



AGENDA VALLEJO CITY COUNCIL MAY 20, 2008

City Hall
555 Santa Clara Street
Vallejo, CA 94590

**VALLEJO SANITATION & FLOOD CONTROL
DISTRICT BOARD MEETS AT 6:00 P.M.**

MAYOR
Osby Davis

CITY COUNCIL
Tom Barteo, Vice Mayor
Hermie Sunga
Stephanie Gomes
Michael Wilson
Joanne Schivley
Erin Hannigan

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the City Council without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Those wishing to address the Council on any matter for which another opportunity to speak is not provided on the AGENDA but which is within the jurisdiction of the Council to resolve may come forward to the podium during the "COMMUNITY FORUM" portion of the AGENDA. Those wishing to speak on a "PUBLIC HEARING" matter will be called forward at the appropriate time during the public hearing consideration.

Copies of written documentation relating to each item of business on the AGENDA are on file in the Office of the City Clerk and are available for public inspection. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562, or at our web site: <http://www.ci.vallejo.ca.us/>



Vallejo City Council Chambers is ADA compliant. Devices for the hearing impaired are available from the City Clerk. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

NOTICE: *Members of the public shall have the opportunity to address the City Council concerning any item listed on the notice before or during consideration of that item. No other items may be discussed at this special meeting.*

VALLEJO CITY COUNCIL **SPECIAL MEETING – CLOSED SESSION** **4:30 P.M. -- CITY COUNCIL CHAMBERS**

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS: JOSEPH M. TANNER, CITY MANAGER, CRAIG WHITTON, ASSISTANT CITY MANAGER/COMMUNITY DEVELOPMENT, AND SUSAN MCCUE, ECONOMIC DEVELOPMENT MANAGER, CONCERNING REUSE AREA 1-A ON MARE ISLAND AND THE NEGOTIATION OF PRICE AND TERMS OF PAYMENT WITH TOURO UNIVERSITY, PURSUANT TO GOVERNMENT CODE SECTION 54956.8
- B. CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION: IN RE: CITY OF VALLEJO, CALIFORNIA, DEBTOR; UNITED STATES BANKRUPTCY COURT, EASTERN DISTRICT OF CALIFORNIA, CASE NO. TBD, PURSUANT TO SUBDIVISION (C) OF GOVERNMENT CODE SECTION 54956.9

VALLEJO CITY COUNCIL
REGULAR MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **PRESENTATIONS AND COMMENDATIONS**
 - A. PRESENTATION OF PROCLAMATION DECLARING MAY 12-16, 2008 AS NATIONAL SAFE BOATING WEEK
 - B. PRESENTATION OF PROCLAMATION DECLARING JUNE 2008 AS PHILIPPINE CULTURAL MONTH

5. **FIRST COMMUNITY FORUM**

Anyone wishing to address the Council on any matter for which another opportunity to speak is not provided on the agenda, and which is within the jurisdiction of the Council to resolve, is requested to submit a completed speaker card to the City Clerk. When called upon, each speaker should step to the podium, state his /her name, and address for the record. The conduct of the community forum shall be limited to a maximum of fifteen (15) minutes, with each speaker limited to three minutes pursuant to Vallejo Municipal Code Section 2.20.300. The remainder of the speakers wishing to address the Council on non-agenda items will be heard at the second Community Forum listed later on the agenda.

6. **PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS**

Members of the public wishing to address the Council on Consent Calendar Items are requested to submit a completed speaker card to the City Clerk. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.02.310. Requests for removal of Consent Items received from the public are subject to approval by a majority vote of the Council. Items removed from the Consent Calendar will be heard immediately after approval of the Consent Calendar and Agenda.

7. **CONSENT CALENDAR AND APPROVAL OF AGENDA**

- A. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXTEND THE MAINTENANCE AGREEMENT WITH MOTOROLA, INC., FOR PUBLIC SAFETY ANSWERING POINT APPLICATIONS

PROPOSED ACTION: Adopt the resolution authorizing the City Manager to execute an extension of the agreement with Motorola, Inc., for Public Safety Answering Point Applications.

- B. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN EXTENSION OF THE MAINTENANCE AGREEMENT WITH MOTOROLA, INC. FOR THE MOTOROLA PREMIER CAD, NETRMS, CRUISER FIELD BASED REPORTING, AND ASSOCIATED HARDWARE

PROPOSED ACTION: Adopt the resolution authorizing the City Manager to execute an extension of the Maintenance Agreement with Motorola, Inc. for the Motorola Premier CAD, NetRMS, Cruiser Field Based Reporting, and associated hardware.

- C. APPROVAL OF A RESOLUTION 1) APPROVING CONTRACT CHANGE ORDER NO. 6 IN THE IN THE AMOUNT OF \$391,690.28, AND 2) ACCEPTING THE FISCAL YEAR 2006-2007 WATERMAINS CAPITAL IMPROVEMENTS PROJECT PERFORMED BY SOARES PIPELINE, INC., OF HAYWARD, CALIFORNIA AS COMPLETE

PROPOSED ACTION: Adopt the resolution 1) Approving Contract Change Order No. 6 in the amount of \$391,690.28, and 2) Accepting the Fiscal Year 2006-2007 Water Mains Capital Improvements Project performed by Soares Pipeline, Inc. of Hayward, California as complete.

- D. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO SUBMIT THE CITY OF VALLEJO'S FISCAL YEAR 2008-2009 APPLICATION FOR BAYLINK FERRY OPERATING ASSISTANCE AND CAPITALIZED MAINTENANCE TO THE METROPOSITAN TRANSPORTATION COMMISSION (MTC) IN THE AMOUNT OF \$1,850.44

PROPOSED ACTION: Adopt the resolution authorizing the City Manager or his designee to submit the City of Vallejo's FY 2008-09 application for Baylink Ferry operating assistance and capitalized maintenance to the Metropolitan Transportation Commission in the amount of \$1,850,414.

- E. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIFTH AMENDMENT TO THE CURRENT CONTRACT WITH BLUE AND GOLD FLEET, L.P. EXTENDING THE AGREEMENT FOR AN ADDITIONAL TWO-YEAR TERM

PROPOSED ACTION: Adopt the resolution authorizing the City Manager to execute the Fifth Amendment to the current contract with Blue and Gold Fleet, L.P., for Ferry Operations extending the Agreement for an additional two-year term.

8. PUBLIC HEARINGS - NONE
9. POLICY ITEMS - NONE

10. ADMINISTRATIVE ITEMS

- A. CONSIDERATION OF RESOLUTION ACCEPTING A REGIONAL FEDERAL ASSISTANCE TO FIREFIGHTERS GRANT IN THE AMOUNT OF \$480,067, DECLARING CITY COUNCIL'S INTENT TO AMEND THE FISCAL YEAR 2007-08 FIRE DEPARTMENT BUDGET TO ALLOW FOR THE ACCEPTANCE OF THE GRANT, AND TO AUTHORIZE THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO PROVIDEA FOR THE PURCHASE, INSTALLATION AND MAINTENANCE OF VIDEO CONFERENCING EQUIPMENT IN THE AMOUNT OF \$480,067

PROPOSED ACTION: Adopt the resolution accepting a regional federal Assistance to Firefighters Grant in the amount of \$480,067, declaring City Council's intent to amend the fiscal year 2007-08 fire department budget to allow for the acceptance of the grant, and to authorize the City Manager to issue a purchase order to Providea for the purchase, installation and maintenance of video conferencing equipment in the amount of \$480,067.

- B. CONSIDERATION OF A RESOLUTION APPROVING CONTRACT CHANGE ORDERS NUMBERS 1 THROUGH 4 AND ACCEPTING THE WORK PERFORMED BY NORTH BAY CONSTRUCITON COMPANY, INC. FOR THE COLUMBUS PARKWAY PHASE II IMPROVEMENT PROJECT AS COMPLETE AND AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION

PROPOSED ACTION: Adopt the resolution approving Contract Change Orders Numbers 1 through 4 and accepting the work of North Bay Construction Company Inc., Petaluma, California, for the Columbus Parkway Phase II Improvement Project as complete, and authorizing the City Clerk to file a Notice of Completion in the Office of the Solano County Recorder.

- C. CONSIDERATION OF A RESOLUTION AUTHORIZING FARE RATE INCREASES ON THE BAYLINK FERRY AND SUPPLEMENTAL BUS SERVICES AND THE VALLEJO TRANSIT INTERCITY BUS SERVICE AND AUTHORIZING A FUEL SURCHARGE MECHANISM ON PASSENGER FARES EFFECTIVE JUNE 1, 2008

PROPOSED ACTION: Adopt the resolution adopting fare rate increases on the Baylink/Ferry and Supplemental Bus services and the Vallejo Transit Intercity Bus service and a fuel surcharge mechanism on passenger fares, effective June 1, 2008.

11. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES - NONE

12. WRITTEN COMMUNICATIONS

Correspondence addressed to the City Council or a majority thereof, and not added to the agenda by the Mayor or a Council member in the manner prescribed in Government Code, Section 54954.2, will be filed unless referred to the City Manager for a response. Such correspondence is available for public inspection at the City Clerk's office during regular business hours.

13. CITY MANAGER'S REPORT

14. CITY ATTORNEY'S REPORT

15. COMMUNITY FORUM

Anyone wishing to address the Council on any matter for which another opportunity to speak is not provided on the agenda, and which is within the jurisdiction of the Council to resolve, is requested to submit a completed speaker card to the City Clerk. When called upon, each speaker should step to the podium, state his /her name, and address for the record. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.20.300.

16. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

17. CLOSED SESSION - NONE

18. ADJOURNMENT



Agenda Item No.

CONSENT A

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Robert W. Nichelini, Chief of Police *RWN*

SUBJECT: Request for Extension of Agreement with Motorola, Inc. for Public Safety Answering Point (9-1-1 Center) Applications

BACKGROUND AND DISCUSSION

In 2003, the City entered into a contract with Motorola, Inc., for the acquisition of telephone equipment and infrastructure to support the receipt of 9-1-1 and other calls at the City's Public Safety Answering Point (PSAP) located at the Vallejo Police Department.

This equipment is rated by the State of California as having a five year usable lifespan. As we have now reached this time limit, the equipment needs to be upgraded and, in some cases, replaced.

The Police Department has negotiated an agreement with Motorola to upgrade and/or replace the existing equipment consistent with the requirements of the State of California, Department of General Services.

In 2002, the Council waived formal bidding requirements and authorized staff to negotiate exclusively with Motorola for the purchase and installation of PSAP equipment. **Maintenance of a state-of-the-art 9-1-1 telephone system is critical to receiving, processing and dispatching police and fire emergencies.**

The funding for this equipment upgrade/replacement as well as a five year maintenance/support contract is provided by a State of California, Customer Premise Equipment (CPE) allotment. **There is no cost to the City of Vallejo.**

This proposal has been reviewed and approved by Gonzalo Gonzalez, the City's Chief Information Officer.

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute an extension of the agreement with Motorola, Inc. for Public Safety Answering Point Applications.

ALTERNATIVES CONSIDERED

- Continue with the previously installed equipment. Support of this equipment will not be available and maintenance costs will be borne by the City: Hardware eventually will fail and need replacement. Migration to a new system will be more expensive in the future.
- Attempt to purchase a comparable system from a different vendor. The cost for this option is estimated to be approximately \$180,000 in excess of the allotment provided by the State. Since all of the systems must be integrated it is impractical to use multiple vendors.

ENVIRONMENTAL REVIEW

Not applicable.

PROPOSED ACTION

Adopt a resolution authorizing the City Manager to execute an extension of the agreement with Motorola, Inc. for Public Safety Answering Point Applications.

DOCUMENTS ATTACHED

- a. Resolution authorizing the City Manager to execute an extension of the agreement with Motorola, Inc. for Public Safety Answering Point Applications.
- b. Copy of State of California Cost Table.
- c. Copy of State of California CPE Spending Plan.

CONTACT PERSON

PREPARED BY: Elisia Thomas, Communications Manager
Vallejo Police Department
(707) 648-4685 e-mail: ethomas@ci.vallejo.ca.us

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council for the City of Vallejo as follows:

WHEREAS, the City of Vallejo's Public Safety Answering Point telephone system will no longer be supported by the software vendor; and

WHEREAS, the City of Vallejo needs a Public Safety Answering Point telephone system that is compatible with the computer aided dispatch system utilized by the police and fire departments; and

WHEREAS, Motorola, Inc. and City staff have reached an agreement for a refresh upgrade and continued maintenance of the Public Safety Answering Point telephone system.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is authorized to execute an extension of the agreement with Motorola for Public Safety Answering Point Applications.

MAY 20, 2008

K:\PUBLIC\A\PD\SR Motorola Agreement Extension 052008.doc

Item #	Description	Motor/Part Number	Unit Price	Lease Equip Total	Motorola Installation	Motorola Maintenance	Motorola Maint per Unit	Motorola Maint (Month from MSRP)	Motorola Maint Total for Yrs 2-5	Quantity	Cost
STATE OF CALIFORNIA COST TABLE FOR: Vallejo, City of DATE OF QUOTE: 4/9/2008 DGS Agreement 2-06-98-15 PRICING - MOTOROLA INC. linked to 04-MAR-08 MSRP ACJA's replica Herbie and RIS City of Vallejo to provide monitors for workstations and server and printer for MagIC Ports per Card											
280	WKSSTN INTRGR X2, Hewlett-Packard	81000-0001X	\$ 1,680.00	\$ 13,440.00	\$ 151.20	\$ 1,269.90	\$ 1,169.28	\$ 24.36	\$ 9,34.24	6	\$ 24,003.84
281	SPT VSTD THRU YRS PEI	810900-00001	\$ 3,477.60	\$ 27,820.80	-	-	-	-	-	0	\$ 27,820.80
282	VESTA STD 2.0 URG LICENSE	810900-01243	-	-	-	-	-	-	-	1	\$ -
283	CHANNEL PCI SOUND CARD	64000-01244	\$ 694.40	\$ 4,830.80	\$ 54.63	\$ 435.46	\$ 429.84	\$ 8.77	\$ 3,867.83	7	\$ 6,641.59
284	AUDIO CONTROL UNIT (ACU)	65000-01245	\$ 2,264.24	\$ 16,232.32	\$ 206.26	\$ 1,658.82	\$ 1,658.82	\$ 33.28	\$ 12,773.21	8	\$ 25,005.53
285	COX PCI EMULATION	63001-01246	\$ 882.00	\$ 7,056.00	\$ 91.74	\$ 733.26	\$ 733.26	\$ 14.77	\$ 1,173.21	8	\$ 12,229.21
286	PCIA PCI ELAN	63001-02107	\$ 597.00	\$ 4,936.00	\$ 51.23	\$ 408.34	\$ 394.63	\$ 8.22	\$ 3,177.88	8	\$ 8,113.88
287	CEIL SRT EXT KMM USB	64044K4	\$ 57.82	\$ 463.34	\$ 5.21	\$ 41.70	\$ 40.31	\$ 0.84	\$ 329.48	8	\$ 827.82
288	CEIL SRT EXT KMM USB	654-014-10	\$ 12.80	\$ 102.40	\$ 1.13	\$ 9.17	\$ 8.77	\$ 0.18	\$ 70.18	8	\$ 180.03
289	WKSSTN CGP PEI	60900-00001	\$ 967.00	\$ 7,688.00	-	-	-	-	-	8	\$ 7,688.00
290	CPNSTRYPREP IMAGING	67090-07501	\$ 420.00	\$ 4,200.00	\$ 37.80	\$ 292.32	\$ 292.32	\$ 6.09	\$ 282.32	1	\$ 4,032.00
291	VADONN FINSTMT	60900-60214	\$ 504.00	\$ 4,032.00	-	-	-	-	-	8	\$ 4,032.00
292	SPT VRR THRU YRS PEI	60900-60002	\$ 732.84	\$ 6,021.12	-	-	-	-	-	8	\$ 6,021.12
293	SPT VRR THRU YRS PEI	04000-01502	\$ 318.36	\$ 2,546.88	\$ 28.65	\$ 229.22	\$ 221.68	\$ 4.62	\$ 1,772.83	8	\$ 4,548.73
SVR ENHANCED TOWER Hewlett- 274 Packard 275 PORT FRMWARE 5 YEAR 285 HLD DRVR 3GB SAS 10K 286 HLD DRVR 3GB SAS 10K 287 KIT BACKUP SATA 80GB 288 INTRN 17IN LPT BK 289 SVR WIN 2003+10 CAL 290 SVR SVR CFG 291 RACK EQUIP SERVER 23INCH 292 MODRM PACKAGE 293 MODRM PACKAGE 294 SWITCH, 16-PORT, 10/100 295 PORT PATCH PANEL 296 PANEL ADAPTER SET 297 COBL PATCH SFT, PNL TO SW 298 MAGIC 4.0 URGD W/D SOL 299 4X4 SPT THRU YRS PEI 300 CAL RPTIME STD 301 CAL RPTIME STD 302 CAL USER OPER USB 303 CAL USER OPER USB 304 WARS SV ACT AL337024G5 305 CAL USB PRINTER 10FT											
274	Packard	62500-F204601	\$ 4,787.00	\$ 4,787.00	\$ 493.03	\$ 493.03	\$ 3,317.83	\$ 68.12	\$ 3,317.83	1	\$ 6,513.86
275	PORT FRMWARE 5 YEAR	60900-18010	\$ 1,890.00	\$ 1,890.00	-	-	-	-	-	1	\$ 1,890.00
285	HLD DRVR 3GB SAS 10K	64000-00045	\$ 371.24	\$ 1,073.52	\$ 32.1	\$ 96.82	\$ 246.06	\$ 5.19	\$ 747.17	3	\$ 1,917.31
286	HLD DRVR 3GB SAS 10K	64000-00045	\$ 371.24	\$ 1,073.52	\$ 32.1	\$ 96.82	\$ 246.06	\$ 5.19	\$ 747.17	3	\$ 1,917.31
287	KIT BACKUP SATA 80GB	LC01770N24K	\$ 445.95	\$ 712.12	\$ 33.63	\$ 308.00	\$ 308.00	\$ 6.16	\$ 298.00	1	\$ 664.61
288	INTRN 17IN LPT BK	04000-00352	\$ 1,333.92	\$ 2,667.84	\$ 120.05	\$ 240.11	\$ 928.41	\$ 19.34	\$ 1,868.88	2	\$ 4,784.76
289	SVR WIN 2003+10 CAL	60900-70001	\$ 1,470.00	\$ 1,470.00	-	-	-	-	-	1	\$ 1,470.00
290	SVR SVR CFG	06500-21103-S	\$ 1,170.88	\$ 1,170.88	\$ 105.38	\$ 814.89	\$ 18.08	\$ 18.08	-	0	\$ -
291	RACK EQUIP SERVER 23INCH	65030-02801	\$ 894.44	\$ 894.44	\$ 59.80	\$ 462.45	\$ 462.45	\$ 9.33	\$ -	0	\$ -
292	MODRM PACKAGE	04000-01023	\$ 81.26	\$ 81.26	\$ 8.24	\$ 63.73	\$ 63.73	\$ 1.33	\$ -	0	\$ -
293	MODRM PACKAGE	(607261)	\$ 186.32	\$ 186.32	\$ 14.97	\$ 115.76	\$ 2.41	\$ 2.41	\$ -	0	\$ -
294	SWITCH, 16-PORT, 10/100	60032-0504RX	\$ 57.36	\$ 57.36	\$ 5.22	\$ 40.34	\$ 0.84	\$ 0.84	\$ -	0	\$ -
295	PORT PATCH PANEL	PL46L5-03	\$ 10.08	\$ 10.08	\$ 0.81	\$ 7.02	\$ 0.15	\$ 0.15	\$ -	0	\$ -
MagIC Upgrade 81799-00804.0U 80900-00708 650-00114 6400-60018 6500-01243 6500-01243											
81799	MAGIC 4.0 URGD W/D SOL	81799-00804.0U	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1	\$ -
80900	4X4 SPT THRU YRS PEI	80900-00708	\$ 450.24	\$ 3,601.92	\$ -	\$ -	\$ -	\$ -	\$ -	8	\$ 3,601.92
650	00114	650-00114	\$ 59.84	\$ 478.72	\$ 5.77	\$ 45.11	\$ 0.88	\$ 4.51	\$ -	5	\$ 478.72
6400	60018	6400-60018	\$ 187.16	\$ 1,497.28	\$ 15.04	\$ 116.34	\$ 2.42	\$ 19.29	\$ -	0	\$ -
6500	01243	6500-01243	\$ 27.72	\$ 221.76	\$ 2.49	\$ 19.29	\$ 0.40	\$ 3.20	\$ -	0	\$ -
6500	01243	6500-01243	\$ 27.72	\$ 221.76	\$ 2.49	\$ 19.29	\$ 0.40	\$ 3.20	\$ -	0	\$ -
6500	01243	6500-01243	\$ 10.08	\$ 80.64	\$ 0.81	\$ 6.45	\$ 0.13	\$ 1.04	\$ -	0	\$ -
TOTAL DISCOUNTED NET USER PRICE Special Equipment Discounts/Incentives \$ 115,653.62											
2537	Motorola FSO PM Rate	DOFSOPM	0%	\$ 200.00	-	-	-	-	-	461	\$ 96,200.00
1782	Motorola FSO Administrator Training	DOFSOADMTRN	0%	\$ 200.00	-	-	-	-	-	0	\$ 0.00
1783	DOFSOCTRAIN	Motorola FSO Call Taker Training	0%	\$ 200.00	-	-	-	-	-	0	\$ 0.00
SUMMARY Equipment \$115,653.62 Sales tax on Equipment \$ 8,531.67 Training \$ 0.00 Installation (including PM) \$101,865.66 Maint Years 2-5 \$43,811.44 Total System Cost Including Installation and Yrs 2-5 Maintenance \$269,895.39 7.375%											

