA: Exempt, PP04-039

BACKGROUND

On July 11, 2005, the Governor signed the 2005 State Budget. One element of the budget includes full funding of the Proposition 42 transportation measure in the amount of \$1.3 billion.

This program will provide a \$4.145 million allocation to San José for street maintenance in FY 2005-06.

In early April 2005, the City of Santa Clara approached San José and proposed a joint jurisdiction maintenance effort for Stevens Creek Boulevard between west of Bret Avenue to west of Redwood Avenue. The maintenance responsibility for this street segment is shared between San José and the City of Santa Clara. The westbound direction is maintained by Santa Clara and the eastbound direction is maintained by San José. The City of Santa Clara has scheduled maintenance on their portion of Stevens Creek Boulevard and has requested San José's participation in a joint maintenance effort to address maintenance needs on the entire street.

The purpose of this Council report is to amend the City's budget to account for new State funding for street pavement maintenance and to recommend an initial allocation of these funds for a project on Stevens Creek Boulevard.

ANALYSIS

Street Pavement Maintenance Funding Status

The City has an annual need for street pavement maintenance of approximately \$30 million. Direct City funding for pavement maintenance has declined to less than \$9 million annually, leaving a shortfall of over \$21 million annually. Staff is working with the Building Better Transportation Committee to identify sources and strategies to further increase funding for street maintenance. As a result of the recent adoption of the State's 2005-2006 Budget, \$4.145 million will be received from the State from the Proposition 42 program. In addition, as a result of higher than anticipated gas tax revenues, the federal government will be providing additional gas tax funds for street maintenance. Staff will provide further information about these federal pavement maintenance funds in a separate memorandum on the subject.

Stevens Creek Boulevard Project

The purpose of the project is to preserve the roadway from further deterioration, reduce future maintenance costs, and support economic activity in this area. A cooperation agreement between San José and the City of Santa Clara has been prepared describing the terms and conditions for implementing the shared street maintenance project. The benefits of performing a single project include reduced costs to each agency, less construction impacts, synchronized preventive maintenance cycles, and improved overall street rideability and appearance.

The limits of the project include the 5.5 mile segment of Stevens Creek Boulevard from Bret Avenue (west of Lawrence Expressway) to Redwood Avenue (east of Winchester Boulevard). The project includes the frontage of prominent San José retail areas including Valley Fair, Santana Row, and the Stevens Creek Auto Dealerships. Under the proposed cooperation agreement, City of Santa Clara will be the lead agency and responsible for preparing plans and specifications, administering the construction contract, performing public relations, and providing lead inspection services to oversee the construction. Although, Santa Clara will be the

lead agency, San José staff will provide some inspection and administration services to insure that San José's interests and standards are represented. The scope of the project includes pavement repairs, street sealing, traffic control, replacement of all traffic striping and signal detector loops, and adjustments to utility manholes, as necessary.

San José's share in the total cost of the project is estimated to be \$800,000 based on the cost of specific work to be performed in San José's jurisdiction, including contingencies and engineering and inspection performed by both San José staff and the City of Santa Clara's staff for San José's portion of the project. The City of Santa Clara will bill San José for actual costs at the completion of the project. Per the cooperative agreement recommended for approval in this memorandum, the City of San José shall have the right to inspect and determine the acceptability of the work performed within its jurisdiction, prior to final construction acceptance by City of Santa Clara.

OUTCOME

The recommended actions support the Transportation City Service Area goal of preserving the City's transportation infrastructure assets by leveraging newly available federal funding for pavement maintenance. Approving the Agreement with the City of Santa Clara will help maintain approximately 5.5 miles of the City's pavement network and prevent unnecessary deterioration of the streets being treated.

PUBLIC OUTREACH

The cooperative agreement has been coordinated with the City of Santa Clara and all public outreach will be performed by the City of Santa Clara.

COORDINATION

This project has been coordinated with the Risk Management Office and the City Attorney's Office.

COST IMPLICATIONS

Upon approval of the recommendation, an additional \$4.145 million in State Proposition 42 revenues for street maintenance would be recognized and appropriated in full in the Traffic CIP.

In addition, \$800,000 from the new Proposition 42 funding would be used to fund the City's portion of the street maintenance work to be performed along Stevens Creek Boulevard in cooperation with the City of Santa Clara. This amount is based on the bid received for the work by the lead agency, the City of Santa Clara. The City of San Jose will be obligated to fund 100%

07-27-05

Subject: Street Maintenance

Page 4

of the project costs in its jurisdiction. Should unforeseen events drive actual project costs higher than estimated, the City of San José and the City of Santa Clara may amend the cooperative agreement to determine the appropriate distribution of the additional costs. Any savings in the San José portion of the work will be returned to San José.

The remaining Proposition 42 funds will be programmed for future pavement maintenance work, helping to offset the program's ongoing funding shortfall. Staff will analyze pavement conditions to determine the use of these funds that best meets the needs of the City's street network.

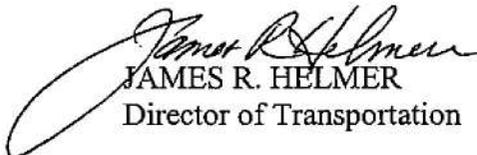
The Stevens Creek Boulevard pavement maintenance project is consistent with the Council-approved Budget Strategy Economic Recovery sections in that it will spur construction spending in our local economy. The project is also consistent with the Council-approved Budget Strategy General Principles section in that it protects vital core City services. The project will have no impact on the General Fund operating budget.

NONDISCRIMINATION

The City of San José nondiscrimination/nonpreferential requirements are included in this project as required by Chapter 4.08 of the San Jose Municipal Code.

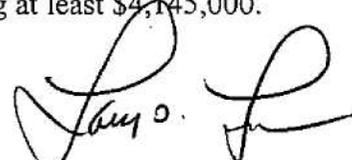
CEQA

Exempt, PP04-039


JAMES R. HELMER
Director of Transportation


LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Construction Excise Tax Fund in the Fiscal Year 2005-2006 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$4,145,000.


LARRY D. LISENBEE
Budget Director