TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: JANUARY 22, 2002 CMR:107:02

SUBJECT: REVIEW OF PRELIMINARY DESIGN AND COST ESTIMATES OF THE HOMER TUNNEL PROJECT, AND REQUEST FOR COUNCIL DIRECTION ON PROJECT AND APPROVAL OF A CONSULTANT CONTRACT WITH NOLTE ASSOCIATES, INC. IN THE AMOUNT OF $433,649 FOR DESIGN SERVICES FOR THE HOMER AVENUE CALTRAIN UNDERCROSSING, CAPITAL IMPROVEMENT PROGRAM PROJECT 10121

REPORT IN BRIEF

To date, Council accepted $2.5 million in federal and state grant funding for the Homer Avenue Caltrain Undercrossing project, and another $350,000 is provided from local development fees upon commencement of construction. A total of $2.8 million is committed to this project. This project would provide a vital bicycle and pedestrian tunnel connection under the CalTrain tracks between the South of Forest Area, the Palo Alto Medical Foundation, Sheraton Hotel, and the Palo Alto CalTrain Station.

In May 2001, Council approved a consultant contract with Nolte and Associates, Inc. to proceed with 15% design in order to define project issues, refine the project cost estimate and analyze project feasibility. Currently, the total estimated project costs exceed the grant funding by approximately $1.2 million. Staff is working with outside agencies to identify possible funding sources to reduce or eliminate this deficit. The $2.5 million in grant funding is dependent on the City meeting certain deadlines and would be jeopardized if these deadlines were not met. Staff has developed an accelerated schedule for this project in order to meet the deadlines.

However, approval of the design and right-of-way certification requires cooperation from numerous outside agencies including Caltrans, the Federal Highway Administration (FHWA), California Public Utilities Commission, Union Pacific Railroad, the Penninsula Corridor Joint Powers Board (PCJPB)/CalTrain and several fiber optic carriers. Due to the number of parties involved and the aggressive schedule, it is difficult to predict the likelihood of getting everything approved on time. If the City proceeds with design and fails to meet grant funding deadlines, significant financial penalties would be imposed. The City would not only lose its grant funding, but would also be penalized by an equal amount in future transportation grant funding programs. Both proceeding with the
project and not proceeding has financial risks for the City. Each project scenario is described below with an outline of pros and cons.

This report recommends that Council authorize staff to proceed with the preferred design concept, advance an additional $470,000 in design costs which is included in the 2001-02 adopted budget, and approve an amendment to the consultant contract to commence the design phase. Staff’s recommendation to proceed is based on the primary criteria being preservation of grant funding and completion of the project. If Council felt other decision-making criteria were more important, such as minimizing financial risk to the City, stopping the project now would be the most conservative course of action. Under this scenario, staff would continue to look for other future grants and the project could proceed at some future date. However, it is unlikely that future federal and state grants would be made available in the event the City decides to cancel the project. It is also important to note that funding for this project would have to come from the Budget Stabilization reserve, as it constitutes as a new project under the Infrastructure Master Plan.
RECOMMENDATIONS
Staff recommends that the City Council:

1. Approve and authorize the Mayor to execute the attached contract amendment (Attachment A) with Nolte Associates, Inc. in the amount of $433,649 for design services for the Homer Avenue Caltrain Undercrossing, Capital Improvement Program (CIP) Project 10121;

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Nolte Associates, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $43,365;

3. Approve the preferred skewed alignment, Alternative C, as identified in the Homer Avenue Caltrain Undercrossing 15% Design Report (Attachment B); and