**State of California, California 9-1-1 Emergency Communications Office (9-1-1 Office)
CPE ALLOTMENT SPENDING PLAN**

TD-285 (New 12/2006)

Attachment c.

Mail form to: Telecommunications Division
601 Sequoia Pacific Blvd., MS-911
Sacramento, CA 95814-0282

Public Safety Answering Point (PSAP) Name: Vallejo Police Department

PSAP Contact Name: Elisia Thomas PSAP Contact Phone Number: 707-648-4685

The following information must be completed and the original submitted to the 9-1-1 Office for verification and before a Commitment To Fund (TD-288) form can be prepared. All CPE Allotment residual fund expenditures must be committed by the PSAP and approved by the 9-1-1 Office by the end of the calendar year in which the system upgrade or replacement occurs. For a list of items/services that may be approved using CPE Allotment funds refer to the 9-1-1 Office website at <http://www.td.dgs.ca.gov/Services/911/default.htm> (select "9-1-1 Operations Manual", then "Chapter III, Funding"); or, contact the 9-1-1 Office Consultant assigned to your agency.

CPE Funding Allotment: \$ 270,000.00

Deduct cost of the CPE upgrade/replacement: **-\$** 269,895.39

Deduct any CPE extended maintenance charges that were paid directly by, or reimbursed by, the State 9-1-1 Office: **-\$** 0

Apply other expenses previously deducted from your CPE Allotment (contact your 9-1-1 Office Consultant for assistance): **-\$** 0

Residual Fund Balance (\$ available to itemize below): \$ 114.61

Item/Service	Describe how Item/Service will be used	Vendor Name	Cost	Purchase Method *	Direct Pay or Reimburse	Balance

* Purchase Method - State of California MPA, CMAS, other (explain)

NOTE: 1) List CMAS administrative fee separately for each item/service; 2) attach price quotes for all items; 3) use additional page(s) if necessary.

I CERTIFY, UNDER PENALTY OF PERJURY, THAT THE ITEMS AND/OR SERVICES NOTED ABOVE WILL BE USED IN DIRECT SUPPORT OF THE DELIVERY OF 9-1-1 CALLS TO THE 9-1-1 CALL TAKER.

Elisia Thomas
Printed/Typed Name

Elisia A Thomas
Signature

Communications Manager
Title

04/29/2008
Date



Agenda Item No.

CONSENT B

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Robert W. Nichelini, Chief of Police *RWN*

SUBJECT: Request for Extension of Maintenance Agreement with Motorola for Public Safety Computer Applications

BACKGROUND AND DISCUSSION

In 2002, the City entered into a contract with Motorola, Inc., for the acquisition of integrated Police and Fire Computer Aided Dispatch, Records Management, and Field Based Reporting Systems. The dispatch element became operational in 2003, followed by records management in 2004. Field reporting was scheduled for implementation in 2005; however, prior to installation, Motorola began marketing a new field reporting product and announced that existing systems would not be upgraded or enhanced and that all support would terminate in approximately 2010. As a result, the Police Department suspended implementation of the field reporting element pending further discussions with Motorola.

The Police Department has negotiated an agreement with Motorola to replace the existing Records Management System and install the newly designed Field Reporting System as a change order to their existing contract. Additionally, Motorola has agreed to replace all software at no additional cost. Since much of our existing equipment no longer is under warranty and due for replacement, the agreement includes procurement of all required hardware, software, dispatch and records workstations, and associated radio equipment.

These systems require software upgrades from time to time and are subject to occasional hardware failure. In order to maintain the software and hardware in optimal condition, the City contracts with Motorola, Inc. to provide preventative and on-going maintenance upon the expiration of equipment warranties.

In 2002, Council waived formal bidding requirements and authorized staff to negotiate exclusively with Motorola for the purchase and installation of public safety Records Management, Field Reporting and Computer Aided Dispatch Systems. The yearly

maintenance costs are currently included in the Police Department's annual budget. **Maintenance of a state-of-the-art computer aided dispatch system is critical to the receipt, processing and dispatch of police and fire emergencies.**

The total cost for this one year extension is \$166,116 and that amount is included in the Police Department's budget.

This proposal has been reviewed and approved by Gonzalo Gonzalez, the City's Chief Information Officer.

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute an extension of the Maintenance Agreement with Motorola, Inc. for the Motorola Premier CAD, NetRMS, Cruiser Field Based Reporting, and associated hardware.

ALTERNATIVES CONSIDERED

- Continue with the maintenance agreement for the CAD, Records Management and field based reporting systems. Upgrades will not be available and maintenance costs will increase: Hardware eventually will fail and need replacement. Migration to a new system will be more expensive in the future.
- Attempt to purchase a comparable system from a different vendor. The cost for this option is estimated to be approximately \$4 million. Since all of the systems must be integrated it is impractical to use multiple vendors.

ENVIRONMENTAL REVIEW

Not applicable.

PROPOSED ACTION

Adopt the resolution authorizing the City Manager to execute an extension of the Maintenance Agreement with Motorola, Inc. for the Motorola Premier CAD, NetRMS, Cruiser Field Based Reporting, and associated hardware.

DOCUMENTS ATTACHED

- a. Resolution authorizing the City Manager to execute an extension of the Maintenance Agreement with Motorola, Inc. for the Motorola Premier CAD, NetRMS, Cruiser

Field Based Reporting, and associated hardware.

b. Copy of Maintenance Agreement extension contract.

CONTACT PERSON

PREPARED BY: William Powell, Vallejo Police Department
(707) 649-5459 e-mail: bpowell@ci.vallejo.ca.us

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council for the City of Vallejo as follows:

WHEREAS, Vallejo's public safety computer systems for records management system and field based reporting will no longer be supported by the software vendor; and

WHEREAS, the Police Department needs a records management system and field based reporting system that is compatible with the computer aided dispatch system utilized by the Police and Fire Departments, and

WHEREAS, Motorola, Inc. and City staff have reached an agreement for a change order to the contract for the public safety computer aided dispatch and records management system that provides a superior records management and field based reporting system.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is authorized to execute an extension of the Maintenance Agreement with Motorola, Inc. for the Motorola Premier CAD, NetRMS, Cruiser Field Based Reporting, and associated hardware.

MAY 20, 2008

**CITY OF VALLEJO
CONTRACT SERVICES AGREEMENT**

THIS AGREEMENT is made at Vallejo, California, as of May 1, 2008 by and between the **CITY OF VALLEJO**, a municipal corporation (“**CITY**”) and Motorola, Inc (“**CONTRACTOR**”), who agrees as follows:

1. Services. Subject to the terms and conditions set forth in this Agreement, **CONTRACTOR** shall provide to **CITY** the services described in Exhibit “A-D”. **CONTRACTOR** shall provide said services at the time, place, and in the manner specified in Exhibit “B”. **CONTRACTOR** shall not be compensated for services outside the scope of Exhibit “A-D” unless prior to the commencement of such services: (a) **CONTRACTOR** notifies the **CITY** and **CITY** agrees that such services are outside the scope of Exhibit “A-D”; (b) **CONTRACTOR** estimates the additional compensation required for these additional services; and (c) **CITY**, after notice, approves in writing the additional services and amount of compensation therefore.

2. Payment. **CITY** shall pay **CONTRACTOR** for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit “A-D”. The payments specified in Exhibit “C” shall be the only payments to be made to **CONTRACTOR** for services rendered pursuant to this Agreement unless pursuant to paragraph 1 above, **CITY** approves the additional compensation for additional services. **CONTRACTOR** shall submit all billings for said services to **CITY** in manner specified in Exhibit “A-D”.

3. Facilities and Equipment. **CONTRACTOR** shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this AGREEMENT.

4. Indemnification. **CONTRACTOR** shall defend and hold harmless **CITY**, its officers, officials, directors, employees, agents, volunteers and affiliates and each of them from any and all claims, demands, causes of action, damages, costs, expenses, actual attorney’s fees, consultant’s fees, expert fees, losses or liability, in law or in equity, of every kind and nature whatsoever arising out of or in connection with **CONTRACTOR**’S operations, or any subcontractor’s operations, to be performed under this agreement for **CONTRACTOR**’S or subcontractor’s tort negligence including active or passive, or strict negligence, including but not limited to personal injury including, but not limited to bodily injury, emotional injury, sickness or disease, or death to persons and/or damage to property of anyone, including loss of use thereof, caused or alleged to be caused by any act or omission of **CONTRACTOR**, or any subcontractor, or anyone directly or indirectly employed by any of them or anyone for the full period of time allowed by the law, regardless to any limitation by insurance, with the exception of the sole negligence or willful misconduct of the **CITY**. Approval of insurance coverage does not, in any way, relieve the **CONTRACTOR** of any liability.

5. Insurance Requirements. **CONTRACTOR** agrees to maintain the same level of insurance coverage shown on the Certificate of Insurance attached as Exhibit “E”. The same level of insurance shall be maintained at all times during the pendency of this agreement. **CONTRACTOR** agrees that the insurance coverage will not be allowed to lapse, and that maintaining insurance coverage is the sole responsibility of the **CONTRACTOR**. Exhibit “E” therefore is attached hereto and made a part hereof.

6. Independent Contractor. At all times during the term of this AGREEMENT, CONTRACTOR shall be an independent contractor and shall not be an employee of CITY. All authority to employ and pay any person to provide services under this AGREEMENT is the responsibility of CONTRACTOR. CONTRACTOR will, however, at the request of CITY, immediately remove any employee who is not performing the work to CITY'S satisfaction.

7. Licensing and Permits. CONTRACTOR represents and warrants to CITY that it has all professional licenses, permits, qualifications and approvals of whatsoever nature which are legally required for CONTRACTOR to practice its profession. CONTRACTOR represents and warrants to CITY that it shall, at its sole cost and expense, keep in effect at all times during the term of this AGREEMENT any licenses, permits and approvals which are legally required for CONTRACTOR to practice its profession. CONTRACTOR shall obtain and maintain throughout the life of the contract all permits and licenses required in connection with work to be performed and shall provide copies of such permits and licenses to CITY, upon request.

8. Standard of Performance. CONTRACTOR shall perform all services required pursuant to this AGREEMENT in a manner and according to the standards observed by a competent practitioner of the profession in which CONTRACTOR is engaged. All products and services of any nature which CONTRACTOR provides to CITY pursuant to this AGREEMENT shall conform to the standards of quality normally observed by licensed, competent professionals practicing in CONTRACTOR'S profession.

9. Personnel. CONTRACTOR agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to this AGREEMENT. CONTRACTOR shall provide service using competent trained/certified service technicians, and shall provide details of the training/certification programs of the technicians servicing this AGREEMENT on an annual basis and upon request of CITY. CONTRACTOR shall furnish such qualified personnel as may be necessary to meet the licensing and other regulatory measures of the Federal Communications Commission and to maintain the equipment in a condition which will meet all of the requirements and regulations of CITY.

10. Contractor No Agent. Except as CITY may authorize in writing, CONTRACTOR shall have no authority, express or implied to act on behalf of CITY in any capacity whatsoever as an agent. CONTRACTOR shall have no authority, express or implied, pursuant to this AGREEMENT, to bind CITY to any obligation whatsoever.

11. Cooperation by CITY. CITY shall, to the extent reasonable and practicable, assist and cooperate with CONTRACTOR in the performance of CONTRACTOR'S services hereunder. Inventory listing shall be provided and maintained by CONTRACTOR. CITY reserves the right to add or delete equipment from the Inventory List.

12. Assignment Prohibited. No party to this AGREEMENT may assign any right or obligation pursuant to this AGREEMENT. Any attempted or purported assignment of any right or obligation pursuant to this AGREEMENT shall be void and of no effect.

13. Non-Discrimination/Non-Harassment/Fair Employment Practices. In rendering services under this AGREEMENT, CONTRACTOR shall comply with all applicable federal, state and local laws, rules and regulations and shall not discriminate or harass any person based on age, ancestry,

color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion or sexual orientation. CONTRACTOR shall not harass or discriminate against its employees which includes, but is not limited to, employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

14. Accounting Records of CONTRACTOR. CONTRACTOR shall maintain for three (3) years after completion of all services hereunder, all records under this AGREEMENT, including, but not limited to, records of CONTRACTOR'S direct salary costs for all Services and Additional Services performed under this AGREEMENT in accordance with generally accepted accounting practices and shall keep such records available for inspection and audit by representatives of the Department of Finance of CITY at a mutually convenient time.

15. Taxes. CONTRACTOR shall pay, when and as due, any and all taxes incurred as a result of CONTRACTOR'S compensation hereunder, including estimated taxes, and shall provide CITY with proof of such payments upon request. CONTRACTOR hereby agrees to indemnify CITY for any claims, losses, costs, fees, liabilities, damages or injuries suffered by CITY arising out of CONTRACTOR'S breach of this Section.

16. Notices. All notices pursuant to this Agreement shall be in writing and mailed postage pre-paid, first class mail or personally delivered as follows. If notice is given by personal delivery, notice is effective as of the date of personal delivery. If notice is given by mail, notice is effective as of the day following the date of mailing or the date of delivery reflected upon a return receipt, whichever occurs first.

If to CITY: William Powell
Support Services Manager
111 Amador Street.
Vallejo, CA 94590

If to CONTRACTOR: Leo Heffernan
Motorola, Inc
1250 N. Tustin Ave
Anaheim, CA 92807

17. Integration Clause. This AGREEMENT constitutes the entire agreement of the parties and may not be amended, except in writing signed by both parties.

18. Severability Clause. Should any provision of this AGREEMENT ever be deemed to be legally void or unenforceable, all remaining provisions shall survive and be enforceable.

19. Law Governing. The law of the State of California shall in all respects govern this AGREEMENT.

20. Length of Agreement. This AGREEMENT shall remain in full force and effect for a term of one (1) year, commencing with the 1st day of May, 2008, and continuing through the 30th day of April, 2009, after which date this AGREEMENT shall continue in effect for successive additional periods of one (1) month. This AGREEMENT may further be extended for additional one (1) year

periods up to a maximum of three (3) additional years by mutual consent of the parties hereto. However, CITY may terminate this AGREEMENT at any time for non-compliance upon a thirty-(30) day written notice to the other party sent by certified mail to the address indicated herein.

21. Performance Security. CONTRACTOR is required to furnish non-revocable security binding CONTRACTOR to provide faithful performance of the contract in the amount of 100% of the total contract price payable to CITY. Performance security shall be in the form of a performance bond, certified check or cashier's check. This security must be in the possession of CITY within the time specified or ten (10) days after notice of award if no period is specified. If CONTRACTOR fails to execute the security document as required, CONTRACTOR may be found in default and the contract terminated by CITY. In case of default, CITY reserves all rights.

22. Penalty for Non-Delivery of Service. If CONTRACTOR is unable to deliver services, as specified for any reason unjustified by law, then CITY shall be authorized to purchase such material wherever available, and CONTRACTOR agrees to pay CITY the additional amounts in excess of original contract price.

23. Failure to Complete on Time. For each and every calendar day that delivery, installation and or work shall remain incomplete after the time specified for the completion of work in the bid invitation document or as adjusted by CITY, the sum per calendar day shown in the following table, unless otherwise specified in the bid invitation document, may be deducted from monies due to or to become due to CONTRACTOR, not as a forfeit or penalty but as liquidated damages. This sum is fixed and agreed upon between the parties because the actual loss to CITY and to the public caused by delay in completion will be impractical and extremely difficult to ascertain and determine. Permitting CONTRACTOR to continue and finish the work or any part of it after the time fixed for its completion, or after the date to which the time fixed for its completion may have been extended, will in no way operate as a waiver on the part of CITY of any of its rights under this contract. CITY reserves the right to accept on a temporary basis approved loaner materials as a temporary substitution for payment of liquidated damages by CONTRACTOR if CONTRACTOR is found to be in default for delivery of specified, ordered products.

Original Contract Amount

<u>Between</u>	<u>Daily Charges per Calendar Day</u>
\$0 - \$25,000	\$45
25,000 - 50,000	75
50,000 - 100,000	110
100,000 - 500,000	150
500,000 - 1,000,000	225
1,000,000 - 2,000,000	300
2,000,000 - 5,000,000	450
5,000,000 - 10,000,000	600
10,000,000 -and above	700

24. Dual Non-Solicitation Clause. CITY agrees not to solicit or offer employment to any employee of Mobile Radio Engineers for a period of not less than 2(two) years following the completion of the Contract and/or AGREEMENT. In the event CITY offers employment to an

employee of CONTRACTOR, CITY agrees to pay CONTRACTOR an amount equal to one full year of the employee's gross compensation. Such amount will be due and payable within ten (10) days of the commencement of such employee's employment with CITY. Likewise, CONTRACTOR agrees not to solicit or offer employment to any employee of CITY for a period of not less than 2(two) years following the completion of the Contract and/or AGREEMENT. In the event CONTRACTOR offers employment to an employee of CITY, CONTRACTOR agrees to pay CITY an amount equal to one full year of the employee's gross compensation. Such amount will be due and payable within ten (10) days of the commencement of such employee's employment with CONTRACTOR.

25. Contract Documents. The contract documents consist of this AGREEMENT, including Attachments, and the documents listed below, all of which by this reference are incorporated herein. In interpreting this AGREEMENT and resolving any conflicts or ambiguities, the main body of this AGREEMENT will take precedence over the other contract documents. Any conflict or ambiguity arising between the other contract documents or any term therein shall be resolved in the order in which they are listed below:

- A. ATTACHMENT "A", entitled "Description of Covered Products".
- B. ATTACHMENT "B", entitled "Support Plan".
- C. ATTACHMENT "C", entitled, "Support Plan Options and Pricing Worksheet".
- D. ATTACHMENT "D", entitled, "Current Billable Rates."
- E. ATTACHMENT "E", entitled, "Certificate of Insurance"

27. CITY Representative. CITY Representative specified in Part 16, or the representative's designee, shall administer this AGREEMENT for CITY.

28. Authority. The person(s) signing this AGREEMENT for CONTRACTOR hereby represents and warrants that he or she is fully authorized to sign this Agreement on behalf of CONTRACTOR.

29. Exhibits. All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

(Signatures on following page)

Executed as of the day and year first above stated.

CITY OF VALLEJO,
A Municipal Corporation.

MOTOROLA, INC

JOSEPH M. TANNER
City Manager

LEO HEFFERNAN
Director, Customer Support

ATTEST:

MARY ELLSWORTH
City Clerk

APPROVED AS TO CONTENT:

ROBERT W. NICHELINI
Chief of Police

APPROVED AS TO INSURANCE REQUIREMENTS

HARRY MAUER
Risk Manager

APPROVED AS TO FORM:

CLAUDIA QUINTANA
Assistant City Attorney



April 8, 2008

William Powell
City of Vallejo
111 Amador Street
Vallejo, CA 94590

**RE: Extension to Maintenance and Support Agreement: 002009-000
Product: CAD, PMDC, Cruiser, NetRMS**

Dear William Powell:

By means of this letter, Motorola, Inc. hereby extends City of Vallejo maintenance and support agreement as referenced above. Enclosed are two (2) copies of the updated Exhibit A Description of Covered Products, Exhibit B Support Plan, Exhibit C Support Plan Options and Pricing Worksheet and Exhibit D Billable Rates for the period **05/01/08** through **04/30/09**. Pursuant to Section 3.2 of the original agreement as referenced above, all terms and conditions shall remain in full force and effect.

Please indicate acceptance of this extension by signing the acceptance block below and **returning one copy to my attention at Motorola, Inc. at 1250 North Tustin Avenue, Anaheim, California 92807 or fax it to my attention at 714-237-0050 on or before 05/15/08**. Failure to return this fully executed letter on or before **05/15/08** will result in a lapse in maintenance, which will be subject to a 10% recertification and reimplementaion fee.

If you have any questions or need further clarification, please contact me directly at 714-238-2057 or e-mail tanyamansell@motorola.com.

Sincerely,

Tanya Mansell

Tanya Mansell
Sr. Contracts Specialist
Motorola, Inc.

Accepted by:

Motorola Inc

City of Vallejo

Signed by: _____

Signed by: _____

Printed Name: Leo Heffernan

Printed Name: _____

Title: Director, Customer Support

Title: _____

Date: _____

Date: _____

Exhibit A DESCRIPTION OF COVERED PRODUCTS

MAINTENANCE AND SUPPORT AGREEMENT NO. 002009-000

CUSTOMER: City of Vallejo

The following table lists the Products under maintenance coverage:

Site Ids

<i>Product</i>	<i>Site Id#</i>
Cruiser	PSA231800_(CRUISER)
NetRMS	PSA231800_(NETRMS)
PremierCAD	PSA231800_(CAD)
PMDC	PSA231800_(PMDC)

<i>Product</i>	<i>Product</i>
Motorola Software	HP Hardware/Software, System# 51191
❖ PremierCAD Software	❖ (2) S7600 Processor w/1 GB Memory
❖ (1) Premier CAD 6.5.2	❖ (2) Servernet-Ethernet Controller Card
❖ CAD Client 1.5.2.6	❖ (1) Servernet Wide Area Net Concentrator
❖ (160) AWW 3.2.1	❖ (12) 18GB 15K RPM Disk Drive for S-Series
❖ (1) ATM Server License	❖ (1) 4MM DAT, DDS-3 Desktop No ACL S-Series
❖ (10) ATM 5.4.2	❖ (1) S-Series Single High Encl w/Base
❖ (1) Open Query Server License	❖ (1) S-Series Power Shelf
❖ (150) Open Query 2.7.1	❖ (2) S-Series System Console, IPAQ & Flat Panel
❖ NetRMS/Cruiser Software (Warranty TBD)	❖ (2) Nonstop System Console
❖ (1) NetRMS Records Mgmt Server	❖ (2) Nonstop Service Connect USB Modem
❖ (40) NetRMS Client License	❖ (1) Netbatch
❖ (70) Cruiser Mobile Client	❖ (1) Viewpoint
❖ PremierMDC Software	❖ (1) Performance Mgmt Bundle (Host)
❖ (1) PMDC Server License (1-500 User)	❖ (1) Performance Mgmt Bundle
❖ (11) PMDC In-house Client	❖ (1) Expand
❖ (70) PMDC Client Licenses	❖ (1) Native COBOL Runtime Library
❖ (30) Premier Handheld Client Access Licenses	❖ (1) COBOL85 Runtime S-Series
	❖ (1) TCP/IP Lan Print Spooler
Open Text - Term 05/01/08-10/31/08 (6 mos)	❖ (1) Enform Plus
❖ (1) BI Svr SEnc NT, Serial# V088689-000	❖ (1) RSC/MP Host
❖ (20) BI Svr CnCrrnt Ports, Serial# V088689-000	❖ (1) RSC/MP WIN32 Windows Client
❖ (1) BI Query Admin User 10 Pk, Serial# P019248-010	❖ (1) Standard S-Series OS Package
	❖ (2) Pathway with TS/MP (per CPU 1-4)
Other Third Party Software	
❖ GDR Software	

Exhibit B

SUPPORT PLAN

MAINTENANCE AND SUPPORT AGREEMENT NO. 002009-000

CUSTOMER: City of Vallejo

This Support Plan is a Statement of Work that provides a description of the support to be performed.

1. **Services Provided.** The Services provided are based on the Severity Levels as defined herein. Each Severity Level defines the actions that will be taken by Seller for Response Time. Because of the urgency involved, Seller will make every reasonable effort to provide a temporary or work around solution. When a permanent solution is developed and certified through testing, it will be incorporated in to the applicable Supplemental and or Standard Release.

SEVERITY LEVEL	DEFINITION	RESPONSE TIME
1	Total System Failure - occurs when the System is not functioning and there is no workaround; such as a Central Server is down or when the workflow of an entire agency is not functioning. This level is meant to represent a major issue that results in an unusable System, Subsystem, Product, or critical features. No work around or immediate solution is available.	Telephone conference within 1 hour of initial voice notification
2	Critical Failure - Critical process failure occurs when a crucial element in the System that does not prohibit continuance of basic operations is not functioning and there is usually no suitable work-around. Note that this may not be applicable to intermittent problems. This level is meant to represent a moderate issue that limits a Customer's normal use of the System, Subsystem, Product or major non-critical features.	Telephone conference within 3 Standard Business Hours of initial voice notification
3	Non-Critical Failure - Non-Critical part or component failure occurs when a System component is not functioning, but the System is still useable for its intended purpose, or there is a reasonable workaround. This level is meant to represent a minor issue that does not preclude use of the System, Subsystem, Product, or critical features.	Telephone conference within 6 Standard Business Hours of initial notification
4	Inconvenience - An inconvenience occurs when System causes a minor disruption in the way tasks are performed but does not stop workflow. This level is meant to represent very minor issues, such as cosmetic issues, documentation errors, general usage questions, and product or System Update requests.	Telephone conference within 2 Standard Business Days of initial notification
5	Customer request for an enhancement to System functionality is the responsibility of Seller's Product Management. This level is meant to represent recommendations for product enhancements or modifications.	Determined by Seller's Product Management.

1.1 Reporting a Problem. Customer will assign an initial Severity Level for each error reported, either verbally or in writing, based upon the definitions listed above. Because of the urgency involved, Severity Level 1 or 2 problems must be reported verbally to the Seller's call incoming center. Seller will notify the Customer if Seller makes any changes in Severity Level (up or down) of any Customer-reported problem.

1.2 Seller Response. Seller will use best efforts to provide Customer with a resolution for Severity 1 and Severity 2 issues within a reasonable time and in accordance with the assigned Severity Level when Customer allows timely access to the System and Seller diagnostics indicate that a Residual Error is present in the Software. Should Customer report an error that Seller cannot reproduce, Seller may enable a detail error capture/logging process to monitor the System. If Seller is unable to correct the reported Residual Error within a reasonable time, Seller will escalate its procedure and assign such personnel or designee to correct such Residual Error promptly. Should Seller, in its sole discretion, determine that such Residual Error is not present in its Release, Seller will verify: (a) the Software operates in conformity to the System Specifications, (b) the Software is being used in a manner for which it was intended or designed, and (c) the Software is used only with approved hardware or software.

1.3 Error Correction Status Report. Seller will provide verbal status reports on Severity Level 1 and 2 Residual Errors. Written status reports on outstanding Residual Errors will be provided to System Administrator on a monthly basis.

2. Customer Responsibility.

2.1 Customer is responsible for running any installed anti-virus software.

2.2 Operating System ("OS") Upgrades. Unless otherwise stated herein, Customer is responsible for any OS upgrades to its System. Before installing any OS upgrade, Customer will contact Seller to verify that a given OS upgrade is appropriate.

3. Seller Responsibility.

3.1 Anti-virus software. At Customer's request, Seller will make every reasonable effort to test and verify specific anti-virus, anti-worm, or anti-hacker patches against a replication of Customer's application. Seller will respond to any reported problem as an escalated support call.

3.2 Customer Notifications. Seller will provide access to (a) Field Changes; (b) Customer Alert Bulletins; and (c) hardware and firmware updates, as released and if applicable.

3.3 Account Reviews. Seller will provide annual account reviews to include (a) service history of site; (b) downtime analysis; and (c) service trend analysis.

3.4 Remote Installation. At Customer's request, Seller will provide remote installation advice or assistance for Updates.

3.5 Software Release Compatibility. At Customer's request, Seller will provide: (a) current list of compatible hardware operating system releases, if applicable; and (b) a list of Seller's Software Supplemental or Standard Releases

3.6 On-Site Correction. Unless otherwise stated herein, all suspected Residual Errors will be investigated and corrected from Seller's facilities. Seller will decide whether on-site correction of any Residual Error is required and will take appropriate action.

4. Decision Support System ("DSS") Products. *(Applies to Motorola's PremierCAD Software only).* The CAD DSS products are supported on a consultative basis only with annual consultation hours not to

exceed eight (8) hours. Any additional consultation will be invoiced on a time and material basis at Seller's then current rates for professional services.

5. Compliance to Local, County, State and/or Federal Mandated Changes. (*Applies to Software and interfaces to those Products*) Unless otherwise stated herein, compliance to local, county, state and/or federally mandated changes, including but not limited to IBR, UCR, NCIC and state interfaces are part of the covered Services.

6. Annual System Performance Review and Report. Seller will prepare the following reports to include:

6.1 (*Applies to PremierCAD Software only*)

- | | |
|--------------------------|--|
| (a) System Analysis | MEASURE: Evaluate disk and CPU load |
| | PEEK: Evaluate memory availability and use |
| | VIEWSYS: Evaluate use and availability of PCBs |
| | EMSA/TMDS: Review logs for hardware reports |
| | File Sizing Review file sizing on changeable files |
| | |
| (b) Pathway Analysis | Evaluate effectiveness of system configuration for current load |
| | Evaluate TCP/Server statistics |
| | Evaluate efficiency of server class maximum and minimum settings |
| | |
| (c) Performance Analysis | TMX Timings: Evaluate application response times |

6.2 (*Applies to Motorola® Computer Aided Dispatch Software installed on Stratus ftServer only*)

Update Equipment drivers
Upload Equipment patches, hot fixes and firmware
Evaluate effectiveness of System configuration for current load based upon overall CPU Utilization

6.3 Based on the Annual System Performance Review and Reports, Seller's Technical Support Analyst will review findings and recommend software or hardware changes to improve overall operations.

(The below listed terms are applicable only when the Maintenance and Support Agreement includes (a) Equipment which is shown on the Description of Covered Products, Exhibit A to the Maintenance and Support Agreement; or (b) CAD HP NonStop S-Series hardware in addition to the Seller CAD Software.)

7. On-site Product Technical Support Services. Seller will furnish labor and parts required due to normal wear to restore the Equipment to good operating condition.

7.1 Seller Response. Seller will provide telephone and on-site response to Central Site, defined as the Customer's primary data processing facility, and Remote Site, defined as any site outside the Central Site, as shown in Support Plan Options and Pricing Worksheet.

7.2 At Customer's request, Seller will provide continuous effort to repair a reported problem beyond the PPM. Provided Customer gives Seller access to the Equipment before the end of the PPM, Seller will extend a two (2) hour grace period beyond PPM at no charge. Following this grace period, any additional on-site labor support will be invoiced on a time and material basis at Seller's then current rates for professional services.

7.3 CAD HP NonStop S-Series Service Plans

7.3.1 The following HP electronic support tools are available:

Express Notice	A proactive email notification of new software releases, announcements and updates
Scout for NonStop Servers	Once registered, users have the ability to perform interim product modification (IPM) analysis on NonStop Kernel systems and to download IPMs electronically.
Total Information Manager (TIM)	A CD collection of support documentation shipped with the initial system.
Knowledgebase for NonStop Support (KBNS)	Once registered, users have access to a powerful search tool offering quick and easy access to previously answered technical support questions.

7.3.2 HP NonStop S-Series Service Plan:

Continuous Availability	The PPM is 24 hours a day, 7 days a week. On-site response time is within two (2) hours. Includes on-site coverage for national holidays.
High Availability	The PPM is 24 hours a day, 7 days a week. On-site response time is within four (4) hours. Includes on-site coverage for national holidays.
Enhanced Availability	The PPM is 8 a.m. – 5 p.m. Monday-Friday, excluding national holidays. On-site response time is next business day.

7.4 Under all CAD HP NonStop Series hardware service plans, coverage will include:

- Perform corrective or scheduled preventive service during the PPM specified in the Plan.
 - Log all service requests and furnish telephone and/or on-line diagnostic services from the Seller's call intake center or the HP Nonstop Support Center (CTNSC) 24 hours per day, 7 days per week.
 - Furnish all labor, parts, materials, and on-site service during the PPM as necessary to ensure HP NonStop Series hardware is operating in accordance with applicable published specifications. Replacement parts will be new or equivalent of new in performance. Replaced parts will become the property of HP.
 - Install any mandatory Field Change Order(s) required for the safety or proper operation of maintained HP NonStop Series hardware.
 - Assign an HP Customer Engineer and an alternate who will be responsible for providing service.
 - Provide on an annual basis (i) equipment inventory of maintained HP NonStop Series hardware; and (ii) planning meeting to discuss the current Service Plans and Customer's future requirements.
-

**Exhibit C
SUPPORT PLAN OPTIONS AND PRICING WORKSHEET**

Maintenance and Support Agreement # 002009-000
 New Term Effective Start May 1, 2008

Date April 8, 2008
 End April 30, 2009

CUSTOMER: Address: CITY, STATE, ZIP CODE:	City of Vallejo 111 Amador Street Vallejo, CA 94590	BILLING AGENCY: Address: CITY, STATE, ZIP CODE:	City of Vallejo 111 Amador Street Vallejo, CA 94590
CONTACT NAME: CONTACT TITLE TELEPHONE: FAX: Email:	William Powell 707-649-5459 bpowell@ci.vallejo.ca.us	CONTACT NAME: CONTACT TITLE TELEPHONE: FAX: Email:	Accounts Payable

For support on products below, please contact Customer Support at (800) 323-9949 Option 2, Option 6, then select the from the correct product prompts.

