



MEETING DATE: 3/21/05  
ITEM NO. 11

## COUNCIL/AGENCY AGENDA REPORT

DATE: FEBRUARY 16, 2005

TO: MAYOR AND TOWN COUNCIL/  
CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: DEBRA J. FIGONE, TOWN MANAGER/EXECUTIVE DIRECTOR

SUBJECT: PROJECT 04-65 - ALLEY IMPROVEMENTS

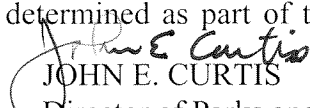
- A. ADOPT RESOLUTION APPROVING PLANS AND SPECIFICATIONS FOR THE ALLEY IMPROVEMENT PROJECT AND AUTHORIZING STAFF TO ADVERTISE THE PROJECT FOR BIDS
- B. AUTHORIZE BUDGET ADJUSTMENT INCREASING APPROPRIATIONS OF \$215,000 FROM STORM DRAIN FEES #1-FUND 461 AND REALLOCATING \$157,000 FROM PROJECT 930-0217, RDA STREET RECONSTRUCTION, BRINGING THE TOTAL APPROPRIATIONS FOR PROJECT 930-0344, RDA ALLEY IMPROVEMENTS FROM CURRENT AUTHORIZED FY2004/05 AUTHORIZED BALANCE OF \$156,503 TO \$528,503.

### RECOMMENDATION:

1. Adopt resolution approving plans and specifications for the Alley Improvement Project and authorizing staff to advertise the project for bids.
2. Authorize budget adjustment increasing appropriations of \$215,000 from Storm Drain Fees #1-Fund 461 and reallocating \$157,000 from Project 930-0217, RDA Street Reconstruction, bringing the total appropriations for Project 930-0344, RDA Alley Improvements from \$156,503 to \$528,503.

### BACKGROUND:

The Town Council, at its meeting on January 22, 2002, adopted a policy for the Town to assume the maintenance responsibility for 14 alleys in the Redevelopment Agency District. These alleys are primarily in two areas: a group of 9 alleys in the Almond Grove area, and a group of five alleys in the Johnson Avenue/Loma Alta Avenue area. The condition of these alleys has deteriorated over the years to a point that some of the alleys have turned into gravel pathways. An initial budget of \$250,000 was allocated for alley improvements in the FY 2002/03 CIP. This amount was the initial funding allocation determined as part of the overall \$10.7 million July 2002 RDA COP bond

PREPARED BY:  JOHN E. CURTIS  
Director of Parks and Public Works

Reviewed by: JS Assistant Town Manager OK Town Attorney \_\_\_\_\_ Clerk Administrator  
SC Finance \_\_\_\_\_ Community Development

Revised: 3/17/05 11:02 am

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“sizing.” To seize the historic low interest rates available in the summer of 2002, staff was aware the initial cost estimate of \$250,000 included in the bond sizing was a preliminary estimate that would need to be refined as evaluation of the Town’s alleyways continued and more data became known to staff. Since the alleyways cost estimate was prepared within a very tight time frame and with limited infrastructure condition data in 2002, the Town knew it would have future funding decisions to make in order to improve the alleyways if the cost estimate proved to be too low.

Concurrent with the bond issuance in the summer of 2002, the Town began a more in depth study to evaluate the condition of each alley, to prioritize them, and to develop a concept plan to repair and reconstruct the alleys surveyed. This included performing surface and base repair and rehabilitation in conjunction with storm drain improvements along the alleys. With the concept plan at hand, the work on improving the alleys began.

The first project on alley improvements began in April 2003. At that time, two alleys were reconstructed in the Almond Grove area in conjunction with the Santa Cruz Avenue storm drain improvements.

In the spring of 2004 as part of the recommended FY 2004/05 Capital Improvement Plan, an additional \$150,000 of RDA-COP funding was added to the alleyways project to bring the total approved funding for alleys to \$400,000.

Work began in March 2004 to reconstruct four more alleys in the Almond Grove area. The study indicates there are three remaining alleys in the Almond Grove area which are in fair to good condition and do not need reconstruction at this time. There are five remaining alleyways in the Johnson Avenue/Loma Alta Avenue which are in very bad condition and are the subject of this report.

#### DISCUSSION:

Staff is recommending an additional funding allocation to address the five remaining alleys in the Johnson Avenue/Loma Alta Avenue. The new allocation is recommended to consist of \$157,000 of RDA COP funds available from the Downtown Street Reconstruction project and a new allocation of \$215,000 of Storm Drain Fees Area #1, adjusting total current authorized funding available for alleyways to \$528,503. The new funding allocation will be used to reconstruct these alleys and install a functional storm drain system to accommodate the chronic drainage problems with these alleys.

