



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 05/20/2025

ITEM NO: 10

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DATE: May 15, 2025  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: Authorize Expenditure Budget Increase for the Shannon Road Pedestrian and Bikeway Improvement Project (CIP No. 813-0218) in the Amount of \$88,202 and Authorize the Town Manager to Execute Changes Orders In a Not to Exceed Amount of \$253,912

**RECOMMENDATION:**

Staff recommends that the Town Council take the following actions regarding the Shannon Road Pedestrian and Bikeway Improvement Project (CIP No. 813-0218):

- a. Authorize an Expenditure Budget increase in the amount of \$88,202 from the available Traffic Mitigation Fund (Fund 471); and
- b. Authorize the Town Manager to execute change orders in a total amount not to exceed 12 percent (12%) of the \$2,115,930.50 construction contract amount (\$253,912)

**STRATEGIC PRIORITIES:**

This project supports the Core Goal of **Quality Public Infrastructure**. Implement transportation demand management and traffic calming efforts to mitigate traffic congestion where possible, while ensuring safety for all users and making bicycle and pedestrian improvements.

**FISCAL IMPACT:**

Staff recommends an expenditure budget transfer from the Traffic Mitigation Fund in the amount of \$88,202 to the Shannon Road Pedestrian and Bikeway Improvement Project (CIP No. 813-0218) and authorization for the Town Manager to execute change orders in a total amount not to exceed 12 percent of the \$2,115,930.50 construction contract (i.e. up to \$253,912)The

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Senior Civil Engineer

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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recommended expenditure budget transfer is for construction support agreements and an additional 2 percent contingency, while recognizing a reduction in labor budget.

<b>Expenditure Budget Request Detail</b>	
Construction Support Agreements	\$52,908
Contingency (2% requested with this staff report)	\$42,319
Less unused labor budget	(\$7,025)
<b>Expenditure Budget Transfer (requested with this staff report)</b>	<b>\$88,202</b>

<b>Shannon Road Pedestrian and Bikeway Improvements</b>		
CIP No. 813-0218		
<b>Budget</b>		
Existing Appropriation	\$	2,706,944
Additional Appropriation (requested with this staff report)	\$	88,202
<b>New Project Total</b>		<b>\$2,795,146</b>
<b>Expenditures</b>		
Construction Contract - Sposeto Engineering Inc	\$	2,115,930
Construction Support Agreement - Activewayz Engineering	\$	292,705
Construction Support Agreement - BSK Engineering	\$	23,028
Construction Support Agreement - Zoon Engineering	\$	14,108
Staffing Costs	\$	22,592
Other Project Costs	\$	72,871
<b>Total Expenditures to Date</b>	<b>\$</b>	<b>2,541,234</b>
Change Orders	\$	253,912
10% - \$211,593 (Previously Approved)		
2% - \$ 42,319 (Requested with this Staff Report)		
<b>New Expenditure Total</b>	<b>\$</b>	<b>2,795,146</b>
<b>Project Balance After Recommended Actions</b>	<b>\$</b>	<b>0</b>

#### BACKGROUND:

The Shannon Road Pedestrian and Bikeway Improvements Project provides pedestrian and bicycle safety improvements on Shannon Road between Los Gatos Boulevard and Cherry Blossom Lane. This segment of Shannon Road is a two-lane neighborhood collector street with high volumes of bicycle and pedestrian traffic when schools are in session. The street is the primary route for students attending Blossom Hill Elementary, Louise Van Meter Elementary,

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and Raymond J. Fisher Middle Schools. Prior to the project sidewalks on both the north and south sides of Shannon Road were intermittent.

On May 3, 2021 Town Council authorized an agreement for \$126,631 with ActiveWayz for consulting design services for the Shannon Road Pedestrian and Bikeway Improvement Project. Over the course of the project design and development amendments to the agreement were made. Most recently on October 1, 2024, the Town Council authorized a fifth amendment to the agreement with ActiveWayz Engineering. The fifth amendment added \$15,772 for construction phase support, including submittal reviews, materials approvals, and requests for information from the contractor. The number of contract amendments for ActiveWayz is directly attributable to the extensive community engagement necessitated for this project and the design changes that resulted from the engagement. The total contract amount for ActiveWayz after the fifth amendment is \$292,705, approximately 14% of the base construction cost.

On June 18, 2024, the Town Council awarded the contract for construction to Sposeto Engineering Inc. in the amount of \$2,115,930.50. The Town Manager was given authority to execute change orders in an amount not to exceed 10% of the contract (\$211,593).

On August 13, 2024, the Town entered an agreement with BSK Engineering, in the amount of \$23,028 for construction support services such as materials testing.

On August 19, 2024, the Town entered into an agreement with Zoon Engineering, in the amount of \$14,108 for construction support services such as Labor Compliance for federal requirements associated with the project grant funding.

#### DISCUSSION:

The Shannon Road Pedestrian and Bikeway Improvement Project is now two-thirds complete and is already being utilized by the community. There are new sidewalks, curbs and gutters, new storm drainage systems, and ongoing landscaping improvements. Schoolchildren and older adults are utilizing the sidewalk to safely walk along this corridor. Construction staff have worked closely with adjacent homeowners to address their concerns and restore their frontage. The project will be shifting operations to restore pavement and install fresh striping, including new buffered bike lanes; the last remaining tasks before the project will be complete.

#### *Construction Support Agreements*

As noted above, in June 2024, the Town Council awarded the construction contract to Sposeto Engineering. To meet the federal and local requirements, the project needed support services from Zoon Engineering, ActiveWayz Engineering, and BSK Engineering. Zoon acted as the Labor Compliance Officer for this project, BSK tested materials for quality, and ActiveWayz provided

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engineering services during the construction phase. These agreements were not budgeted at award, therefore, no budget allocations were made for support services.

**Table 1. Summary of Construction Support Agreements**

<b><i>Consulting Services Agreement</i></b>	<b><i>Amount</i></b>
BSK Engineering (Materials Testing)	\$ 23,028
Zoon Engineering (Labor Compliance Officer)	\$ 14,108
ActiveWayz Engineering Amendment + Additional Encumbrance from FY 23/24 (Design Engineer Services)	\$15,772
<b>Total</b>	<b>\$52,908</b>

#### *Pavement Treatment Change*

The project design proposed a combination of slurry and overlay areas along Shannon Road to provide a final roadway surface for the project. However, this approach raised concern about long-term maintenance since the two treatment have different lifespans and maintenance cycles. As such staff is proposing to eliminate the original treatment and add a grind and overlay of the project reach. The differences of each approach are highlighted in Table 2.

**Table 2. Comparison of Pavement Treatment Options**

<b>Slurry and Overlay (per Design Plans)</b>		<b>Mill and Overlay (Recommended Change)</b>	
<i>Advantage</i>	<i>Disadvantage</i>	<i>Advantage</i>	<i>Disadvantage</i>
Original scope. No additional Cost	Shorter pavement lifespan (10 years)	Longer pavement lifespan (25 years)	Additional Cost
	Different maintenance cycles between the north and south side	Uniform Surface. PCI set to 100	
	Longer Construction Period (14-21 days)	Shorter Construction Period (4 days)	
	Greater disruption to homeowners, and increased risk of incident	Lower impact to homeowners and lower risk of incident	

The net cost of the full-width overlay is estimated at \$124,497.

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### *Project Change Orders*

Before staff recommended the change in pavement approach discussed above, a series of project changes were required and considered. Two of these, Construction Change Order (CCO) 1 and CCO 2, were approved before this requested action. CCOs 3 through 11 have not been authorized. These were a series of small (\$17,376 to \$410) changes that related to encountering utilities that were not identified during design. The result was a project delay and the need for minor modifications to accommodate the relocation of certain project elements.

Construction Change Orders 1 and 2 have been approved. Construction Change Orders 3 through 11 are pending and will be approved once the contractor has completed the work. The total value of CCOs 1 through 11 is \$96,992.

With the proposed pavement treatment change, the total cost of change orders 1 through 12 would exceed the previously authorized project contingency by \$9,896. Staff is also requesting an additional \$32,423 in the event that additional change orders are required to complete the project.

To allow the existing and proposed change orders to be considered, staff recommend a two percent increase to the Town Manager's authorization to approve change orders. The fiscal table below illustrates this request.

The final project costs will consist of credits in addition to the costs presented here. The final tally of project change orders and credits will be identified when the project is presented to the Town Council for project acceptance in fall 2025.

This Traffic Impact Mitigation Fund is an acceptable source of funds for this project because the approved (2014) project list includes "local bikeway improvements" as eligible funding, and the project is needed to enhance the safety of cyclists and pedestrians which is needed to offset the impact of development that paid into the fund. The Town's Traffic Impact Mitigation Fund has enough reserves to be able to cover the extra costs needed for this project. The balance of the Traffic Impact Mitigation Fund as of May 15, 2025, is \$3,572,198.

### CONCLUSION:

The proposed actions would transfer \$88,202 from the Traffic Impact Mitigation Fund to the Shannon Road Pedestrian and Bikeway Improvement Project and increase the Town Manager's authorization of change orders by 2%.

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Improvement Project

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ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA and is Categorically Exempt (Section 15301(c)). A Notice of Exemption has been filed.