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> PremierCAD™ | <input type="checkbox"/> Motorola® Computer Aided Dispatch | <input checked="" type="checkbox"/> CAD HP NonStop™Series hardware |
| <input type="checkbox"/> RMS Infotrak™ | <input type="checkbox"/> Offendertrak™ | <input type="checkbox"/> Imagetrak™ |
| <input checked="" type="checkbox"/> NetRMS | <input type="checkbox"/> CRIS – Predecessor to NetRMS | <input checked="" type="checkbox"/> Cruiser – FBR Replacement |
| <input type="checkbox"/> Customer Service Request System | <input type="checkbox"/> Case Management System | <input type="checkbox"/> License Permitting System |
| <input type="checkbox"/> Enhancements to Products | <input type="checkbox"/> Custom Software | <input type="checkbox"/> Integration Framework |
| <input checked="" type="checkbox"/> Premier MDC™ | <input type="checkbox"/> TxMessenger™ | <input type="checkbox"/> AirMobile™ |

MOTOROLA SOFTWARE SUPPORT	FULL TERM FEE	THIRD PARTY SERVICE PROVIDERS	FULL TERM FEE
<input checked="" type="checkbox"/> GOLD ♦ 24 hours a day, 7 days a week PPM ♦ Supplemental Releases ♦ Standard Releases ♦ Technical Support Services		<input checked="" type="checkbox"/> HP NonStop Series Premier 24 HIGH ♦ 24 hours a day, 7 days a week PPM ♦ 4 hour on-site response ♦ HP NonStop Series Operating system and application - system# 51191	\$ 29,926.00
♦ CAD	\$ 65,797.00	<input checked="" type="checkbox"/> Open Text ♦ Product: BI Software ♦ Term: 05/01/08-10/31/08 (6 mos)	\$ 7,205.00
♦ PMDC	\$ 38,260.00	<input checked="" type="checkbox"/> GIS Data Resource ♦ Product: GDR	\$ 28,947.00
♦ Premier Handheld	\$ 4,724.00		
♦ NetRMS/Cruiser	\$ Preacceptance		
MOTOROLA SOFTWARE SUPPORT TOTAL	\$ 108,781.00	THIRD PARTY SERVICE PROVIDER TOTAL	\$ 66,078.00

OTHER AVAILABLE OPTIONS	ANNUAL FEE
<input type="checkbox"/> Users Conference Attendance (\$2,650 per Attendee) Year _____ Number Attendees Requested _____ • Registration fee • Roundtrip travel for event (booked by Motorola) • Hotel accommodations (booked by Motorola) • Rental car (booked by Motorola) • Daily meal allowance (determined by Motorola guidelines)	\$ _____
<input type="checkbox"/> Consulting Services - 8 Hour Blocks (plus travel fees)	\$ _____
<input checked="" type="checkbox"/> Other: Multi-System Discount	\$ -8,743.00
OTHER OPTIONS TOTAL	\$ _____

Prepared by: **Tanya Mansell, 714-238-2057, tanyamansell@motorola.com**
FULL TERM FEE GRAND TOTAL* \$166,116.00
 *Exclusive of taxes if applicable

Exhibit D

CURRENT BILLABLE RATES

MAINTENANCE AND SUPPORT AGREEMENT NO. 002009-000

CUSTOMER: City of Vallejo

The following are Motorola's current billable rates, subject to an annual change.

The following rates apply to Customers with a current, active Maintenance and Support Agreement. Billable rates apply to services provided outside of the PPM.

SERVICE HOURS	LABOR RATES
8 a.m.-5 p.m. M-F (local time)	\$186 per hour, 2 hours minimum
After 5 p.m., Saturday, Sunday, Motorola Holidays	\$279 per hour, 2 hours minimum

The following rates apply to Customers without a current, active Maintenance and Support Agreement.

SERVICE HOURS	LABOR RATES
8 a.m.-5 p.m. M-F (local time)	\$372 per hour, 2 hours minimum
After 5 p.m., Saturday, Sunday, Motorola Holidays	\$558 per hour, 2 hours minimum

Note: Above rates reflect labor rate only. Additional fees for on-site travel expenses, third party expenses and/or materials will be quoted at the time of customer request for services.

ACORD		CERTIFICATE OF LIABILITY INSURANCE			DATE (MM/DD/YY) 05/06/2008	
PRODUCER AON RISK SERVICES CENTRAL, INC. FKA AON RISK SERVICES, INC. OF ILLINOIS 1000 NORTH MILWAUKEE AVENUE GLENVIEW, ILLINOIS 60025 ATTN: INSURANCE VERIFICATION CENTER PH: 1-800-4-VERIFY/ FAX: 1-847-953-3341		Serial # 3499		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.		
INSURED MOTOROLA INC. AND ITS SUBSIDIARIES 1303 EAST ALGONQUIN ROAD SCHAUMBURG, IL 60196		COMPANIES AFFORDING COVERAGE				
		COMPANY A LIBERTY MUTUAL FIRE INSURANCE COMPANY				
		COMPANY B LIBERTY INSURANCE CORPORATION				
		COMPANY C				
		COMPANY D				
COVERAGES THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	TE2-641-005169-077	7/01/2007	7/01/2008	GENERAL AGGREGATE \$ 1,000,000 PRODUCTS - COMPROP AGG \$ INCLUDED PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 250,000 MED EXP (Any one person) \$ 10,000	
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	AS2-641-005169-017	7/01/2007	7/01/2008	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$	
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$	
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$	
B	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNER/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL	WA7-64D-005169-087 (ALL OTHER STATES) WC7-641-005169-097 (OR & WA) DBA WA764D005169247	7/01/2007	7/01/2008	<input checked="" type="checkbox"/> WC STATU- TORY LIMITS <input type="checkbox"/> OTH- ER EL EACH ACCIDENT \$ 1,000,000 EL DISEASE - POLICY LIMIT \$ 1,000,000 EL DISEASE - EA EMPLOYEE \$ 1,000,000	
	OTHER					
DESCRIPTION OF OPERATION & LOCATIONS VEHICLES/SPECIAL ITEMS RE: MOTOROLA INC.'S INSURANCE IS PRIMARY. THE CITY, ITS OFFICIALS, EMPLOYEES AND VOLUNTEERS ARE LISTED AS ADDITIONAL INSUREDS IN REGARDS TO THE GENERAL LIABILITY POLICY.						
CERTIFICATE HOLDER CITY OF VALLEJO ATTN: WILLIAM POWELL 111 AMADOR STREET VALLEJO, CA 94590			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE OF AON RISK SERVICES, INC. OF ILLINOIS Aon Risk Services Central, Inc.			
ACORD 25-3 (1/95)			© ACORD CORPORATION 1988			




Agenda Item No.

CONSENT C

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director 

SUBJECT: APPROVAL OF A RESOLUTION 1) APPROVING CONTRACT CHANGE ORDER NO. 6 IN THE AMOUNT OF \$391,690.28, AND 2) ACCEPTING THE FISCAL YEAR 2006-2007 WATER MAINS CAPITAL IMPROVEMENTS PROJECT PERFORMED BY SOARES PIPELINE, INC., OF HAYWARD, CALIFORNIA AS COMPLETE

BACKGROUND AND DISCUSSION

During the final stages of project construction, extra work was performed by the contractor on force account due to unforeseen construction interferences from unmarked and mismarked utilities, unanticipated changed site conditions due to excavations through hard rock & deep tie-ins, saw cutting through extra thick asphalt pavement, and additional road striping directed by the City.

The extra work included the following items:

1. Purchase of additional ductile iron mechanical fittings and restraints that were used to avoid construction interferences from unforeseen conflicts at a cost of \$37,367.69.
2. Extra work to preassemble above fittings at a cost of \$4,082.51.
3. Extra work in saw-cutting the extra thick asphalt concrete pavement at Benicia Road and Rollingwood at a cost of \$1,080.06.
4. Extra work in water service reconnects due to 4 mismarked water services at a total cost of \$2,232.80.
5. Extra work in digging through hard rock conditions and deeper tie-ins at Rollingwood, Dryden, Pope, and Benicia Road at a cost of \$15,001.35.
6. Install new pavement striping at City repaved sections of Rollingwood between Pope and Coleridge for \$6,013.25.
7. Extra work to install concrete caps at Rollingwood for \$1,402.59.
8. Perform potholing excavation work to locate the North Trans-Vallejo pipeline along a slope at Fleming Hill Water Treatment Plant at a cost of \$793.83.



The total cost of the above extra work is \$67,974.08.

Moreover, the final work completed for the Fiscal Year 2006-2007 Water Mains Capital Improvements Project resulted in sixteen (16) line items exceeding the material quantities specified in the original contract amounting to an increase of \$390,396.20 to wit:

<u>Item</u>	<u>Particulars</u>	<u>Original Quantity</u>	<u>Final Quantity</u>	<u>Increase in Cost</u>
5	18" TR Flex DIP Water Line	9,800 l.f.	10,026 l.f.	\$ 37,516.00
7	12" PVC Water Line	575 l.f.	964 l.f.	\$ 38,900.00
8	10" PVC Water Line	10 l.f.	48 l.f.	\$ 8,360.00
9	8" PVC Water Line	5,090 l.f.	5,496 l.f.	\$ 36,070.20
10	6" PVC Water Line	310 l.f.	524 l.f.	\$ 27,820.00
11	4" PVC Water Line	40 l.f.	128 l.f.	\$ 9,680.00
12	20" Butterfly Valve	3	4	\$ 4,000.00
13	18" Butterfly Valve	31	32	\$ 3,000.00
15	12" Butterfly Valve	10	11	\$ 1,500.00
17	8" Gate Valve	34	43	\$ 10,800.00
18	6" Gate Valve	5	6	\$ 900.00
19	4" Gate valve	1	3	\$ 1,600.00
20	Fire Hydrant Assembly	25	32	\$ 35,000.00
21	New 3/4" & 1" Water Services	12	125	\$169,500.00
25	2" Permanent Blow Off	2	3	\$ 750.00
26	2" CAV Valve	5	6	\$ 5,000.00
Total Increase				\$390,396.20

The increase in pipeline footages and other line item quantities were due to the extension of the tie-ins beyond those that were shown in the plans and in adjusting to the actual conditions encountered during the process of the water main installation and tie-ins. Additional fire hydrants were also replaced along the alignment as needed while new water service lines were installed in lieu of just reconnections due to the bad conditions of the existing water service lines.

Offsetting the above increased costs were three (3) line items listed below that were not completely used resulting in a decrease of \$66,680.00 as follows:



<u>Item</u>	<u>Particulars</u>	<u>Original</u>		<u>Final</u>		<u>Decrease</u>
		<u>Quantity</u>		<u>Quantity</u>		<u>In Cost</u>
4	20" PVC Water Line	680	l.f.	652	l.f.	(\$ 7,280.00)
22	¾" & 1" Service Reconnect	223	l.f.	112	l.f.	(\$44,400.00)
28	F&I 3" Thick Extra AC Paving	5,000	s.f.	0	s.f.	(\$15,000.00)
Total Decrease						(\$66,680.00)

A balancing change order for the above increased and decreased quantities that amounts to a net increase in contract cost of \$323,716.20 needs to be added to the unpaid extra work to close out the project. Contract Change Order No. 6 (that includes the balancing change order) therefore amounts to \$391,690.28. The project, as completed, cost \$3,651,711.75.

The Fiscal Year 2007-2007 Water Mains Capital Improvements was the largest undertaken in nearly 5 years and provided a huge benefit to the public by installation of new pipes and rehabilitation of existing pipes to increase reliability and fire flow throughout the City. The project successfully completed the installation of 652 lineal feet of 20" PVC; 10,026 lineal feet of 18" Ductile Iron Pipe (DIP); 90 lineal feet of 14" PVC; 964 lineal feet of 12" PVC; 48 lineal feet of 10" PVC; 5,491 lineal feet of 8" PVC; 524 lineal feet of 6" PVC; 128 lineal feet of 4" PVC; 4 - 20" butterfly valves; 32 - 18" butterfly valves; 2 - 14" butterfly valve; 11 - 12" butterfly valves; 1 - 10" gate valve; 43 - 8" gate valves; 6 - 6" gate valves; 3 - 4" gate valves; 32 new fire hydrants; 125 new ¾" and 1" water services; 112 - ¾" and 1" service reconnects; 9 - 2" service reconnects; 1 new 8" zone valve assembly; 3 new blow offs; 6 - 2" combination air/vacuum relief valves; and 3 - 1" combination air/vacuum relief valves; and other related miscellaneous improvements.

The greatest benefit of the project is the installation of the transmission pipelines that link the Hunter Ranch, Alta Loma, Georgia, and Dos Reis reservoirs of the water system's 400 Zone (WT7019). This enables the four reservoir sites to support each other in times of need. This has increased the City water system's reliability and ability to supply fire suppression water to approximately 25% of the City. The project also upsized the pipeline that links the 20" pipelines at Railroad Avenue and Azuar in Mare Island from 12" DIP to 20" PVC to enhance Mare Island fire suppression (PW9838).



Fiscal Impact

The total cost of Contract Change Order No. 6 is not to exceed \$391,690.28. There are sufficient previously appropriated funds in project WT7024 (404-2715-431.43-19) to pay for this Contract Change Order. The project, funded out of PW9838 (\$150,000), WT7019 (\$1,268,746.30) and WT7024(\$2,232,965.45) is now complete with a final construction cost of \$3,651,711.75.

RECOMMENDATION

All the improvements called for in the plans and specifications have been satisfactorily completed by Soares Pipeline, Inc. including all work associated with all Contract Change Orders and punch list items. The Contractor has submitted its required one-year warranty bond and it is on file with the Water Division. Staff recommends the approval of Contract Change Order No. 6 and the acceptance of the Fiscal Year 2006-2007 Water Mains Capital Improvements Project as complete.

ALTERNATIVES CONSIDERED

There were no other alternatives considered.

ENVIRONMENTAL REVIEW

The applicable Notices of Categorical Exemption (Class 2 Replacement or Reconstruction) for all work undertaken on this project have been filed with the County and have been recorded.

PROPOSED ACTION

Adopt the resolution 1) authorizing Contract Change Order No. 6 to the existing agreement between the City of Vallejo and Soares Pipeline, Inc. for the Fiscal Year 2006-2007 Water Mains Capital Improvements Project in the amount of \$391,690.28, and 2) accepting the Fiscal Year 2006-2007 Water Mains Capital Improvements Project performed by Soares Pipeline, Inc. of Hayward, California as complete.



DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution 1) approving Contract Change Order No. 6 to the existing agreement between the City of Vallejo and Soares Pipeline, Inc. for the Fiscal Year 2006-2007 Water Mains Capital Improvements Project in the amount of \$391,690.28, and 2) accepting the Fiscal Year 2006-2007 Water Mains Capital Improvements Project performed by Soares Pipeline, Inc. of Hayward California as complete.
- b. A copy of Contract Change Order No. 6
- c. A project location map

CONTACT PERSON:

JUN MALIT, Associate Civil Engineer
(707) 648-4309
Jun@ci.vallejo.ca.us

ERIK NUGTEREN, Water Superintendent
(707) 648-4482
erik@ci.vallejo.ca.us

MAY 20, 2008

J:\PUBLIC\AI\WT\WT7024 FY06-07 WMCIP Acceptance w CCO No 6.doc

RESOLUTION NO. 08-_____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, extra work had to be performed by the contractor due to changed site conditions, unforeseen construction conflicts, mismarked services, extra saw-cutting work, deeper tie-ins, and all other related extra work; and

WHEREAS, increases and decreases in line item quantities occurred during the contract due to the modifications of the tie-ins from that shown in the plans to adjust to the actual conditions encountered during the process of water main installation and tie-ins; and

WHEREAS, a final contract change order is necessary to address all the remaining unpaid extra work and a balancing change order to address the increased and decreased quantities in the contract; and

WHEREAS, Soares Pipeline Inc. has satisfactorily completed all the work called for by the plans and specifications, including all work associated with all Contract Change Orders and punch list items; and

WHEREAS, Soares Pipeline Inc. has submitted its required one-year warranty bond and it is on file with the Water Division.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vallejo, as follows:

- 1) The Council authorizes the Water Superintendent to execute Contract Change Order No. 6 to the existing agreement between the City of Vallejo and Soares Pipeline, Inc. of Hayward, California, in the amount of Three Hundred Ninety One Thousand Six Hundred Ninety Dollars and Twenty Eight Cents (\$391,690.28) for the Fiscal Year 2006-2007 Water Mains Capital Improvements Project
- 2) That the Fiscal Year 2006-2007 Water Mains Capital Improvements Project performed by Soares Pipeline Inc. of Hayward, California is hereby accepted as complete and that the City Clerk is directed to record a Notice of Completion in the Office of the Solano County Recorder.

MAY 20, 2008

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CITY OF VALLEJO
STATE OF CALIFORNIA

PUBLIC WORKS DEPARTMENT
WATER DIVISION

CONTRACT CHANGE ORDER NO.: 6

DATE: April 28, 2008

TO: SOARES PIPELINE INC.

PROJECT: WATER MAINS CAPITAL IMPROVEMENTS PROJECT FY 2006-2007
(WT7024)

FROM: CITY OF VALLEJO

This change order modifies and amends the provisions of that certain Contract dated March 6, 2007 by and between the City and Soares Pipeline Inc. ("Contractor").

REFERENCE: Contract Plans, Sheet No.
or other Plans attached

IT IS REQUESTED THAT YOU:

1. Purchase additional 18" and 20" fittings and mechanical restraints for the main line pipe along Rollingwood needed to avoid unforeseen conflicts & interference from other existing utilities. \$37,367.69
2. Time and Materials extra work to pre-assemble the new mechanical fittings and restraints to avoid construction interferences. \$ 4,082.51
3. Extra saw cutting work along Benicia Road and Rollingwood due to the extra thick asphalt concrete paving \$ 1,080.06
4. Perform extra work due to 4 mismarked services \$ 2,232.80
5. Perform extra work due to digging through hard rock and deeper tie-ins along Rollingwood, Dryden, Pope, and Benicia Road. \$15,001.35
6. Perform new road striping along the City repaved section of Rollingwood between Pope and Coleridge per City Standards \$ 6,013.25
7. Perform extra work to install concrete caps at Rollingwood \$ 1,402.59
8. Perform potholing excavation work to expose the South Trans-Vallejo Water Main at Fleming Hill Water Treatment Plant. \$ 793.83
9. Balancing Change Order for the installation of additional 226 lineal feet of 18" TR Flex DIP; 389 lineal feet of 12" C900 Class 200 PVC; 38 lineal feet of 10" C900 Class 200 PVC; 401 lineal feet of 8" C900 Class 200PVC; 214 lineal feet of 6" C900 Class 200 PVC; 88 lineal feet of 4" C900 Class 200 PVC; 1 – 20" Butterfly Valve; 1 – 18" Butterfly Valve; 1 – 12" Butterfly Valve; 9 – 8" Gate valves; 1 – 6" Gate Valve; 2 – 4" Gate Valves; 7 Fire hydrant Assemblies; 113 new 3/4" & 1" Water Services; 1 – 2" Blow Off; and 1 – 2" CAV Valve \$323,716.20

By signing this Change Order, Contractor understands and agrees that it is accepting the specified sums and adjustment of contract time of completion (if any) set forth herein as full, final and complete satisfaction of any and all claims by Contractor for all costs and expenses of Contractor and anyone for whom Contractor may be responsible for the work referred to herein, including but not limited to costs or expenses of the Contractor or any of its subcontractors, materials suppliers, vendors or anyone else for whom Contractor is responsible, for labor, materials, services or equipment, no matter how characterized, whether known or unknown to Contractor, including but not limited to, all field and home office overhead, delay costs/claims, acceleration costs/claims, unabsorbed or under-absorbed home office overhead, extended field costs, general conditions, claim preparation costs, inefficiencies, or the like, no matter how characterized. Contractor further understands and agrees by signing this Change Order that any attempt by Contractor to purportedly reserve rights to claim additional time or compensation for the work referred to herein, is void.

ADJUSTMENT OF CONTRACT TIME OF COMPLETION: 30 calendar days

FORCE ACCOUNT (AS PER CONSTRUCTION DAILY RECORD) \$391,690.28

BASE CONTRACT PRICE: \$3,260,021.47

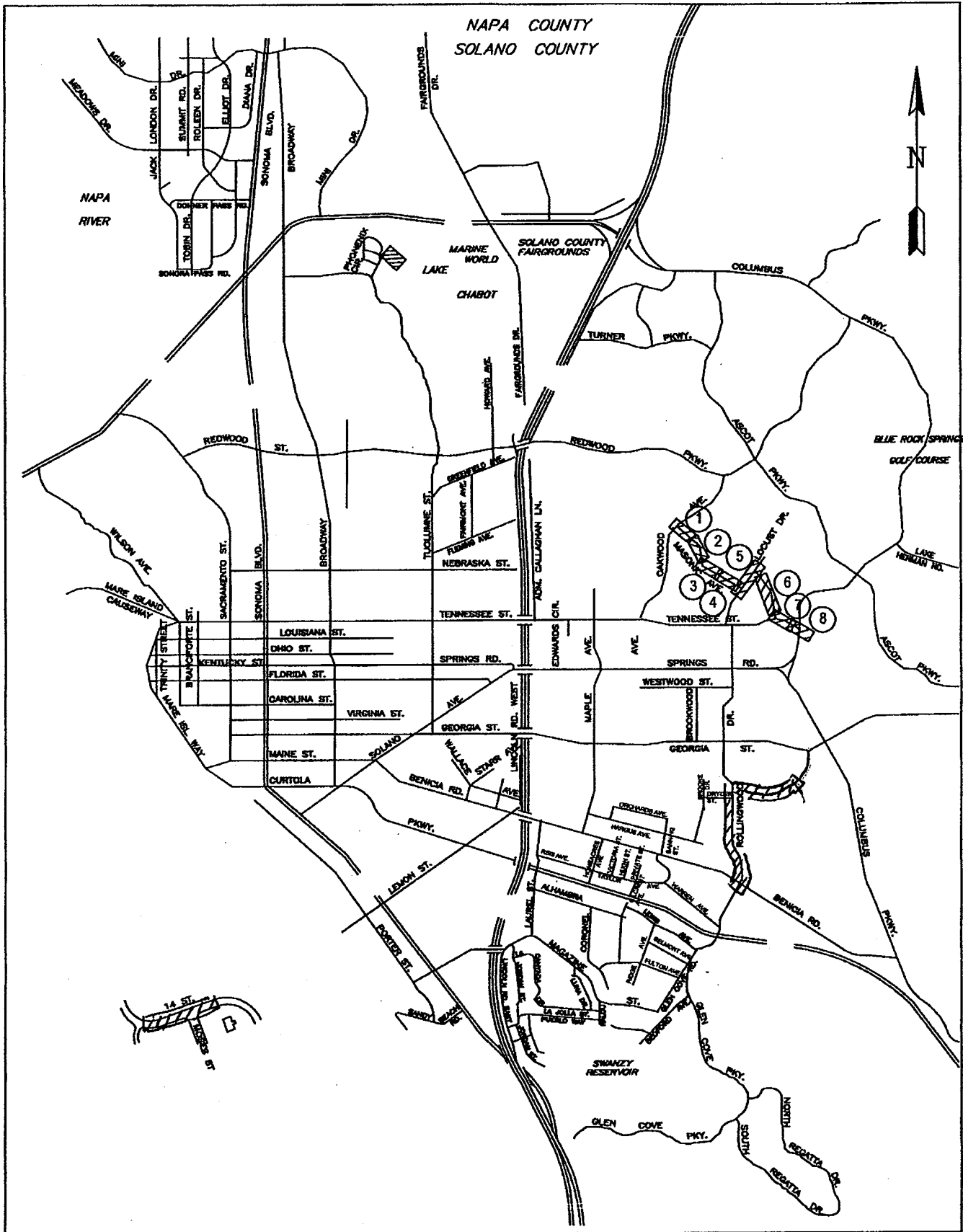
PREVIOUS CONTRACT CHANGE ORDERS: \$1,613,521.47

NEW ADJUSTED CONTRACT PRICE: \$3,651,711.75

RECOMMENDED: _____
NAME TITLE

ACCEPTED BY _____ DATE _____
CONTRACTOR

APPROVED BY _____ DATE _____
WATER SUPERINTENDENT




PROJECT LOCATION MAP



Agenda Item No. CONSENT D

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council
FROM: Gary A. Leach, Public Works Director 
SUBJECT: APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO SUBMIT THE CITY OF VALLEJO'S FY 2008-09 APPLICATION FOR BAYLINK FERRY OPERATING ASSISTANCE AND CAPITALIZED MAINTENANCE TO THE METROPOLITAN TRANSPORTATION COMMISSION IN THE AMOUNT OF \$1,850,414

BACKGROUND

Vallejo Baylink operates between Vallejo and San Francisco offering fast ferry service as well as supplemental express bus service. In FY 2008-09, Vallejo Baylink is projected to provide over 900,000 passenger trips. In FY 2008-09, Baylink operating expense projections are to total approximately \$14.7 million. These expenses are paid for by a variety of revenues sources which include fare revenue, lease income, State and Federal Funds and other miscellaneous income. Baylink Ferry operation relies on the Regional Measure 2 Funds and Bridge Toll Funds for the continued operation of the ferry system. The Bridge Toll Funds, that the Metropolitan Transportation Commission (MTC) administers, specifically provides assistance for ferry operations in the MTC region. These funds are essential in balancing the Ferry Budget. The City of Vallejo is applying for \$1,394,807 from the Five Percent Unrestricted State Funds for ferry operating assistance and \$455,607 from the Two Percent Bridge Toll Revenues for capitalized maintenance to overhaul the ferry engines currently under contract with Valley Power. The remaining funds, if any, would be applied to offset the cost of preventative maintenance through the Blue and Gold Contract

The ferry operation has exceeded the required farebox recovery ratio of 40% for the past three years as shown below:

Year	Expenses	Fares	Farebox Ratio
2007	\$12,207,454	\$7,046,314	58%
2006	\$11,082,778	\$6,203,914	56%
2005	\$8,151,390	\$4,694,314	58%
2004	\$ 7,347,582	\$4,358,162	59%



Fiscal Impact

There is no impact to the General Fund.

RECOMMENDATION

Staff recommends that the City Council approve a resolution authorizing the City Manager or his designee to submit the City of Vallejo's FY 2008-09 application for Vallejo Baylink Ferry operating assistance and capitalized maintenance to the Metropolitan Transportation Commission in the amount of \$1,850,414.

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act pursuant to California Public Resources Code Sec. 21080(b)(3) and CEQA Guidelines 15300 because it involves the continued operation of a long established ferry program with minor alternations in the operating schedule.

PROPOSED ACTION

Approve the resolution authorizing the City Manager or his designee to submit the City of Vallejo's FY 2008-09 application for the Vallejo Baylink Ferry operating assistance and capitalized maintenance to the Metropolitan Transportation Commission in the amount of \$1,850,414.

DOCUMENTS ATTACHED

- a. A resolution authorizing the City Manager or his designee to submit the City of Vallejo's FY 2008-09 application for Vallejo Baylink Ferry operating assistance and capitalized maintenance to the Metropolitan Transportation Commission in the amount of \$1,850,414.
- b. Opinion of Counsel

DOCUMENTS AVAILABLE FOR REVIEW

- a. Bridge Toll application to Metropolitan Transportation Commission

CONTACT PERSONS

Gary A. Leach, Public Works Director
648-4315
garyl@ci.vallejo.ca.us

Crystal Odum Ford, Trans Supt.
648-5241
codumford@ci.vallejo.ca.us

MAY 20, 2008

J:\PUBLIC\A\PW\2008\Transportation\PWSR4248.doc

RESOLUTION NO. 08-_____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, with the completion of the Regional Ferry Plan Update, Metropolitan Transportation Commission has adopted Resolution No. 3149, which established a Five Percent Bridge Toll Revenues programming and allocation policy for ferry transit operations and bicycle-related planning and operations in the vicinity of each of the bridge groups; and

WHEREAS, THE City of Vallejo is an eligible applicant for the Five Percent (5%) State General Fund Revenues and the Two Percent (2%) Bridge Toll Revenues from the Northern Bridge Group pursuant to Street and Highways Code Section 30892, as attested by the Opinion of Counsel.

NOW, THEREFORE, BE IT RESOLVED that the continued operations of the City of Vallejo ferry and accompanying capitalized maintenance program as described in the staff report is hereby approved for purposes of submitting the appropriate Bridge Toll application,

BE IT FURTHER RESOLVED that the City Manager or his designee is authorized to execute and file the appropriate Bridge Toll application for the Continued operation of the City of Vallejo Ferry and capitalized maintenance together with all necessary supporting documents, with the Metropolitan Transportation Commission for allocations of the Bridge Toll funds in FY 2008-09.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the Metropolitan Transportation Commission in conjunction with the filing of the claims; and the Metropolitan Transportation Commission be requested to grant the allocations of funds as specified herein.

MAY 20, 2008

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May 13, 2008

Glen Tepke
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607

SUBJECT: Eligibility of City of Vallejo for Allocation of Bridge Toll Revenues

This communication will serve as the requisite opinion of counsel in connection with the application of the City of Vallejo for an allocation of Bridge Toll Revenues, made available pursuant to Street and Highways Code Sections 30892, 30893, 30913 and 30914.

1. The City of Vallejo is authorized to carry out activities associated with the project (operating assistance and capitalized maintenance) for the Vallejo Baylink Ferry.
2. The City of Vallejo is an eligible applicant for Bridge Toll Revenues in accordance with the provision of Streets and Highways Code Sections 30892, 30893, 30913 and 30914.
3. I have reviewed the pertinent state and local laws and I am of the opinion that there is no legal impediment to the City of Vallejo making applications for Bridge Toll Revenues. Furthermore, as a result of my examinations, I have determined that there are no pending or threatened limitations which might in any way adversely affect the proposed projects, or the ability of the City of Vallejo to carry out such projects.

Sincerely,

FREDERICK G. SOLEY
City Attorney




Agenda Item No.

CONSENT E

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director 

SUBJECT: APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIFTH AMENDMENT TO THE CURRENT CONTRACT WITH BLUE AND GOLD FLEET, L.P. EXTENDING THE AGREEMENT FOR AN ADDITIONAL TWO YEAR TERM.

BACKGROUND AND DISCUSSION

The City owned ferry system is currently operated by contract with Blue and Gold Fleet, L.P.. The initial five year term of the contract expired on June 30, 2007. On March 6, 2007, City Council approved a resolution amending the agreement to provide for one six month and two three month options.

This third amendment to the contract was approved with the understanding that a solicitation for the operations and management contract would be forthcoming. Shortly following execution of the third amendment, SB 976 was introduced and passed into law. Passage of the law had several immediate impacts on the contract and plan for solicitation for operation and management of the ferry system.

One impact that passage of SB 976 had was to introduce a greater amount of risk into the contracting environment. The additional risk is linked to timelines for takeover of the system (would WETA put the operations contract out for competition before taking over operation responsibility from the City?), WETA's plan for operation (would state employees or contractors operate the system?), and how long any transition from contract to direct operation would take should WETA choose to take that course of action.

The City procurement planning was similarly impacted. What would be the appropriate term to place on the contract? With no definite start time for turnover of the system to WETA, this caused several problems with defining the contract. The City was basically left to consider short base terms to apply to the contract to accommodate the takeover. Traditionally short base terms (1 to 2 years) have not attracted interest from the contracting community, especially considering the size of the contract and the



advantage this provides to incumbent contractors, who have virtually no startup costs to recoup over the short life of the contract.

Another factor considered by staff in making its recommendation was our funding partners, especially the Federal Transit Administration (FTA). In a recent FTA oversight review, the original procurement for the ferry operations contract was found deficient in terms of allowing for adequate competition for the contract when originally solicited in 2002. In the City's response to that finding, a pledge was made to solicit a new contract. This factor played heavily into the City's decision on March 6, 2007 to reduce option years in the contract, and only allow enough time under the new options to procure another contract.

City staff approached FTA regarding the impact of SB 976 to the contract and solicitation, and related the impacts above referenced. Considering the impacts that SB 976 imposed on the contracting environment, and the likelihood of decreased competition, staff proposed to FTA that negotiating to extend the current contract with Blue and Gold Fleet, L.P., under essentially the same terms, was a better, more cost effective means to continue operations until greater stability was attained in the contracting environment. The FTA agreed uncertainty caused by the new law is a valid reason to extend the contract.

Fiscal Impact

The current operations contract terms and conditions, not relating to contract term, would not be changed. Fiscal impacts occurring as a result of negotiating an amendment to the current contract instead of putting the work out to bid are difficult to quantify. Negatively, there are no opportunities to see cost savings by increasing competition. Positively, much of the risk of this contract is taken out of play, the City is not paying startup costs for a new contractor for a short term contract, and the pass-through nature of the contract helps reduce the risk of inflated pricing from the current contractor. The City and Blue and Gold Fleet, L.P. have worked together to keep costs within budget constraints.

RECOMMENDATION

Staff recommends that City Council approve a resolution authorizing the City Manager to execute the Fourth Amendment to the current contract with Blue and Gold Fleet, L.P. for Ferry Operations, extending the Agreement for an additional two year period.



ENVIRONMENTAL REVIEW

This project is exempt from CEQA pursuant to section 15301 of Title 14 of the California Code of Regulations as it consists of the repair and maintenance of mechanical equipment involving no expansion beyond the existing use.

PROPOSED ACTION

Staff recommends that City Council approve a resolution authorizing the City Manager to execute the Fifth Amendment to the current contract with Blue and Gold Fleet, L.P. for Ferry Operations and Maintenance extending the Agreement for an additional two year term.

DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution authorizing the City Manager to execute the amendment.
- b. Fifth Amendment to Agreement between City of Vallejo and Blue and Gold Fleet, L.P.

CONTACT PERSON

Gary A. Leach, Public Works Director
648-4315
GARYL@ci.vallejo.ca.us

Crystal Odum Ford, Transportation Superintendent
648-5241
codumford@ci.vallejo.ca.us

MAY 20, 2008
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RESOLUTION NO. 08-____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, the City of Vallejo entered into a contract on July 1, 2002 with Blue and Gold Fleet, L.P. for operation of the City ferry system, and;

WHEREAS, the current contract term expires on June 30, 2008, and;

WHEREAS, both parties have agreed to extend the term of the agreement for an additional two year term;

NOW, THEREFORE, BE IT RESOLVED, that the City Manager is hereby authorized to extend the current contract with Blue and Gold Fleet, L.P. for an additional two year term.

MAY 20, 2008

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**FIFTH AMENDMENT TO
AGREEMENT BETWEEN
CITY OF VALLEJO
AND
BLUE AND GOLD FLEET, LP**

This Fifth Amendment to the Principal Agreement made and entered into on July 1, 2002, and subsequently amended in July, 2004, May, 2005, December 26, 2007, and March 31, 2008 and hereinafter referred to as Agreement, between Blue and Gold Fleet, L.P. a Delaware Limited Partnership, therein referred to as CONTRACTOR, and the City of Vallejo, a municipal corporation, therein referred to as CITY, is made and entered into on this _____ day of _____, 2008.

CONTRACTOR and CITY do mutually agree as follows:

1. Article 4 of the Agreement is hereby modified to read as follows:

The Term of the Contract shall commence July 1, 2002, and end on June 30, 2010.

3. **Integration.** Except as specifically revised herein in paragraph 1, all terms and conditions of the Agreement shall remain in full force and effect, and CONTRACTOR shall perform all duties, obligations and conditions required under the Agreement, as amended.

4. **Inconsistencies.** In the event of any conflict or inconsistency between the provisions of this Fifth Amendment and the Agreement, the provisions of this Fifth Amendment shall control in all respects.

5. **Ambiguities.** The parties have each carefully reviewed this Fifth Amendment and the amended Agreement and have agreed to each term. No ambiguity shall be presumed to be construed against either party.

6. **Authority.** The person signing this Fifth Amendment for CONTRACTOR hereby represents and warrants that he or she is fully authorized to sign this Fifth Amendment on behalf of CONTRACTOR.

(Signatures on Following Page)

IN WITNESS WHEREOF, the parties have entered into this Fifth Amendment on the day and year first hereinabove appearing.

CITY OF VALLEJO,
a municipal corporation

BLUE AND GOLD FLEET
a Delaware Limited Partnership

BY: _____
Joseph M. Tanner
City Manager

BY: _____
Taylor Safford
President

APPROVED AS TO CONTENT:

(City Seal)

Gary A. Leach
Public Works Director

APPROVED AS TO FORM:

Frederick G. Soley
City Attorney

ATTESTED BY:

Mary Ellsworth
Acting City Clerk



Agenda Item No. ADMIN. A

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Russell Sherman, Fire Chief (RS)

SUBJECT: CONSIDERATION OF RESOLUTION OF INTENT TO ACCEPT ASSISTANCE TO FIREFIGHTERS GRANT FUNDS, AMEND THE 2007/08 FIRE DEPARTMENT BUDGET, AND TO AUTHORIZE USE OF MATCHING FUNDS AND PURCHASE OF VIDEO CONFERENCING EQUIPMENT.

BACKGROUND AND DISCUSSION

The Vallejo Fire Department received a federal grant in 2006 for video conferencing equipment for training in each fire station, and for community education programs to schools and senior centers. Prior to the installation of this equipment, fire companies had to travel from their local fire station to the school, senior complex or fire training facility on Curtola Parkway to conduct training exercises. This left the fire district to be covered by another engine company and increased response times during training activities. The equipment purchased under this grant was installed and operational in 2007.

In late 2007, the Vallejo Fire Department applied for a regional federal grant to increase and coordinate video conferencing training activities on a county-wide basis. Several months ago we received notification of the acceptance of that grant application. The approved grant covers the purchase, installation and maintenance of video conferencing equipment in the amount of \$480,067, which requires twenty percent (20%) matching funds. The total cost of the Vallejo equipment, installation and maintenance is \$231,461 with a matching requirement of \$46,292. This will allow the participating Fire Departments and the Solano County Office of Emergency Services (OES) to participate in coordinated joint training, and have additional communication capabilities in the Emergency Operations Centers during a state or federal disaster or emergency. Agencies participating in this grant include Benicia, Fairfield, Rio Vista, Solano County, Vacaville City and Fire Protection District and Vallejo.

RECOMMENDATION

Approve the resolution of intent to amend the 2007/08 Fire Department budget to accept the Assistance to Firefighters Grant Funds and matching funds from other agencies in the amount not to exceed \$480,067, and approve the purchase of regional video-conferencing equipment not to exceed the same amount.

ALTERNATIVES CONSIDERED

No alternatives were considered due to the nature of the grant request.