Since last spring 2004 when the budget was adopted with an the additional \$150,000 allocation to the alleys project (increasing the total approved project from \$250,000 to \$400,000) staff has been able to more adequately assess some of the unknowns mentioned previously that affect the scope of work required to successfully repair the alleyways and storm drains. Staff has determined that the scope of work required to be performed cannot be accomplished with the current total funding allocated to alleyways of \$400,000.

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During the course of the project investigation and design, staff encountered a number of items which were not anticipated in the initial review of the project. These items include: metal storm drain pipes which were rusted and had to be replaced, broken storm drain inlets, poor sub-base, and lack of points of discharge for storm drain flows. Staff has been working on resolving these issues and finalizing the design over the past year. The revision of the Johnson Avenue/Loma Alta Avenue scope of project will make it the largest proposed alley improvement segment undertaken by the Town as part of its overall alleyways program. It will improve over 2,000 feet of alley along with the storm drain system in the Johnson Avenue/Loma Alta Avenue area. This updated cost estimate increases the approved FY 2004/05 appropriations from the current level of \$156,503 (comprised of \$6,503 carryover from the prior FY and the new \$150,000 FY 2004/05 allocation previously discussed) to approximately \$528,503, including storm drain improvements. With the recommended additional funding, total RDA Town investment in alleyways improvements since FY 2002/03 will be \$772,000, including surface and storm drain improvements.

If approved by Council, the alley improvements discussed above are expected to start in mid May 2005 and be completed by July 2005. Plans and Specifications for Project No. 04-65 are complete and are available for review at the Clerk Department.

#### CONCLUSION:

It is recommended that the Town Council/Redevelopment Agency adopt the attached Resolution approving plans and specifications for the Alley Improvement project and authorize staff to advertise the project for bids. If the Council/Agency acts as recommended, the project will be advertised and a construction contract will be presented for Council/Agency award on April 18, 2005.

#### ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt (Section 15301©). A Notice of Exemption will not be filed.

#### FISCAL IMPACT:

Attachment "A" of this report includes a recap of the historical expenditures to date made as part of the Town Alleyways project, the recommended future work to be performed and its accompanying funding sources. Included in the attachment is a recap of the approved budget allocations made to all Town projects that were funded as part of the original July 2002 RDA COP \$10.7 million dollar original bond sizing. This recap provides information regarding original budgeted amounts by project, including re-allocations of budgeted sources between projects, historical expenditures to date and an estimate of future commitments and the funding status of projects such as the Santa Cruz and Main Street Resurfacing, among others.

Although this recap presents information beyond the scope of this project, Staff is taking the opportunity to provide this information to Council to achieve two goals: 1) to provide the financial

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context for the recommendation to increase funding for the proposed Alley improvements and 2) to provide a status of the RDA funds spent to date on the RDA improvements the Agency has made since 2002. If current projections hold and there are no unforeseen or additional improvements needed for the few previously planned projects that remain, there is an estimated \$350K that could be programmed for priority Council approved RDA eligible projects such as improving existing parking lots, contributing towards gateway improvements, and other infrastructure needs in the RDA. Additionally, a debt service reserve of approximately \$722,000 is being held by the Town's trustee in reserve as a security for future debt service payments due from the Town. There exists a possibility this reserve could be accessed by substituting an insurance policy (there is a cost associated with this as a one-time premium) for the reserve. Staff will be investigating with bond counsel and its financial advisor whether or not to recommend accessing the reserve fund dollars and substituting with a insurance policy.

Attachment:

1. Recap of Projects Funded by \$10.7 million RDA COP Issued July 2002
2. Resolution approving plans and specifications for the Alley Improvement Project.

**RECAP OF PROJECTS FUNDED BY \$10.7 MILLION RDA COP ISSUE JULY 2002**

<b>Project Description</b>	<b>Original COP Sizing Allocation</b>	<b>Approved COP Budget Reallocation</b>	<b>Total Approved Budget</b>	<b>Total Costs Expended/ Or Committed</b>	<b>Expend. (Over) Under Budget</b>
Town Plaza	\$ 1,639,934		\$ 1,639,934	\$ 1,645,748	\$ (5,814)
Downtown Streetscape	3,850,000		3,850,000	3,850,106	(106)
Street Reconstruction	1,960,000	850,000	2,810,000	1,094,064	1,715,936
Los Gatos High School Pool	300,000		300,000	300,000	-
Downtown Parking Plan	800,000	(150,000)	650,000	614,484	35,516
Alley Improvements	250,000	150,000	400,000	400,000	-
Fairview Plaza Improvements	30,000		30,000	22,097	7,903
Santa Cruz Avenue Gateway		50,000	50,000	50,000	-
Contingency (Unallocated)	834,554	(900,000)	(65,446)	-	(65,446)
<b>Totals</b>	<b>\$ 9,664,488</b>	<b>\$ -</b>	<b>\$ 9,664,488</b>	<b>\$ 7,976,499</b>	<b>\$ 1,687,989</b>

