



CITY COUNCIL STAFF REPORT

ITEM NO. 6.2

DATE: March 23, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing replacing State - Gas Tax funds with County Measure BB - Local Streets and Roads funds in FY 2025-26, authorizing the acceptance for permanent maintenance, release of the security bonds, and execution of a Notice of Completion for the Flagpole Plaza Project DR202225.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution replacing \$1,664,177 of State - Gas Tax Fund 560 with \$1,664,177 of County Measure BB - Local Streets and Roads Fund 552 in FY 2025-26; authorizing the acceptance for permanent maintenance, release of the security bonds; and authorizing the City Manager to sign the Notice of Completion for the Flagpole Plaza Project DR202225.

DECISION TYPE

Administrative

SUMMARY

On January 27, 2025, City Council awarded the contract for construction of the Flagpole Plaza Project to McGuire and Hester. The contract was substantially completed on November 19, 2025, and reached final completion on January 16, 2026. The contract can now be accepted for permanent maintenance. The process to release the contractor's bonds can begin. Staff recommends replacing the current \$1,664,177 of Gas Tax funds in FY 2025-26 with Measure BB - Local Streets and Roads funds. This will help ensure that the City is meeting its requirements for the use of Measure BB - Local Streets and Roads funds which includes a requirement that a minimum of 15% of these funds be spent on pedestrian or bicycle improvements each year.

DISCUSSION

The Flagpole Plaza Project is located within the public right-of-way on the corner of First Street and South Livermore Avenue. Attachment 1 shows the site location. The Flagpole Plaza was originally designed with a large grass area serving as a public gathering space. However, following the onset of

the COVID-19 pandemic in 2020, the area was repurposed for outdoor dining. During this time, the grass was removed and replaced with decomposed granite to better accommodate dining needs. The Flagpole Plaza Project DR202225 restored and enhanced a key public gathering space in the downtown. The project replaced bluestone pavers and decomposed granite with stamped concrete. The redesigned plaza now includes fully ADA-compliant accessible pathways and surfaces. Upgrades include new landscaping, and advanced security cameras linked to the Police Department's Real Time Awareness Center to enhance public safety. These improvements enhance both the functionality and aesthetics of a prominent downtown intersection, transforming the area into a more vibrant, accessible and community oriented public space. The project was completed in accordance with the contract documents in a manner acceptable to the City Engineer.

At time of award, the contractor provided a faithful performance bond guaranteeing completion of the project, and that bond must now be released. Six months after the date of the resolution accepting the project, the labor and materials bond guaranteeing the improvements should be reduced to an amount equal to any claims filed and of which notice has been given. The balance of the bond will be released upon the settlement of all claims and obligations for which the security was given (there are no known claims at this time). The security for the guarantee and warranty of work shall remain in effect for one year from the date of the resolution.

FISCAL AND ADMINISTRATIVE IMPACTS

The original construction contract was \$2,434,000. The contingency budget for change orders was 10% of the contract amount per Municipal Code 2.268.590B. The final contract amount including change orders was \$2,536,188. There were 12 change orders which totaled \$102,188. This is 4.2% of the contract amount. Change orders included utility conflicts encountered during construction, phasing of construction to maintain access for local businesses and pedestrians and merchant fencing requirements.

The Flagpole Plaza Project DR202225 was approved as part of the 2025–2030 Capital Improvement Plan with funding from County Measure B – Bike/Pedestrian, County Measure B – Local Streets and Roads, County Measure BB – Local Streets and Roads, and State - Gas Taxes in FY 2024-25 and FY 2025-26. The current FY 2025-26 budget consists of \$1,664,177 of State - Gas Taxes. Staff recommends replacing the Gas Taxes in FY 2025-26 with \$1,644,177 of Measure BB - Local Streets and Roads. This will help ensure the City meets its requirements for the use of Measure BB funds which includes a requirement that a minimum of 15% of Measure BB - Local Streets and Roads funds be spent on pedestrian or bicycle improvements and there are multiple pedestrian pathways within the project that meet this requirement. This adjustment will not increase the total cost of the project. Total costs for the project are within the budgeted amount, and no additional appropriations are required.

Annual operations and maintenance costs for new equipment are estimated at \$9,000 per year. Operations and maintenance costs will be funded from the Downtown Landscape Maintenance District fund.

COMMUNITY PILLAR

4: Inclusive & Inviting Spaces & Places

GOAL

3: Continue to implement the Downtown Specific Plan

ATTACHMENTS

1. Location Map
2. Resolution
3. Exhibit A - Notice of Completion

Prepared by: Joe Kuderca
Engineering Specialist

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director