FISCAL IMPACT

When authorized, the fire department budget will be increased by \$ 480,067 in grant and matching funds and an increase in the fire department's expenditures will be authorized by the same amount to purchase video-conferencing equipment for public education and departmental training purposes. The approximately \$46,000 in matching funds required by the City of Vallejo will be split between the 2007/08 Fire Department and Information Technology budgets.

Proposed Budget Amendment:

Capital Project: Video Conferencing (FIRE09)
Fund: Capital Grant Fund
Revenues: 221-330-54.15 \$480,067
Expenditures: 221-2301-34.01 \$480,067

PROPOSED ACTION

Approve the resolution.

DOCUMENTS AVAILABLE FOR REVIEW

- a. Resolution
- b. Equipment/materials list

CONTACT PERSON

Russell Sherman, Fire Chief, 648-4420

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, the Vallejo Fire Department has identified an opportunity to maintain and improve the level of service; and

WHEREAS, the Vallejo Fire Department has been approved to receive a regional federal Assistance to Firefighters Grant; and

WHEREAS, acceptance of this grant will provide an opportunity to improve community education with the Fire Department and enhance in-house training for fire personnel within participating Solano County jurisdictions through the use of video-conferencing.

NOW, THEREFORE, BE IT RESOLVED, that the Vallejo City Council hereby accepts the federal Assistance to Firefighters grant in the amount of \$480,067.

BE IT FURTHER RESOLVED that the City Council hereby declares its intent to amend the Fire Department budget to allow for the acceptance of the federal Assistance to Firefighters grant funds in the amount of \$480,067.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to issue a purchase order to Providea for the purchase, installation, and maintenance of video conferencing equipment in the amount of \$480,067 conditioned on City Council's amendment of the Fire Departments budget.



Proposal Summary

Solano County Fire District

<input checked="" type="checkbox"/> Vallejo FD--Codian 4520	\$210,121.43
<input checked="" type="checkbox"/> Vallejo FD--Tactical	\$21,340.36
<input checked="" type="checkbox"/> Vacaville FD--6000 system	\$93,903.91
<input checked="" type="checkbox"/> Fairfield FD	\$93,903.91
<input checked="" type="checkbox"/> Rio Vista FD	\$12,141.29
<input checked="" type="checkbox"/> Benicia FD	\$24,282.58
<input checked="" type="checkbox"/> Solano County	\$12,141.29
<input checked="" type="checkbox"/> Vacaville District FD	\$12,141.29
Total	\$479,976.04

Videoconferencing Proposal

Vallejo Fire Department



ADDRESS 703 Curtola Parkway
 CITY, STATE ZIP Vallejo, CA

CONTACT Rich MacKenzie
 PHONE

DATE 4/29/2008
 QUOTE # Vallejo-Codian 30 port bridge

	Qty	Part Number	Description	Discount Price	Total	
SYSTEMS	1	194515	MCU-4515 30 Port High Definition MCU	\$181,999.00	\$181,999.00	
					Total Systems	\$181,999.00
PERIPHERALS					Total Peripherals	\$0.00
SERVICES	1	ST-194510-OIXX	On-site Installation with Implementation and On-site Training - TANDBERG Codian 30 Port High Definition MCU.	\$14,500.00	\$14,500.00	
	1	Sales Tax	Estimated Sales Tax (7.375%)	\$13,422.43	\$13,422.43	
	1	Freight	Estimated Freight	\$200.00	\$200.00	
				Total Services	\$28,122.43	

Available Network Services *

Domestic SDS point-to-point rate (includes ISDN to IP calls) at 384kbps is \$85/hour

Domestic 384Kbps multi-point rate is \$88/hour + \$10 Meet'and'Greet

ProvideaDirect monthly recurring charge for IP-2 DSL with 1.2M Maximum Video Call Speed is \$599.00

* ProvideaDirect services subject to availability.

Total Hardware \$181,999.00

Total Services \$28,122.43

GRAND TOTAL \$210,121.43

20% MATCH: \$42,024.29

Freight, Taxes, duty, and VAT are NOT INCLUDED in the quoted pricing. Pricing is valid for 30 days. Deposit is due on order placement, balance due net-30 days from date of invoice. Restocking fee will apply to all returned hardware.

Adam Moss--Providea--408-280-0537

Customer Signature

Date

Videoconferencing Proposal

Vallejo Fire Department

ADDRESS 703 Curtola Parkway
CITY, STATE ZIP Vallejo, CA

CONTACT Rich MacKenzie
PHONE

DATE 4/29/2008
QUOTE # Vallejo-Tactical MXP

	Qty	Part Number	Description	Discount Price	Total
SYSTEMS	1	114151	TANDBERG Tactical MXP	\$16,899.00	\$16,899.00
	1	114487NPP	TANDBERG Tactical MXP Natural Presenter Package (NPP)	\$950.00	\$950.00
				Total Systems	\$17,849.00
PERIPHERALS					
					Total Peripherals
	1	Sales Tax	Estimated Sales Tax (7.375%)	\$1,316.36	\$1,316.36
	1	Installation	On-Site Installation and Implementation	\$2,000.00	\$2,000.00
	1	Freight	Estimated Freight	\$175.00	\$175.00
				Total Services	\$3,491.36

Available Network Services *

Total Hardware \$17,849.00
Total Services \$3,491.36
GRAND TOTAL \$21,340.36

20% MATCH: \$4,268.07

* ProvideaDirect services subject to availability.

Freight, Taxes, duty, and VAT are NOT INCLUDED in the quoted pricing. Pricing is valid for 30 days. Deposit is due on order placement, balance due net-30 days from date of invoice. Restocking fee will apply to all returned hardware.

Adam Moss--Providea--408-280-0537

Customer Signature

Date



Agenda Item No.

ADMIN. B

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director *GL*

SUBJECT: CONSIDERATION OF A RESOLUTION APPROVING CONTRACT CHANGE ORDERS NUMBERS 1 THROUGH 4 AND ACCEPTING THE WORK PERFORMED BY NORTH BAY CONSTRUCTION COMPANY, INC. FOR THE COLUMBUS PARKWAY PHASE II IMPROVEMENT PROJECT AS COMPLETE AND AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION

BACKGROUND

The widening of Columbus Parkway from Admiral Callaghan Lane and Blue Rock Springs Park was a condition of approval imposed on the Northgate Development by the City in 1989. Phase I between Admiral Callaghan Lane and Ascot Parkway was completed by the City in 2003. Phase II project improvements included the widening and lowering of Columbus Parkway between Ascot Court and Blue Rock Springs Park from its existing two-lane configuration to a four lane divided roadway with landscaping, lighting and traffic signals at the intersections of St. John's Mine Road and Blue Rock Park, and modification of the existing signal at Redwood Parkway.

On April 25, 2006, the City Council approved resolution No. 06-146 awarding a construction contract to North Bay Construction Company, Inc., Petaluma, California, for the Columbus Parkway Phase II Improvement Project in the amount of \$8,688,266.79 with authorization for the Public Works Director to execute future Contract Change Orders not to exceed the contingency amount of \$677,233.00 in the project budget. The work is now complete and Staff recommends that the City Council authorize the city clerk to file a Notice of Completion.

During the course of construction some unanticipated field conditions were encountered that required correction to keep the project moving forward. These items include, but were not limited to the following: existing underground utilities were not installed to depths typical of the industry standards creating conflicts with the new storm drainage system, traffic signals and other utility lines necessitating field investigative work and redesign of the impacted new facilities. The contractor was paid for the additional work created by these design changes; a number of abandoned and buried existing storm drainage facilities not shown on record drawings were encountered during grading requiring the contractor to remove and dispose of these facilities; and a drainage way



that was determined to be a wetland required the design and installation of a retaining wall/barrier and crash cushion. Contract Change Order Numbers 2 through 4 in the amounts of \$97,038.20, \$45,609.70 and \$184,661.17, respectively paid for these items of work. Contract Change Order Number 1 allowed the contractor to off haul excess material to River Park adjacent to Wilson Avenue, this eliminated the need for the contractor to find a dump site location and cut down on trucking costs. This was a cost savings to the City in the amount \$15,800.00. The total amount of Contract Change Orders numbers 1 through 4 is \$327,309.25.

Fiscal Impact

The original contract amount with North Bay Construction Company, Inc. was \$8,688,266.79. City Council previously authorized an additional \$677,233.00 as construction contingencies to the construction budget. Contract Change Order Numbers 1 through 4 added \$327,309.25 to the contract. Additionally there were extensions to various bid items adding \$155,549.19 to the contract amount. This brings the net total contract amount to \$9,171,125.23 (a 5.6% increase over the original contract value).

RECOMMENDATION

Staff recommends adopting the resolution approving Contract Change Order Numbers 1 through 4 and accepting the work performed by North Bay Construction Company Inc., Petaluma, California, for the Columbus Parkway Phase II Improvement Project as complete, and authorizing the City Clerk to file a Notice of Completion in the office of the Solano County Recorder.

ENVIRONMENTAL REVIEW

Project acceptance is not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378 (b) (4) of Title 14 of the California Code of Regulations as project acceptance will not result in a potentially significant impact on the environment.

On October 3, 1988, the City Council certified the Final Environmental Impact Report (FEIR) for the Northgate Specific Plan. No further environmental review was necessary as this project was included in the FEIR for the Northgate Specific Area Plan.



PROPOSED ACTION

Adoption of a resolution approving Contract Change Order Numbers 1 through 4 and the accepting the work of North Bay Construction Company, Inc., Petaluma, California, for the Columbus Parkway Phase II Improvement Project as complete, and authorizing the City Clerk to file a Notice of Completion in the office of the Solano County Recorder.

DOCUMENTS ATTACHED

- a. Resolution Accepting Contract Change Orders 1 through 4 and the work with North Bay Construction Company Inc., Petaluma, California in the amount of \$9,171,125.23 for the Columbus Parkway Phase II Improvement Project
- b. Project Site Map

DOCUMENTS AVAILABLE FOR REVIEW

- a. Contract Change Orders Number 1 through 4

CONTACT PERSONS

David A. Kleinschmidt, City Engineer
(707) 648-4315
dkleinschmidt@ci.vallejo.ca.us

Fiona Gault Strykers, Associate Engineer
(707) 648-4431
fstrykers@ci.vallejo.ca.us

MAY 20, 2008
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RESOLUTION NO. 08- N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, on April 25, 2006, a contract was awarded to North Bay Construction Company Inc., Petaluma, California, and

WHEREAS, that Contract Change Order No.'s 1 through 4 with North Bay Construction Company Inc., Petaluma, California, for the Columbus Parkway Phase II Improvement Project were approved in the total amount of Three Hundred Twenty Seven Thousand Three Hundred Nine Dollars and Twenty Five Cents (\$327,309.25) and

WHEREAS, the final contract amount is Nine Million One Hundred and Seventy One Thousand One Hundred Twenty Five Dollars and Twenty Five Cents (\$9,171,125.23) for the construction of the Columbus Parkway Phase II Improvement Project; and

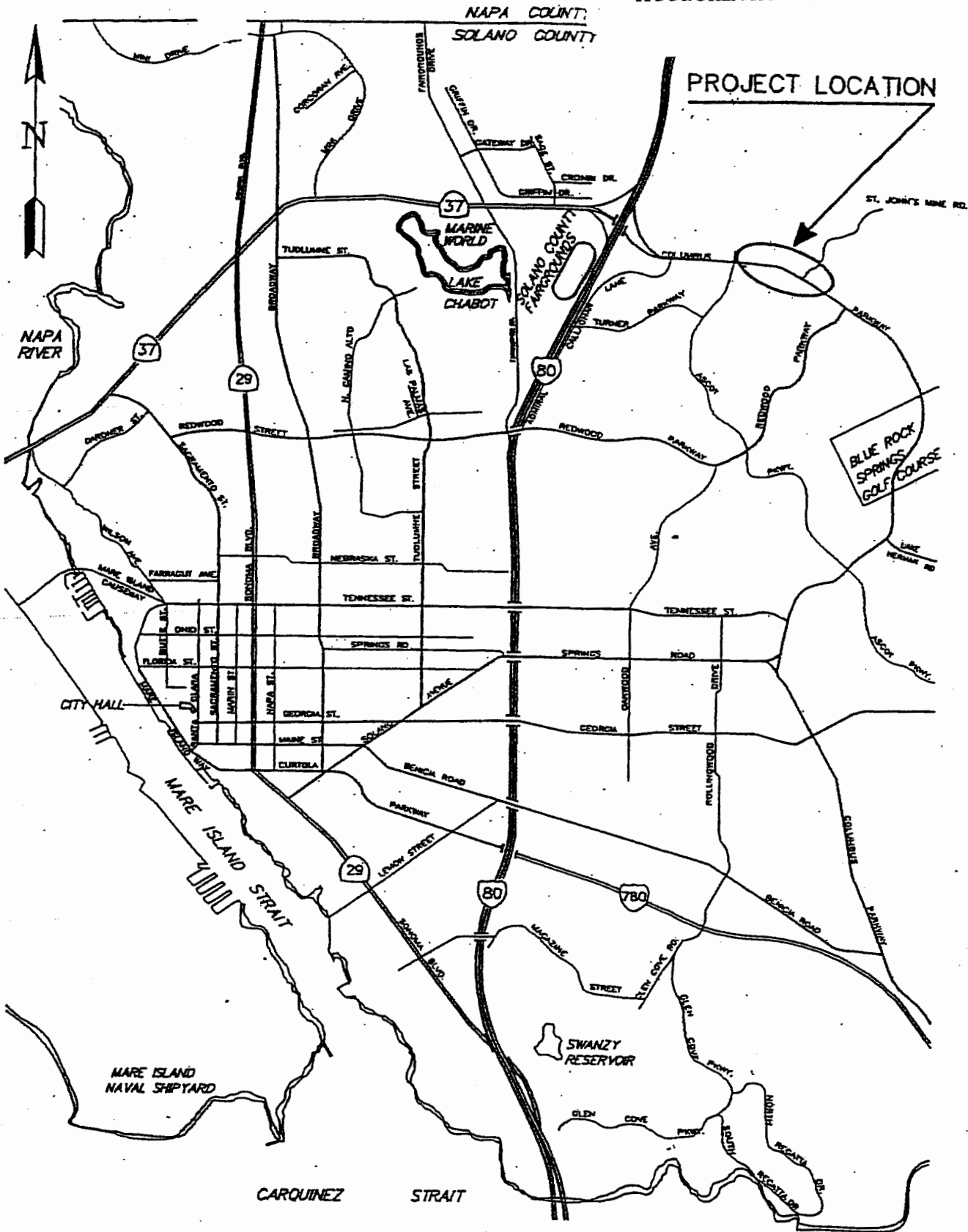
WHEREAS, the City Engineer has determined that the above work has been completed.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Vallejo that it hereby accepts the Columbus Parkway Phase II Improvement Project as complete.

BE IT FURTHER RESOLVED that the City Clerk is hereby authorized and directed to file a Notice of Completion with the Solano County Recorder's office.

MAY 20, 2008

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CITY OF VALLEJO, CALIFORNIA

PUBLIC WORKS DEPARTMENT
ENGINEERING DIVISION

DWG. NO. _____
 DRAWN BY JFS
 DATE 10/10/02
 CHECKED DAK

SHEET 1 OF 1
 FILE NO. _____
 REF. _____
 SCALE HORIZ: 1" = 4000'

COLUMBUS PARKWAY WIDENING
 PROJECT LOCATION MAP



ADMIN
C

Agenda Item No.

COUNCIL COMMUNICATION

Date: May 20, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director *GL*

SUBJECT: CONSIDERATION OF A RESOLUTION ADOPTING FARE RATE INCREASES ON THE BAYLINK FERRY AND INTERCITY BUS SERVICES AND IMPLEMENTING A FUEL SURCHARGE MECHANISM ON PASSENGER FARES EFFECTIVE JUNE 1, 2008

BACKGROUND

In light of the City's financial difficulties, staff must ensure that the Transportation Fund continues to have adequate cash flow to pay for the City's public transit services.

SUMMARY

The City of Vallejo Transportation Division operates a variety of public transit services that run seven days a week and include the Baylink ferry operation, the intercity/express and local bus service, paratransit bus service for the disabled and a taxi scrip program for the elderly.

Currently, the Transportation Fund is operating in deficit because the average price per gallon of fuel in this fiscal year 2007/2008 is more than the budgeted price of \$2.50 ppg. Fuel prices have escalated and no relief is in sight. Fuel is presently averaging \$3.03 ppg this year and is expected to continue to rise over the next few years.

In addition to the price of fuel, State grant revenues used to pay for the transit services are not secure for next fiscal year, beginning July 1, 2008 through June 30th, 2009. Transit funding partners are advising operators to budget State funding conservatively as "spillover funds" and the Proposition 42 funds may be at risk. Another fund source, Transportation Development Act funds whose amount is dependent on sales tax revenues experienced a \$320,000 shortfall this year due to lower than expected retail sales.

For fiscal year 2008/2009, staff is predicting a **\$2.86 million dollars** Transportation Fund deficit (see Attachment B) assuming fuel averages \$4.00 ppg for the year, there is a shortfall of \$650,000 in the State Transit Assistance Funds and \$320,000 in the TDA funds, fare revenue/ridership remains the same and there are no fare increases or service



modifications. (The ferry system would be \$1.8 million dollars in deficit and the bus system \$1 million dollars in deficit.)

For fiscal year 2009/2010, the cumulative deficit is projected to be **\$7.1 million dollars** with fuel budgeted at \$4.50 average ppg, a \$3 million dollar shortfall for the ferry and \$1.2M for the bus system plus the deficit amount from 2008/2009 of \$2.86M.

Given the financial projections for the next two years, the magnitude of the growing deficit, and the City's overall financial condition, if additional revenue is not realized, changes have to be made to the transit program.

Staff is proposing fare rate increases given the existing price of fuel and to implement the fuel surcharge to protect against fuel costs escalating beyond budgeted amounts and to establish a fuel reserve account. Staff will use this measure along with other revenue generating ideas to minimize the impact to our passengers. Care will be taken not to unduly price the cost of fares beyond what is economically reasonable/feasible for our riders to pay.

It should be noted, staff is recommending delaying service modifications at the request of our funding partners to further negotiate how the Transportation Division can maximize the funding the system is eligible to receive, specifically Regional Measure – Bridge toll funding. Staff will also report back to Council with a complete Transportation Financial Management Plan and Two- year Budget Proposal for the Division before July 1, 2008 that addresses the results of our negotiations with MTC regarding maximizing RM2 funding, service modifications, local bus system route restructuring, revenue generating and cost saving measures.