	<b>Remaining COP Funds</b>	<b>Recommended Reallocation</b>	<b>Total Remaining Budget</b>	<b>Total Costs Estimated to Completion</b>	<b>Uncommitted Funds</b>
<b>Continuing Projects:</b>					
<b>Street Reconstruction Net of Overages</b> in Contingency, Plaza, Streetscape and Savings in Fairview Plaza	\$ 1,652,473	\$ (1,337,000)	\$ 315,473		\$ 315,473
<b>Santa Cruz Avenue Resurfacing</b>	-	650,000	650,000	(650,000)	-
<b>Main Street Streetscape</b>		400,000	400,000	(400,000)	
<b>Main Street Resurfacing</b>	-	130,000	130,000	(130,000)	-
<b>Additional Alley Improvements</b>	-	157,000	157,000	(157,000)	-
<b>Downtown Parking Plan</b>	35,516	-	35,516	-	35,516
<b>Total Remaining COP Funds</b>	<b>\$ 1,687,989</b>	<b>\$ -</b>	<b>\$ 1,687,989</b>	<b>\$ (1,337,000)</b>	<b>\$ 350,989 *</b>

<b>Town Alleyway Projects Historical Funding Recap Including New Funding Allocations Recommended For Johnson/Loma Alta Avenue</b>	<b>Original COP Budget Allocation</b>	<b>Approved or Recommended Budget Supplement</b>	<b>Total Approved Budget By Fiscal Year</b>	<b>Total Costs Actuals By Year or Est. To Be Spent</b>	<b>Funds Available After Expenditures</b>
FY 2002/03	\$ 250,000		\$ 250,000		\$ 250,000
FY 2003/04			250,000	243,497	6,503
FY 2004/05		150,000	400,000	400,000	-
FY 2004/05 Proposed RDA COP Funds		157,000	557,000	557,000	-
FY 2004/05 Proposed Storm Drain Funds		215,000	772,000	672,000	100,000
FY 2005/06			\$ 772,000	\$ 772,000	\$ -

\* Additional funding source not shown is the Debt Service Reserve, the current balance of the reserve is \$722,940 at Feb 2005.  
Per the Bond Indenture, reserve funds are not available to be spent until the last year of debt service (2031/2032) unless replaced by a surety bond.

## RESOLUTION

RESOLUTION OF THE TOWN COUNCIL/REDEVELOPMENT AGENCY  
OF THE TOWN OF LOS GATOS  
APPROVING THE PLANS AND SPECIFICATIONS FOR  
CAPITAL PROJECT 04-65 ALLEY IMPROVEMENTS  
AND AUTHORIZING STAFF TO ADVERTISE THE PROJECT FOR BIDS

**WHEREAS**, plans and specifications for the Alley Improvement Project have been prepared by the Town Engineer and duly filed with the Clerk Administrator/Secretary of the Redevelopment Agency; and

**WHEREAS**, public improvements are of benefit to the project area or the immediate neighborhood of the project area; and

**WHEREAS**, no other reasonable means of financing such public improvements are available to the community; and

**WHEREAS**, the Redevelopment Agency's contribution to the cost of the public improvement will assist in elimination of one or more blighting conditions in the project area; and

**WHEREAS**, the Town Council/Redevelopment Agency of the Town of Los Gatos has reviewed said plans and specifications.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Town Council/Redevelopment Agency hereby approves the plans and specifications for the Alley Improvement Project.

**BE IT FURTHER RESOLVED THAT** the Clerk Administrator/Secretary of the Redevelopment Agency is hereby authorized and directed to advertise the Alley Improvement Project for bids in the manner prescribed by the Town Municipal Code.

**PASSED AND ADOPTED** at a regular meeting of the Town Council/Redevelopment Agency of the Town of Los Gatos held on the      day of      , 2005 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED: MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR/SECRETARY OF THE REDEVELOPMENT AGENCY  
OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA