



**DATE:** December 3, 2019

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Execute a Professional Services Agreement (PSA) with Pavement Engineering Inc., (PEI) for the Preliminary Cost Impact Estimate and the Preparation of the Plans, Specifications, and Final Estimates for the Old Highlands Homeowners Association (OHHA) Pavement Rehabilitation Project in an Amount Not-to-Exceed \$205,000

### **RECOMMENDATION**

That Council adopts a Resolution (Attachment II) authorizing the City Manager to execute a Professional Services Agreement (PSA) with Pavement Engineering, Inc., (PEI) to provide a preliminary cost impact estimate and to prepare the plans, specifications, and final estimates for the Old Highlands Homeowners Association (OHHA) Pavement Rehabilitation Project in an amount Not-to-Exceed \$205,000.

### **SUMMARY**

Staff recommends that Council authorize the City Manager to execute a Professional Services Agreement (PSA) with Pavement Engineering Inc., for the not-to-exceed amount of \$205,000 to provide the preliminary cost impact estimate for the Old Highland Homeowners Association (OHHA) Pavement Rehabilitation Project and to prepare the final plans, specifications, and estimates for construction documents should the property owners of OHHA vote to proceed with the project.

The Council Infrastructure Committee discussed this item and directed staff to work with the OHHA Board of Directors to develop a plan for improving the roads after the OHHA property owners approved a funding mechanism to pay for one-half of the required improvements, and dedicated all private roadway segments to the City for public right-of-way.

### **BACKGROUND**

The area known as Old Highlands Homeowners Association (OHHA) in the Hayward Hills just east of the California State University East Bay campus, was annexed to the City in 1963. Upon annexation, property owners are typically required to upgrade all facilities to City standards, including City streets, sanitary sewers, water lines and so on. In 1967, sewer and water improvements were made through an assessment district that was approved by property owners. However, the streets in the area, which were in poor condition even then,

were not brought up to City standards upon annexation. In 1972, a second assessment district for street improvements was halted by a property owner lawsuit claiming that the cost of improvements was too high. Additionally, some streets in that area still remain as private streets. As the area has developed, at least sixteen parcels have Deferred Street Improvement Agreements (DIA) recorded against them requiring certain street improvements to be constructed by the owners when directed by the City.

Since 1972, there have been numerous discussions between the City and OHHA regarding the street improvements. In 2010, the OHHA board proposed an assessment district to reconstruct and improve the streets. At the time, the City offered a \$2 million capital funding allocation to help reduce each property owner's annual assessment over the thirty-year term of the proposed bonds. The property owners have maintained that they did not want standard curb and gutters, sidewalks or roadway widths, and the City agreed to a more rural type of street cross-section. However, the proposed assessment district was rejected by property owners of OHHA.

Since rejection of the proposed 2010 assessment district, any significant street repair efforts in the OHHA area have remained on hold, with the exception of emergency repairs by the City estimated at \$270,000 over the past nine years. The roads do not qualify for preventive maintenance as they are in very poor condition and require more extensive rehabilitation or reconstruction in order to realize a longer lasting improvement.

Pavement Conditions Index (PCI) is a measure of the condition of a paved street. A PCI of 70 and above is good or better. The City's current average PCI is 70. Of approximately 655 lane miles of streets within the City, there are approximately 213 lane miles with a PCI of 65 or less that require major rehabilitation or reconstruction. The 6.12 lane miles of OHHA streets have a PCI of considerably less than 65. OHHA streets make up 0.93% of the overall City street system, and 2.75% of the streets that require rehabilitation or reconstruction.

## **DISCUSSION**

The Council Infrastructure Committee directed staff to work with the OHHA Board of Directors to develop a plan for improving the roads after the OHHA property owners approved a funding mechanism to pay for one-half of the required improvements, and dedication of all private roadway segments to the City for public right-of-way.

Staff met with the OHHA Board of Directors and agreed on tentative terms that were presented to property owners at a neighborhood meeting on January 18, 2018. These terms included that the City would fund 50% of the cost to repair the streets with a stipulation that the OHHA property owners would reimburse the City the other 50% over a period of twenty (20) years. The property owners in attendance approved of the terms. The terms are summarized as follows:

## OHHA Tentative Terms

Staff has outlined agreement terms with the OHHA Board for maintenance of all public roads within the OHHA boundary. Agreement terms for roadway maintenance consist of the following main points:

- The roadways require full depth reconstruction. This reconstruction effort includes design, legal and financial consultants, City inspection, survey and administration staff costs and is estimated to cost \$5 million to \$6 million.
- City will provide the initial funding for improvements from the Capital Improvement Program over a period of five to six years. The City will improve one or two streets each year. The OHHA Board will set construction priorities. They have selected Cotati and Tribune as the streets to be reconstructed during the first year of this program.
- OHHA property owners will reimburse the City for 50% of the cost incurred to reconstruct each road within the OHHA neighborhood.
- OHHA property owners will approve a financing mechanism that guarantees this reimbursement over a 20-year period. There are approximately 296 parcels within the OHHA boundary. Staff anticipates that the maximum annual assessment for each parcel will not exceed \$600. The preliminary cost estimate will provide a basis for calculating the per parcel assessment levels contained in the Engineer's Report as required by Prop. 218.
- The roadway improvements are intended to include pavement reconstruction only. Very minor improvements to eliminate roadway water ponding may also be included.
- The roadway improvements will not include curb and gutter, rolled curbs, storm drain inlets, street lighting, or sidewalks.
- The roadway improvements will follow the existing roadway footprint. The intent is to construct a 20-foot wide one-way street and a 24-foot wide two-way street pavement, unless existing obstructions prevent this from being implemented. In the case of obstructions, the roadway will be narrowed.
- The City will only improve roadways that are 100% public right-of-way. The City's surveyor will identify street sections that are currently private property. The City's surveyor will create a plat/legal description for these roadway segments. Property owners will cause these roadway segments to be dedicated to the City as public right-of-way.
- Upon OHHA property owners approval of a financing mechanism, all existing deferred street improvement agreements will be voided.
- The City will not begin any work, except development of an Engineer's Report for the proposed financing mechanism, until financing is approved by the OHHA property owners. The Engineer's Report will include a rough estimate of anticipated costs only with appropriate contingencies.
- The OHHA Board is responsible for all communications necessary to convince property owners to approve the financing mechanism and to dedicate private street areas for public right-of-way.