SUMMARY OF PUBLIC INPUT

Following Council's decision on March 11, 2008 to begin proceedings to begin proceedings to implement fare increases and a fuel surcharge, a Public Hearing was held on May 13, 2008. In addition, three official public meetings were held on May 1st, 7th and 8th to allow passengers to comment on the proposed changes. Transit riders were given the opportunity to express their concerns. To address citizen concerns raised during the meetings and our analysis, staff developed an alternative to our original proposal by adjusting the discount rates on tickets, changing ridership loss projections, etc... The most frequent comment was the concerns that the proposed 30% fare increase was too much for the riders to absorb at this time and to consider cutting back on service during the midday. Other revenue generating ideas, such as marketing a "Giants" bus to the game for weekday games, obtained during these meetings are being evaluated for feasibility and may be implemented as well.



DISCUSSION

Fare Increases

In order to balance the 2007/2008, 2008/2009 and 2009/2010 budgets given inflated fuel expenses, fare increase are needed on both the ferry and express bus programs. Staff considered raising the rates incrementally. However because of the magnitude of the gap between revenue and expenses, the increase amounts would have to be escalated in order to compensate for the implementation delay. If the fare increase does not occur at the beginning of the fiscal year, it would simply defer the problem. For example, for FY 2009/2010 ferry rates, implementing the increased rates at 7.5% (half of the 15%) the first six months of the FY 2009 (July 1st) and the other 7.5% by December would simply mean we would be an additional \$700,000 in deficit by the end of the year.

If assumptions for revenue, ridership and fuel projections are correct, the following proposed fare structures for the ferry and bus systems is absolutely essential to assist in balancing the transportation fund budget the next two years:

Proposed Baylink Ferry Fare Structure

Ticket Type	Current Price	Proposed Fare Increase June 1, 2008	Proposed Fare Increase July 1, 2009
One-Way Tickets (Ferry Only)			
Adult	\$12.50	\$15.00	\$17.50
Reduced (Youth/Senior/Disabled)	\$6.25	\$7.50	\$8.75
Child (0-5)	Free	Free	Free
Group One-Way	\$9.50	\$11.50	\$13.50
Reduced Group (Youth/Senior/Disabled)	\$5.25	\$6.50	\$7.75
Day Pass (Ferry and Bus)			
Vallejo Baylink (Ferry, Vallejo Local Buses and Route 80)	\$23.00	\$27.00	\$31.00
Napa (Ferry plus bus to/from Napa)	\$25.00	Eliminated	Eliminated
Solano (Ferry, Vallejo Local Buses and Routes 80, 85, 90 and 91)	\$25.00	Eliminated	Eliminated
Reduced - Baylink (Ferry, Vallejo Local Buses and Route 80)	\$12.50	\$15.00	\$19.50
Group (Ferry only)	\$19.00	\$23.00	\$27.00
Reduced Group (Ferry only)	\$10.50	\$12.50	\$14.50
10 Ride Punch Cards (One way trip on the Ferry)			
10 Ride	\$98.00	\$120.00	\$138.00
Reduced 10 Ride	\$62.50	\$75.00	\$87.50



Monthly Passes			
Baylink Monthly	\$270.00	\$330.00	\$380.00
Fairfield/Vacaville	\$325.00	Eliminated	Eliminated
SF MUNI Sticker	\$40.00	\$40.00	\$40.00

Proposed Vallejo Transit Fare Structure

Local Fares	Current Price	Proposed Fare Increase June 1, 2008	Proposed Fare Increase July 1, 2009
Adult One Way	\$1.75	No Change	To be determined
Youth One Way (6-18 yr.)	\$1.75	No Change	
Senior (65 & over) & Disabled/Medicare	\$0.85	No Change	
Adult City Pass	\$55.20	No Change	
Youth City Pass	\$43.20	No Change	
Senior/Disabled City Pass	\$27.60	No Change	
Adult 10-Ride	\$15.60	No Change	
Youth 10-Ride	\$12.00	No Change	
Zone Fares			
Adult One Way	\$4.50	\$5.00	\$5.50
Youth One Way (6-18 yr.)	\$4.50	\$5.00	\$5.50
Senior (65 & over) & Disabled One Way	\$2.10	\$2.50	\$2.75
2-Zone 10-Ride	\$39.60	\$45.00	\$47.50
3-Zone 10-Ride	\$46.00	\$51.00	\$53.50
Baylink Bus Monthly Pass Vallejo-BART	\$98.40	\$118.00	\$128.00
Baylink Bus Monthly Pass Vallejo-Fairfield	\$98.40	\$118.00	\$128.00
Solano College Pass	\$84.00	\$104.00	\$114.00

Fuel Surcharge

The City of Vallejo's ferry and bus systems use red-dye diesel fuel and are exempt from most federal excise taxes, with a few minor exceptions. We pay sales tax and certain state excise taxes. The latest Price Per Gallon (for the Ferry) paid on 5/5/08 was \$3.6646 – the week prior it was \$3.8239. For the bus operation the corresponding fuel prices were \$3.6161 last week and \$3.7756 ppg this week.

The ferry service operation is projected to consume an average of 1.4 million gallons of fuel next year and if priced at an average \$4.00 ppg, the ferry operations expected revenues will not be able to pay for the present level of service without a fare increase.



If the average price per gallon of fuel surpasses the budgeted \$4.00 ppg amount, even with the currently proposed fare increase, revenues will not compensate for the existing level of ferry service. It should be noted that the ferry's annual budget deficit increases by \$375,000 (or \$31,000 per month) for each 25 cent increase in fuel costs over the budgeted amount.

The bus service receives a small discount over the ferry system price because it can accept bulk deliveries in underground storage and does not require weekend deliveries. The bus operation is projected to use an average 497,000 gallons of fuel for next year with projections at \$4.00 per gallon. Accordingly the annual bus budget increases by \$125,000 (or \$10,000 per month) for every 25 cent increase in fuel prices.

For fuel budget assumptions and projections, Department of Energy (DOE) projections and contractor/consultant input on fuel usage and tax exemption rates are used. DOE projections represent the Federal Government's "best guess" regarding future energy prices. The Oil Price Information Service is a company that surveys fuel prices at the wholesale level. Wholesale prices are surveyed every day, and the OPIS "average rack rate" is developed for the week. **OPIS rack rates serve as the "benchmark" price on which our contractors provide diesel and is the basis for the price of fuel per the City's contract with Redwood Coast.**

If the average quarterly price of fuel per the fuel contract escalates above the yearly budgeted price per gallon (\$4.00 for fiscal year 2008/09 and \$4.50 ppg for fiscal year 2009/2010) the fuel surcharge mechanism may be activated as needed. If activated, the cost of passenger ferry and express bus fares would be increased by 50 cents per ticket. Federal requirements for half fare tickets would remain in effect.

Staff is proposing the fuel surcharge be tied to the average cost of fuel the City paid the previous quarter. Each week the City is billed for diesel fuel deliveries based on a set price established by the OPIS rack rate and our contract with Redwood Coast. On Thursdays, the price of fuel for the coming week (Sunday-Saturday) is sent to the Division's Procurement Analyst and the City places its order for fuel. (Ferry deliveries are every day at this set price and bus storage capacity for just over a week of fuel usage)

Each month the Division will post the actual price paid for the fuel on the ferries and buses, in the terminal and bus transfer centers and the City's website to keep passengers abreast of any changes by any further escalating fuel prices. If the average price of fuel for that quarter goes above the budgeted amount for the year, the surcharge rate will be adjusted the next quarter and be implemented at 50 cent increments. Revenues from the surcharge would be kept separate and when they total \$400,000 the fuel surcharge would be folded into the regularly scheduled fare increase.



Staff considered activating the fuel surcharge mechanism more frequently (monthly) and at a lower rate (25 cents increments), but believes the effort to timely complete the process that would entail our ticket outlets and vendors coordination, would be too labor and administratively intensive to be cost effective and could make the process more cumbersome. The City of Vallejo has successfully used fuel surcharges in the past and used the quarterly and 50 cent increment.

Given the volatility of fuel prices and the significant impact these fluctuations have had on the transportation budget, staff is recommending a fuel surcharge on fares to mitigate future escalations in fuel price.

Next Steps

The bus system review and route restructuring is on going. It should be noted that fare increases for the local bus fare rates were not recommended for fiscal year 2008/2009 because of the system review and the impact of the last fare increase and major service reductions July 1, 2007. Bus ridership has dropped dramatically (over 20%) as a result, but transit dependent riders are still making their request for improved service known. Staff is in the process of redesigning and route restructuring to service as many of these riders as possible, but will have to cut service hours out of the bus program to meet budgetary constraints.

As stated earlier, the Financial Management and the Budget will outline the plans for service modifications on the ferry, bus, paratransit and taxi scrip programs. It should be noted that if expected revenues and expenditure amounts are not realized, the Transportation Division will be recommending service reductions on both the ferry and bus system. Fare Increase for the local bus service effective July 1, 2009 will also be recommended. No changes are expected to the taxi scrip program and minimum changes to the required, complementary paratransit program.

FISCAL IMPACT

The Transportation Enterprise Fund will end FY 2007-2008 with a program deficit if no action to reduce costs or increase revenues is taken this or next fiscal year.

If the fare increases are approved and the fuel surcharge mechanism is implemented, the fiscal impact of the proposed changes, are based on the following assumptions:



1. Proceedings to implement a fuel surcharge are initiated as soon as possible to protect the General Fund from Transportation Fund deficits. Possible service reductions may be considered if all revenues are not realized.
2. Fuel prices average under the budgeted level of \$3.29 average price per gallon through FY 2007/2008, \$4.00 ppg 2008/2009 and \$4.50 ppg 2009/2010. Average price levels higher than this will result in additional operating deficits.
3. Bus, ferry, and paratransit patronage declines no more than experienced over the last six months, historical trends persist and are consistent with transit industry-standard "fare elasticity" factors (e.g., fare increases result in patronage reductions).
4. Negotiations with the MTC in maximizing RM2 funding are successful and the Division realizes an additional \$500,000. If not, service reductions will be recommended.

Given assumed State and Federal funding levels, ridership predictions, it is critical that the fare increases and fuel surcharge mechanism are implemented as soon as possible to protect the General Fund from Transportation Division budget overruns.

ALTERNATIVES CONSIDERED

Significant reductions in ferry and bus service levels. This option was rejected due to the negative impact on funding levels the Division presently receives.

ENVIRONMENTAL REVIEW

The approval of the fare increases proposed is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Public Resources Code §21080(b)(8) and 14 Cal. Code of Regulations § 15273.

PROPOSED ACTION / RECOMMENDATION

Adopt the Resolution approving the proposed fare increases and fuel surcharge mechanism for the Vallejo Baylink/Vallejo Transit effective June 1, 2008 and for local bus fare rate increases, effective July 1, 2009.



DOCUMENTS ATTACHED

- Attachment A - Resolution
- Attachment B. - Local Transportation Fund
- Attachment C – Local Transportation Fund Annual Deficit Reduction Plan
- Attachment D - Fuel Surcharge Mechanism Report

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CRYSTAL ODUM FORD
Transportation Superintendent
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MAY 20, 2008
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RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, the City of Vallejo provides Regional Express Bus service, and Regional Ferry services to the residents of the region; and

WHEREAS, these systems combined provide 1.6 million passenger trips annually, and

WHEREAS, the cost of these services are funded in part by passenger revenues, and in part by federal and state grants, and

WHEREAS, the cost of fuel has escalated exponentially, and

WHEREAS, the City of Vallejo Transportation Division's estimated Fiscal Year 2008/2009 for bus and ferry service currently includes a \$2.86 million shortfall, and another \$4.3 million projected for FY 209/2010, and

WHEREAS, the Transportation Superintendent recommends that the budget shortfall be addressed in part by passenger revenue increases, and

WHEREAS, the Transportation Superintendent recommends a fuel surcharge to address the volatility of fuel by putting a mechanism in place to address market fluctuations, and

WHEREAS, three public meetings were held to solicit public comment on the proposed fare increase and fuel surcharge, and

WHEREAS, the City of Vallejo operates transit bus routes under the name of Vallejo Transit; and

WHEREAS, the City of Vallejo operates ferry service under the name of Vallejo Baylink; and

WHEREAS, the City's prior fare increase and route change proposal adopted on June, 2007 and implemented on July 1, 2007 and other revenue generating and cost saving measures have been insufficient to cure the operating deficit and the Transportation Fund continues to have a negative working capital,

WHEREAS, a Public Hearing was held on May 13, 2008, to hear public comment on the proposed fare increases and fuel surcharge to take effect June 1, 2008.

NOW, THEREFORE, BE IT RESOLVED that

1. The fare increase is necessary to meet the operating expenses of the City of Vallejo's ferry and bus services.
2. The approval of the fare increases proposed is an action that is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Public Resources Code §21080(b)(8) and 14 Cal. Code of Regulations § 15273.

BE IT FURTHER RESOLVED that the fare increase schedules, as shown in the Staff report to this resolution, which are incorporated herein by this reference, for Vallejo Baylink Ferry, and Vallejo Transit Regional bus, are hereby adopted with an effective date of June 1, 2008.

Baylink Ferry Fare Structure

Ticket Type	Current Price	Proposed Fare Increase June 1, 2008	Proposed Fare Increase July 1, 2009
One-Way Tickets (Ferry Only)			
Adult	\$12.50	\$15.00	\$17.50
Reduced (Youth/Senior/Disabled)	\$6.25	\$7.50	\$8.75
Child (0-5)	Free	Free	Free
Group One-Way	\$9.50	\$11.50	\$13.50
Reduced Group (Youth/Senior/Disabled)	\$5.25	\$6.50	\$7.75
Day Pass (Ferry and Bus)			
Vallejo Baylink (Ferry, Vallejo Local Buses and Route 80)	\$23.00	\$27.00	\$31.00
Napa (Ferry plus bus to/from Napa)	\$25.00	Eliminated	Eliminated
Solano (Ferry, Vallejo Local Buses and Routes 80, 85, 90 and 91)	\$25.00	Eliminated	Eliminated
Reduced - Baylink (Ferry, Vallejo Local Buses and Route 80)	\$12.50	\$15.00	\$19.50
Group (Ferry only)	\$19.00	\$23.00	\$27.00
Reduced Group (Ferry only)	\$10.50	\$12.50	\$14.50
10 Ride Punch Cards (One way trip on the Ferry)			
10 Ride	\$98.00	\$120.00	\$138.00
Reduced 10 Ride	\$62.50	\$75.00	\$87.50
Monthly Passes			
Baylink Monthly	\$270.00	\$330.00	\$380.00
Fairfield/Vacaville	\$325.00	Eliminated	Eliminated
SF MUNI Sticker	\$40.00	\$40.00	\$40.00

Vallejo Bus Fare Structure

	Current Price	Proposed Fare Increase June 1, 2008	Proposed Fare Increase July 1, 2009
Local Fares			
Adult One Way	\$1.75	No Change	To be determined
Youth One Way (6-18 yr.)	\$1.75	No Change	
Senior (65 & over) & Disabled/Medicare	\$0.85	No Change	
Adult City Pass	\$55.20	No Change	
Youth City Pass	\$43.20	No Change	
Senior/Disabled City Pass	\$27.60	No Change	
Adult 10-Ride	\$15.60	No Change	
Youth 10-Ride	\$12.00	No Change	
Zone Fares			
Adult One Way	\$4.50	\$5.00	\$5.50
Youth One Way (6-18 yr.)	\$4.50	\$5.00	\$5.50
Senior (65 & over) & Disabled One Way	\$2.10	\$2.50	\$2.75
2-Zone 10-Ride	\$39.60	\$45.00	\$47.50
3-Zone 10-Ride	\$46.00	\$51.00	\$53.50
Baylink Bus Monthly Pass Vallejo-BART	\$98.40	\$118.00	\$128.00
Baylink Bus Monthly Pass Vallejo-Fairfield	\$98.40	\$118.00	\$128.00
Solano College Pass	\$84.00	\$104.00	\$114.00

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Local Transportation Fund

	Fuel average price per gallon		FY 08-07		FY 07-08		FY 08-09		FY 09-10	
	Actual	Change %	2.50	\$3.03	21%	\$4.00	160%	\$4.50	Change %	Projection
			85,771	85,771	(144,128)	(58,387)	(2,796,036)	(2,868,393)		
Beginning Available Fund Balance										
REVENUES										
Operating										
Bus										
Fare revenues	3,331,056	(414,387) -12%	2,916,669	2,916,669	(16,669) -1%	2,900,000	2,900,000	2,900,000	0%	2,900,000
Grants (Non-discretionary)	9,115,059	(2,451,367) -27%	6,663,692	6,663,692	303,531 5%	6,967,223	6,967,223	7,100,831	2%	7,100,831
Express Route Cost Sharing (TDA)	425,000	1,267,060 0%	1,267,060	1,267,060	(300,000) 0%	1,267,060	1,267,060	1,267,060	0%	1,267,060
Inventory payout		(125,000) 0%	300,000	300,000					0%	
Advertising										
Miscellaneous	26,031	(17,007) -65%	9,024	9,024	(1,524) -17%	7,500	7,500	8,000	7%	8,000
Subtotal, Bus	12,897,146	(1,720,701) -13%	11,176,445	11,176,445	(14,863) 0%	11,161,783	11,161,783	11,276,891	1%	11,276,891
Ferry										
Fare revenues	7,048,314	950,727 13%	7,997,041	7,997,041	2,959 0%	8,000,000	8,000,000	8,000,000	0%	8,000,000
Grants (Non-discretionary)	5,108,510	(288,768) -6%	4,809,722	4,809,722	210,699 4%	5,020,421	5,020,421	4,741,144	-6%	4,741,144
Transfer in from General Fund			100,000	100,000						
Miscellaneous	28,489	6,636 23%	38,105	38,105	(1,105) -3%	35,000	35,000	35,000	0%	35,000
Subtotal, Ferry	12,184,293	758,575 6%	12,942,868	12,942,868	112,559 1%	13,055,421	13,055,421	12,776,144	-2%	12,776,144
Paratransit										
Fare revenues	86,318	(6,318) -7%	80,000	80,000		80,000	80,000	80,000	0%	80,000
Grants (Non-discretionary)	1,054,512	177,330 17%	1,231,842	1,231,842	161,972 15%	1,413,814	1,413,814	1,458,829	3%	1,458,829
Subtotal, Paratransit	1,140,830	171,012 15%	1,311,842	1,311,842	161,972 14%	1,493,814	1,493,814	1,538,829	3%	1,538,829
Taxi										
Coupon Sales	138,937	(937) -1%	138,000	138,000		138,000	138,000	138,000	0%	138,000
Grants (Non-discretionary)	159,230	(44,252) -28%	114,978	114,978	689 1%	115,667	115,667	119,377		119,377
Subtotal, Taxi	298,167	(45,189) -15%	252,978	252,978	689 0%	253,667	253,667	254,377	0%	254,377
Total, Operating	26,520,436	(636,303) -3%	25,884,133	25,884,133	280,552 1%	26,864,665	26,864,665	26,845,041	0%	26,845,041
Capital										
Bus										
Federal match	110,384	7,723,888 6997%	7,834,272	7,834,272	(6,424,510) -82%	1,409,762	1,409,762	(1,409,762)	-100%	(1,409,762)
Local match (State/Bridge grants)	29,589	1,942,212 6562%	1,971,811	1,971,811	(1,619,370) -82%	352,441	352,441	(352,441)	-100%	(352,441)
Transfer in - Fund #420	37,759	(37,759) -100%								
Ferry										
Federal match	264,591	535,409 202%	800,000	800,000	(420,000) -53%	380,000	380,000	(380,000)	-100%	(380,000)
Local match (State/Bridge grants)	48,476	2,576,524 5315%	2,625,000	2,625,000	(2,530,000) -96%	95,000	95,000	(95,000)	-100%	(95,000)
Transfer in - Fund #420	162,982	37,008 23%	200,000	200,000	(200,000) -100%					
Total, Capital	653,801	12,777,282 1954%	13,431,083	13,431,083	(11,193,880) -83%	2,237,203	2,237,203	(2,237,203)	-100%	(2,237,203)
Total Revenues	27,174,237	11,940,979 44%	39,115,218	39,115,218	(10,913,329) -28%	28,201,868	28,201,868	(2,366,847)	-8%	25,845,041