4. Authorize the City Manager to negotiate and execute right-of-way and utility easements and agreements.

BACKGROUND
In November 1998, a feasibility study by Steven Grover and Associates evaluated three railroad-crossing alternatives in the vicinity of Homer Avenue. The alternatives were, (A) an at-grade crossing, (B) a bridge and (C) an undercrossing. The preferred alternative was an undercrossing, which provided the necessary accessibility and safety while offering the best reduction in time travel for cyclists. In March 2000, City Council adopted the South of Forest Area (SOFA) Coordinated Area Plan that identified specific policies relating to bicycle and pedestrian circulation in and around the study area. In December 2000 (CMR:441:00), the City Council accepted $2.3 million in federal and state grant funds for the Homer Avenue Caltrain Undercrossing project. In April 2001 (CMR:205:01), the City Council approved the Disadvantaged Business Enterprise (DBE) program that provides eligibility to accept this funding, administered by the California Department of Transportation (Caltrans). In May 2001, the City received authorization from Caltrans to begin the preliminary engineering phase of the project. In July 2001 (CMR 298:01), the City Council approved a consultant contract with Nolte Associates, Inc. (Nolte) for 15% design services and directed staff to refine the project cost estimate before proceeding further with the project. In December 2001, the City was awarded an additional $150,000 in grant funds for the project from the VTA. The project will need to be implemented on an accelerated timeline in order to safeguard the funding. State grant funding must be obligated for the construction phase no later than June 30, 2002. Federal funding must be obligated by September 30, 2002.
DISCUSSION

Recommended Undercrossing Design Alternative

The purpose of the project is to construct approaches and a new pedestrian/bicycle tunnel under the CalTrain railroad tracks between the intersection of Alma Street and Homer Avenue to the bike path near Urban Lane, just east of the Palo Alto Medical Foundation (PAMF). Nolte developed the 15% design report, including undercrossing alternatives and cost estimates, a tree removal study, an historic resource evaluation study, and an initial environmental site assessment (Attachment B). Nolte and staff also had design review meetings with the Palo Alto Bicycle Advisory Committee (PABAC), PCJPB and Architectural Review Board (ARB) to assist in the development of the undercrossing alternatives.

The cost estimates for the alternatives range from $4,059,858 to $4,814,658. The costs vary due to the method of construction and type of structure used. The preferred Alternative C, which is also the least expensive, includes stairways, ADA-compliant ramps, landing areas, portal treatments, lighting and landscaping. The proposed structure is 17.5 feet wide and 70 feet long with a skewed alignment made of precast concrete. The skewed alignment, with one tunnel portal centered on Homer Avenue and the other on the PAMF landing circle, allows for the most functional pathway connecting the bike route on the east side of Alma Street with the Urban Lane bike path leading to the University Avenue CalTrain Station and the planned bike path southward over Embarcadero Road to Churchill Avenue. Public art will be included as part of the portal treatment, and lighting and miscellaneous items will provide a safe and functional facility by reducing the perception of the tunnel as a long, dark, enclosed corridor. The estimated total project cost of $4,060,000 meets the structural and site constraints and includes utility relocations, design fees and construction costs.

This preferred alternative was presented to the PABAC and ARB during the 15% design phase. The comments and ideas generated on the preferred design focused on the architectural treatment of the tunnel entrance, landscaping, art and circulation. PABAC and ARB support the staff-recommended configuration, Alternative C. However, the ramping and stairways leading to the tunnel will need to be further developed in the final design. The general consensus with both groups is that circulation and safety is critical for the long-term use of the facility.

The eastbound bicycle and pedestrian traffic leaving the tunnel at the Alma Street side will connect with Homer Avenue, a two-lane westbound, one-way street. The Transportation Division and the Police Department have identified important circulation issues based upon the existing conditions of the intersection and the proposed improvements. As part of a traffic signal modification project, the modifications to the traffic signal will be necessary to accommodate two crosswalks providing ingress and egress across Alma Street to the undercrossing. The traffic signal design will be developed further in the final design phase and will be coordinated through the Transportation Division.
Funding and Timeline Issues

There is currently a funding shortfall of approximately $1,261,000. This is due to: 1) the original grant funding request being based on construction cost only and thus being insufficient to cover design and other project costs; and 2) the PCJPB proposing a fourth track (elongating the original tunnel structure by 20 feet) to accommodate the future electrification of the rail lines. The committed funding sources and deadlines for this project total $2,798,810 are as follows:

1. $2,035,000 Federal Transportation Equity for the 21st Century (TEA-21) grant funds, with deadline for approval of plans, specifications and right-of-way agreements of September 30, 2002.