- When construction is complete, the City will perform future maintenance of the newly constructed pavement with available City funds as is possible as part of the City Pavement Rehabilitation Program.

A straw poll of property owners was conducted by OHHA and the property owners appear to have the necessary votes to approve creation of an assessment district and imposition of a special assessment to fund the project but require an accurate preliminary cost estimate prior to a formal vote of OHHA property owners. Staff can now proceed to hire a consultant to develop the preliminary cost estimates for the project necessary in order to produce the Engineer's Report. The Engineer's Report will incorporate recommendations for the necessary street improvements and develop a benefit formula to spread the assessments amongst the property owners.

The City surveyor has identified all private street segments included in the project and has prepared the plat and legal descriptions necessary for the property owners to dedicate those street segments as public right-of-way. The City surveyor has determined that there are sixteen remaining private street segments, where originally there were thought to be a much higher number.

The next step is for a preliminary cost estimate to be generated. This estimate will be used to estimate the cost for each property owner for the entire length of the project. The work will be performed in two phases. The first phase will be the development of the preliminary cost estimate for the entire project needed for the Engineer's Report. The second phase will be the preparation of the final plan, specifications, and estimates needed to obtain construction bids.

PEI prepared a deflection analysis for the OHHA Pavement Rehabilitation Project in 2017, which will be utilized in the preparation of the preliminary estimate and in the preparation of the final plans, specification and estimate. PEI is also very familiar with all streets in the OHHA project area.

Once the preliminary cost estimate is established, an Engineer's Report will be prepared, after which there will be a formal District Vote of the property owners in the OHHA. If the formal vote passes, PEI will prepare the final construction plans, specifications, and estimates to obtain construction bids. Additionally, the City Council will proceed with creation of the assessment district and imposition of the special assessment in compliance with Prop. 218. The OHHA Board will select the street priority for the phased construction. The entire project is anticipated to be completed over 5 – 6 years in which the selected streets will be included in the City's annual Pavement Maintenance and Rehabilitation Project.

## **ECONOMIC IMPACT**

Staff anticipates that the maximum assessment imposed on the property owners within OHHA will not exceed \$600 per year for twenty (20) years for the street improvements. It is

anticipated that the property values in OHHA will increase due to improvement of the condition of the streets.

## **FISCAL IMPACT**

The annual Pavement Maintenance and Rehabilitation project is funded via Gas Tax, Measure BB, Measure B and State Road Repair and Accountability Act (SB1) funds. The estimated cost for this phase of the project is \$205,000.

## **STRATEGIC INITIATIVES**

This project supports the Complete Streets Strategic Initiative. The purpose of the Complete Streets Initiative is to build and maintain streets that are safe, comfortable, and convenient for travel for everyone, regardless of age or ability; including motorists, pedestrians, bicyclists, and public transportation riders. This project supports the following goal and objectives:

Goal 1: Prioritize safety for all modes of travel.

Objective 1: Reduce the number of fatal and non-fatal traffic accidents in the City through engineering evaluation of major intersection and corridors.

Although the street repairs in OHHA is not a Complete Streets project because the property owners have maintained that they did not want standard curb and gutters, sidewalks or roadway widths, and the City agreed to a more rural type of street cross-section, the improvements will increase safety for drivers, bicyclists, and pedestrians as a result of improved road conditions.

## **SUSTAINABILITY FEATURES**

Cold-In-Place Recycling (CIR) pavement treatment will likely be utilized on this project. CIR involves removing the top layer of asphalt, mixing the removed aggregates with a recycling agent and other additives on-site, replacing this pavement material onto the same roadway, then applying a Hot Mix Asphalt overlay resulting in the minimization of waste. This is a more sustainable paving method, which greatly reduces trucking base material to and from the project site.

## **PUBLIC CONTACT**

Staff has had numerous discussions with OHHA board members and property owners over the years. Most recently, staff attended the January 2018 OHHA neighborhood meeting, heard their concerns, and provided feedback.

**NEXT STEPS**

- The engineering consultant will complete the preliminary cost estimate.
- These reviews will be coordinated with the OHHA board to confirm the scope and confirm the benefit formula and annual assessment.
- There will be a District Formal Vote.
- If the vote passes: The City Council will proceed with creation of a benefit assessment district and impose the special assessment in compliance with Prop. 218; consultant will prepare the final plans, specifications and estimate; and the City will bid and award the selected streets in OHHA for the first year of pavement treatment as part of the City’s annual pavement rehab project.
- The selected street priority will be set by the OHHA board.
- The entire OHHA Pavement Project is anticipated to be completed over 5-6 years.

*Prepared by:* Kathy Garcia, Deputy Director of Public Works

*Recommended by:* Alex Ameri, Director of Public Works

*Approved by:*



---

Kelly McAdoo, City Manager