Local Transportation Fund

Fuel average price per gallon	FY 08-07		FY 07-08		FY 08-09		FY 08-10	
	Actual	Change %	Proposed Mid-year Budget	Change %	Projection	Change %	Projection	
2.50	\$2.31	2.50	\$3.03	21%	\$4.00	160%	\$4.50	
EXPENDITURES								
Operating								
Bus								
MV Transportation Operating Contract	8,529,863	(632,109) -7%	7,897,554	(360,938) -4%	7,546,618	249,705 3%	7,796,321	
Route 70					1,417,060	(304,392) 0%	1,112,668	
Route 200	(1,031,293)	(338,672) 33%	(1,369,965)	(342,491) 25%	(1,712,456)	(222,619) 13%	(1,935,075)	
Fuel	1,882,838	(160,632) -9%	1,532,208	467,794 31%	2,000,000	250,000 13%	2,250,000	
Insurance costs	806,563	(306,449) -38%	500,114	15,003 3%	515,117	15,454 0%	530,571	
Grant (Pass-through)	1,517,102	(250,042) -16%	1,267,060		1,267,060		1,267,060	
Transfer out - Fund #421		#DIV/0!						
General admin/other	1,253,712	95,764 8%	1,349,478	(234,013) -17%	1,115,463	347,600 31%	1,483,263	
Subtotal, Bus	12,758,585	(1,582,140) -12%	11,176,445	972,415 9%	12,148,650	335,949 3%	12,484,908	
Ferry								
Blue & Gold Operating Contract	6,138,191	(7,843) 0%	6,130,548	(119,162) -2%	6,011,366	165,182 3%	6,196,548	
Route 200	1,031,293	338,672 33%	1,369,965	342,491 25%	1,712,456	222,619 13%	1,935,075	
Fuel	4,004,710	271,298 7%	4,275,918	1,364,032 33%	5,640,000	705,000 13%	6,345,000	
Ferry Ticket Office	32,371	(32,371) -100%						
Dry docking		75,581 0%	75,581	349,439 0%	425,000	(155,000) 0%	270,000	
Marine Management	192,747	(46,747) -25%	144,000	(24,000) -17%	120,000	5,000 4%	125,000	
General admin/other	786,864	204,140 26%	991,004	(33,447) -3%	957,557	26,726 3%	986,286	
SB 978		100,000 #DIV/0!	100,000	(100,000)				
Subtotal, Ferry	12,166,176	900,820 7%	13,086,998	1,779,383 14%	14,866,379	991,530 7%	15,857,908	
Paratransit								
Purchase Transportation (MV's Contract)	1,084,801	103,707 10%	1,188,508	176,278 15%	1,366,784	41,004 3%	1,407,788	
General admin/other	56,029	87,305 120%	123,334	3,898 3%	127,030	3,811 3%	130,841	
Subtotal, Paratransit	1,140,830	171,012 15%	1,311,842	181,972 14%	1,493,814	44,815 3%	1,538,629	
Taxi								
Scripts payment	284,035	(54,035) -19%	230,000		230,000		230,000	
General admin/other	14,132	8,846 63%	22,978	689 3%	23,667	710 3%	24,377	
Subtotal, Taxi	298,167	(45,189) -15%	252,978	689 0%	253,667	710 0%	254,377	
Total, Operating	26,383,758	(555,497) -2%	25,828,261	2,834,459 11%	28,762,720	1,373,003 5%	30,135,723	
Capital								
Bus	179,625	9,626,458 5359%	9,806,083	(8,043,860) -82%	1,762,203	(1,762,203) -100%		
Ferry	474,176	3,150,824 664%	3,625,000	(3,150,000) -87%	475,000	(475,000) -100%		
Total, Capital	653,801	12,777,282 1954%	13,431,083	(11,193,860) -83%	2,237,203	(2,237,203) -100%		
Total Expenditures	27,037,559	12,231,766 46%	39,259,344	(9,269,421) -21%	30,999,923	(664,200) -3%	30,135,723	

Local Transportation Fund

Fuel average price per gallon

FY 08-07	\$2.31	2.50	FY 07-08	\$3.03	21%	FY 08-09	\$4.00	160%	FY 09-10	\$4.50
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Net, Profit (Loss)

Bus
Ferry
Paratransit
Taxi

	Actual	Change	%	Proposed Mid-year Budget	Change	%	Projection	Change	%	Projection
	136,678	(136,678)		(987,077)	(887,077)		(987,078)	(221,640)		(1,208,918)
	-	(144,128)		(1,666,830)	(1,666,830)		(1,810,956)	(1,270,607)		(3,081,765)
Net Change	136,678	(280,806)		(144,128)	(2,653,908)		(2,798,036)	(1,482,647)		(4,280,683)
Ending Fund Balance	136,678	(195,035)			(2,798,036)			(4,280,683)		

Less: NN Encumbrance

Add: Unused STAF grant

Add: Unused FTA planning grant

Ending Available Fund Balance

173,763										
80,000										
82,858										

Ferry Fare Box Recovery Ratio
Bus Fare Box Recovery Ratio

58%	26%
61%	28%
64%	24%
50%	23%

Local Transportation Fund

Annual Deficit Reduction Plan

Fuel average price per gallon	\$3.03	\$4.00	\$4.50
	FY 07-08	FY 08-09	FY 09-10
	Proposed		
	Mid-year		
	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
Adjusted Beginning Fund Balance			
Bus	-	(987,078)	(1,208,918)
Ferry	(58,357)	(1,777,315)	(3,081,765)
Total, Adjusted Beginning Fund Balance	<u>(58,357)</u>	<u>(2,764,393)</u>	<u>(4,290,683)</u>
Revenue enhancement			
Bus			
Fare Increase-Regional - July 1, 2008 @ \$0.50 per ticket		116,000	
Fare Increase-Regional - July 1, 2009 @ \$0.25 per ticket			218,000
Fare Increase-Local - July 1, 2009 @ \$0.25 per ticket			141,000
Advertising		200,000	200,000
Bus transfer tickets		100,000	100,000
Subtotal, Bus	-	<u>416,000</u>	<u>659,000</u>
Ferry			
Additional RM-2 Funds (MTC)		500,000	500,000
Fare Increase effective June 1, 2008 @ 20%	92,000	1,100,000	
Fare Increase effective July 1, 2009 @ 15%			2,400,000
Fuel surcharge takes in effect if fuel is more than the budgeted amounts. (Fuel costs assess every quarter)			
Subtotal, Ferry	<u>92,000</u>	<u>1,600,000</u>	<u>2,900,000</u>
Service/Expenditure Reduction			
Bus			
Service Reduction, net		(571,078)	(549,918)
Subtotal, Bus	-	<u>(571,078)</u>	<u>(549,918)</u>
Ferry			
Service Reduction, net			
(b) Elimination of Winter Weekend Service (Jan to Feb months) effective 1/1/09		(225,000)	(232,000)
Replace (b) with 3 Bus Winter Weekend Service (Jan to Feb months) effective 1/1/09		47,685	50,235
Subtotal, Ferry	-	<u>(177,315)</u>	<u>(181,765)</u>
Annual Operating Result			
Bus	-	987,078	1,208,918
Ferry	92,000	1,777,315	3,081,765
Subtotal, Annual Operating Deficit	<u>92,000</u>	<u>2,764,393</u>	<u>4,290,683</u>
Adjusted Ending Fund Balance			
Bus	-	-	-
Ferry	33,643	-	-
Total, Ending Fund Balance	<u><u>33,643</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

City of Vallejo
Bus Operation (Regional Routes)
Fare Increase
Additional Revenue Projections

Fare Description	# of Rides	Estimated Average Monthly Sales	Current		\$0.50		Fare Increase, effective July 1, 2008		Additional Revenues	% of Discount
			Fare	Revenue Estimates	Fare	% of Inc	Revenue Estimates	% of Discount		
Bartlink 2-Zone	10	344	38.60	13,022.40	45.00	14%	16,480.00	1,857.60	-10%	
Bartlink 3-Zone	10	1	46.00	46.00	51.00	11%	51.00	5.00	2%	
Bartlink Mo. Vjo-BART	40	342	98.40	33,652.80	118.00	20%	40,356.00	6,703.20	-41%	
Bartlink Mo. Vjo-FF	40	34	98.40	3,345.60	118.00	20%	4,012.00	668.40	-41%	
Solano College	40	40	84.00	3,360.00	104.00	24%	4,160.00	800.00	-48%	
Adult and Youth One-way	1	15,000	4.50	67,500.00	5.00	11%	75,000.00	7,500.00	-50%	
Sen/Dis One-way	1	2,000	2.10	4,200.00	2.50	19%	5,000.00	800.00	-50%	
Total, Average Mo. Revenue Projection		17,761		125,727		17%	144,069.00	18,332.20		

Estimated % of Ridership Loss -6%

Rounded

116,000

City of Vallejo
Bus Operation (Regional Routes)
Fare Increase
Additional Revenue Projections

Fare Description	# of Rides	Estimated Average Monthly Sales	Current		Fare Increase, effective July 1, 2009		Revenue Estimates	Additional Revenues	% of Discount
			Fare	Revenue Estimates	Face	% of Inc			
2-Zone	10	344	38.60	13,622.40	47.50	20%	16,340.00	2,717.60	-14%
Bartlink	10	1	46.00	46.00	53.50	16%	53.50	7.50	-3%
3-Zone	40	342	98.40	33,662.80	128.00	30%	43,776.00	10,123.20	-42%
Bartlink Mo.	40	34	98.40	3,345.60	128.00	30%	4,352.00	1,006.40	-42%
Vjo-BART	40	40	84.00	3,360.00	114.00	36%	4,560.00	1,200.00	-48%
Vjo-FF	1	15,000	4.50	67,500.00	5.50	22%	82,500.00	15,000.00	-50%
College	1	2,000	2.10	4,200.00	2.75	31%	5,500.00	1,300.00	-50%
Adult and Youth	1	17,761	2.10	37,082.10	2.75	28%	49,081.50	11,999.40	-6%
One-way				125,727					
One-way									
Total, Average Mo. Revenue Projectio				125,727			157,081.50	31,354.70	

Estimated % of Ridership Loss

Rounded

218,000



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MEMORANDUM VIA E-MAIL

Date: February 28, 2008
To: Crystal Odum-Ford, Transportation Superintendent
Subject: Fuel Surcharge Mechanism

Per your request, this memorandum outlines a fuel surcharge mechanism that could be used by the City of Vallejo to mitigate the rising cost of diesel fuel, above and beyond the City's current ferry fuel budget.

What is a fuel surcharge?

A fuel surcharge is a temporary fare increase. Typically it is charged to each passenger on a per trip basis. For example, if a fifty cent fuel surcharge was enacted, each fare paying passenger would pay an additional \$0.50 per one-way trip in addition to the normal fare. The extra revenue gained in this manner is then used to offset the fuel costs that are running over the established budget.

What is the process?

A fuel surcharge would require approval by the Vallejo City Council (both the Transportation Advisory Committee (TAC) and the full Council) following a Public Notice/Public Hearing process.

Staff would develop the mechanism and draft and present it to the TAC. Following TAC approval a Public Notice with fuel surcharge details would be promulgated and a Public Hearing would be noticed and scheduled. Following the Public Hearing the full City Council would take action on the matter.

Background and History

Faced with rising fuel costs in September 2000, the process outlined above was initiated and a \$0.50 per passenger trip fuel surcharge was enacted effective January 1, 2001. This

fuel surcharge remained in effect until it was incorporated into the general fare increase that took place on April 1, 2003.

During that fuel surcharge the City collected \$680,000 in surcharge revenue or about \$25,000 per month. The 2001-2003 fuel surcharge was effective in curing the fuel budget deficit and establishing a fuel budget surplus (or reserve).

A fuel surcharge was considered once again in the Fall/Winter of 2005/2006 after fuel spiked significantly above the budgeted price. A surcharge plan was presented to the TAC and a Public Hearing was held in February 2006. Ultimately, the City Council decided to institute a general fare increase in July 2006 in lieu of a fuel surcharge.

Current Fuel Budget Status

For the current fiscal year (through January 31, 2008) the fuel budget is in deficit by \$260,000. Given the current price of fuel, this deficit is growing by about \$60,000 per month. Without action the fuel budget will approach a deficit value of \$560,000 by the end of the fiscal year.

Expected Fuel Surcharge Revenue

Due to the City's fare structure, any fuel surcharge should be denominated in multiples of \$0.50 to facilitate cash handling and the half-fare programs for seniors, children, and the disabled. This avoids the situation of dealing with half-cents in calculating 50% reduced fares.

The following table illustrates the expected monthly fuel surcharge revenue.

Ridership Loss Due to Surcharge	\$0.50 Fuel Surcharge Monthly Revenue	\$1.00 Fuel Surcharge Monthly Revenue
0%	36,223	72,447
1%	29,710	65,934
2%	23,328	59,551
3%	17,267	53,490
4%	11,706	47,929
5%	6,803	43,026

This table accounts for ridership loss in the range of 0-5%, and shows the expected fuel surcharge revenue for both a \$0.50 and \$1.00 fuel surcharge. The example highlighted above shows the net increase in ferry revenues for a \$1.00 per passenger per trip fuel surcharge with no loss of ridership, equaling about \$72,000 per month. This would represent a best case revenue scenario.

Effect on Ticket Prices & Ridership

The effect on total passenger fares of a \$0.50 and \$1.00 fuel surcharge are illustrated on the following table for the most popular fare media sold:

Ticket	Average Monthly Sales	Current Fare	\$0.50 Fuel Surcharge	% Change	\$1.00 Fuel Surcharge	% Change
10 Ride	1,101	98.00	103.00	5%	108.00	10%
10 Ride Reduced	117	62.50	65.00	4%	67.50	8%
Day Pass	8,165	23.00	24.00	4%	25.00	9%
Day Pass Reduced	2,725	12.50	13.00	4%	13.50	8%
Monthly Pass	925	270.00	290.00	7%	310.00	15%
One-Way	3,636	12.50	13.00	4%	13.50	8%
One-Way Reduced	1,105	6.25	6.50	4%	6.75	8%

As can be seen, there would be significant impacts to the Monthly Pass prices given that these passengers typically take 40 ferry trips per month.

Going back to the fuel surcharge of 2001/2003, there was no immediate effect on ferry ridership or ticket sales. The ferry service did see a general fall off in ferry ridership starting in April 2001, about 4 months following the fuel surcharge. This fall in ridership approached 11% through FY 2002 but it is generally attributed to the Dot.Com bust of that year.

Case Study

If the City enacted a fuel surcharge by May 1, 2008 (probably the earliest possible date given the process required) there would be two months of surcharge revenue to count against the FY 2008 fuel deficit. The following example quantifies the impact of the following what-if.

Assumption: fuel surcharge of \$0.50 enacted May 1, 2008, no loss of ridership, fuel prices remain at \$3.00 per gallon for the balance of the fiscal year.

Projected FY 2008 Fuel Deficit	\$560,000
Fuel Surcharge Revenue (2 months)	- 72,000
Net Result - Fuel Deficit	\$488,000

Fuel Budget Process & Surcharge

It has been offered in the past that a fuel surcharge should remain in effect until such time that the fuel budget is in surplus, perhaps by \$300,000 which would represent a fuel budget reserve equal to about 10% of total annual fuel cost.

Given that the fuel budget is adjusted each year during the annual budgeting process, there is an annual opportunity to adjust the budgeted fuel price in order to stem the tide of ever increasing monthly fuel budget deficits.

With conservative budgeting and surcharge revenue flowing into the fuel budget, a surcharge mechanism can be successful in eliminating a deficit and growing a healthy reserve. The history from the 2001/2003 fuel surcharge demonstrates the effectiveness of this approach. The rate of success is dependent on the general behavior of fuel prices and the energy market. The fuel budget rally of 2001/2003 was greatly assisted by fuel prices falling from \$1.42 in October 2000 (the triggering month) to \$1.33 in April 2003 when the fuel surcharge was eliminated.

Summary

Fuel surcharges will be unpopular with the ridership, but most riders will understand the situation as they can see the prices paid at the gasoline pump.

The current fiscal year fuel budget is probably beyond much repair, given that it would be May 1st before a surcharge could be put into place ... and also given the recent behavior of fuel pricing.

Fuel surcharges, combined with some measure of good fortune in determining next year's prices, can bring the fuel budget under control and a fuel budget surplus or reserve can be built. The fuel surcharge of 2001/2003 demonstrates that it can work.

Longer term, the City might want to consider hedging 50% of their fuel purchases. Hedging eliminates fuel savings when prices fall, but provides good protection with prices that soar above predicted or assumed values. However, with WETA on the horizon it may be unrealistic for the City to consider fuel hedging for the ferry service. Hedging the bus service might be a worthwhile strategy to consider.

Fuel surcharges can be seen as fare increases. If the City is considering a general fare increase this summer, it might make more sense to follow the plan used in 2006. On the other hand, the only facet of the ferry operating budget that is suffering is the fuel line item. It might make the fuel surcharge more palatable to the ridership if they get the sense that it will be a temporary measure, and that it will be repealed as soon as a fuel budget reserve is created.

Recommendations

Institute a \$0.50 fuel surcharge (per passenger per trip) as soon as possible.

Adopt a very conservative budget price for FY 2009. Adjust the fuel surcharge if necessary by monitoring the fuel budget on a monthly basis and making adjustments on a quarterly basis. Roll the surcharge back if a \$300,000 fuel budget reserve is achieved.

Based on a draft of the entire FY 2009 ferry budget, raise fares accordingly.

Sincerely,

Handwritten signature of Martin J. Robbins in black ink.

Martin J. Robbins
President