



Date: December 2, 2010

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
Mark D. Ahrendsen, Transportation Director
From: Philip M. Loziuk, City Traffic Engineer

Subject: Agenda Item – Annual Extension of Municipal Maintenance Traffic Signals Agreement Schedule C

Executive Summary

In February 2010, the City of Durham and North Carolina Department of Transportation (NCDOT) entered into a Municipal Maintenance Agreement for the maintenance of traffic signals on the State's Highway System within or near the City. Subject to the availability of NCDOT funds, the Agreement contained a provision for one year extensions (up to five years) incorporating mutually agreed upon reimbursement rate increase adjustments. NCDOT Division 5 has proposed the first annual extension with a two percent (2%) increase in reimbursement rates to the City effective July 1, 2010. The revenues associated with this agreement are anticipated and reflected in the City budget.

Recommendation

The City Department of Transportation recommends that the City Council authorize the City Manager to execute annual extension agreements to the Municipal Maintenance Traffic Control Devices Traffic Signals Agreement Schedule C, executed February 16, 2010, up to a total contract duration of five years; and to further authorize the City Manager to execute mutually agreeable annual reimbursement rate adjustments up to three (3) percent per annum.

Background

The City Department of Transportation installs and maintains traffic control devices on the State Highway System streets. Approximately eighty-five percent (85%) of the 390 City-maintained traffic signals are part of this system. The City is reimbursed for this work by NCDOT under G.S. 136-18 and 136-66.1. Rates are established by NCDOT and adopted by the City through four separate Municipal Maintenance Agreements and their related Schedules: (1) Schedule "A" – Signs; (2) Schedule "B"- Markings and Markers; (3) Schedule "C"- Traffic Signals; and (4) Schedule "D"- Computer, Communications Equipment, and System Operations for Computerized Traffic Signal System. This Agenda Item is for an annual extension and rate adjustment for Schedule "C"- Traffic Signals. Provisions for annual extensions of Schedules A, B, and D were previously authorized by each agreement; and there are no proposed rate adjustments for those schedules in FY 2010-11.

The proposed FY 2010-11 reimbursement rates are appropriate and reflect the cost of performing the required work and providing the level of service required by the terms of the agreement. In most instances, the City provides a higher level of service than the requirements set by NCDOT within these municipal agreements. The State recognizes that local municipalities are more aware of their local needs and can provide their citizens a higher level of service than State resources could provide.

Issues and Analysis

On December 11, 2009, the City Council authorized the City Manager to execute a five year annually renewable Municipal Maintenance –Traffic Control Devices Traffic Signals Agreement Schedule C. For this contract, extensions require additional approval authority by the City Council. To extend the term of the contract and accept a higher rate reimbursement, the City Department of Transportation recommends that the City Council authorize the City Manager to execute annual extensions for the full five-year duration of the original contract, including annual reimbursement rate increases. The services provided for in the agreement are an integral part of the Department's service functions as reflected in the City's annual operating budget.

Alternatives

- Authorize the City Manager to Execute Schedule "C" Extension Agreement--Continue to perform work on State Highway System traffic signals with a 2% increase in current reimbursement rates.
- Do not authorize the Extension Agreement—the City would no longer have the authority to perform work on State Highway System traffic signals and would forgo all related reimbursement revenues.

Financial Impact

The current Schedule C agreement provides \$480,000.00 in anticipated annual reimbursement revenue to offset the City's cost of maintaining and operating State System traffic signals. With the approval of the contract extension and 2% rate reimbursement increase, FY 2010-11 Schedule C revenues are projected to increase by \$9,600.00 to a total of \$489,600.00. The FY 2010-11 City Budget reflects \$480,000.00 in anticipated Schedule C revenues.

SDBE Summary

Due to the nature of this item, an SBDE summary was not prepared.

Attachments

Attachment A – Extension of Municipal Maintenance Agreement, Schedule C

Attachment B – Executed Municipal Agreement for Schedule "C" – Traffic Signals