2. $263,810 State Transportation Improvement Program (STIP) funds, with deadline for Metropolitan Transportation Commission (MTC) authorization to proceed with construction of June 30, 2002.

3. $300,000 PAMF and $50,000 Sheraton Hotel local development mitigation fees payable upon commencement of construction of the project.

4. $150,000 Transportation Fund for Clean Air (TFCA) Program Manager funds from VTA (already in process) with deadline for MTC authorization of June 30, 2002.

Staff met with Santa Clara Valley Transportation Authority (VTA) and MTC representatives and identified possible funding sources for the City to significantly reduce or eliminate the $1,261,000 shortfall. The funding agencies have indicated that the City may need to commit its own funds in order to leverage the significant level of grant funds already committed. However, staff is pursuing additional grant funding as follows:

1. $500,000 Tier 1 bicycle plan funds from VTA Federal Transportation Enhancements (TEA) program;

2. $180,000 Transportation Development Act (TDA) funds from VTA;

3. $600,000 Federal Transportation Fund for Livable Communities (TLC) from MTC; and

4. Funding through the Governor’s economic stimulus package and State Bicycle Transportation Fund monies available upon adoption of the Bicycle Plan.

According to VTA and MTC staff, the first two funding sources are highly probable; the third is highly competitive and the fourth is speculative.
Staff met with VTA and MTC to inquire about time extensions on the funding deadlines to allow more flexibility in completing the design and time to identify and commit the supplemental funds necessary to complete this project. These agencies agreed that only an extension request for the committed state funds would be possible, since this would allow state and federal deadlines to coincide with the 09/30/02 deadline. Staff must request an extension from the California Transportation Commission; the extension would be justified due to design for an additional track not previously considered at the time of the grant request. No funding extensions beyond 09/30/02 are available on the committed federal funds for this project. To date, MTC has maintained a strict “no extensions” policy with every recipient of federal TEA-21 funds. MTC has adopted a policy that to reprogram unspent funds to the competitive, region-wide Transportation Fund for Livable Communities program. A penalty of the same amount as that turned back may be assessed in the future against City in the next cycle of federal transportation grants by the VTA.

Completing design of the project by the September 30, 2002 deadline represents a significant challenge for the City. Caltrans must approve plans, specifications and right-of-way certification for the project by September 30, 2002. Caltrans has requested final documents six weeks ahead of the deadline or approximately August 15, 2002. Completing the right-of-way certification presents one of the most difficult tasks due to the number of outside agencies involved. Approvals are needed from Caltrans, the PCJPB, California Public Utilities Commission and Union Pacific Railroad. The project also involves the relocation of two fiber optic duct banks with cables owned by four separate telecommunications companies. Additional design work is needed before any of these entities can review and approve plans for the project. While staff is confident that design work will be completed on schedule, review and approval by outside agencies is less certain. These outside agencies are unlikely to share City’s sense of urgency to meet deadlines, and do not face any financial consequences if funding for the project expires. CalTrain staff, however, is assisting and facilitating the City’s efforts to obtain these approvals.

If Council approves the staff recommendation, the project would be divided into two phases: final design and construction. The consultant contract amendment requested in this report includes completing the final design phase, if approved by Council. During the final design phase, staff will continue to look for potential cost savings to reduce any potential shortfalls. A series of additive bid items will be included in the construction bid package. Council will have the discretion to select which, if any, enhancements beyond the basic (safe and functional) design will be included. Council would then need to authorize funding for any shortfalls between the project cost and the grant funds already committed. The schedule is difficult, but staff is pursuing a streamlined review and approval process with the agencies involved. Attachment A provides the proposed contract amendment, scope of work and detailed schedule.
The following tables summarize the pros and cons of the staff recommendation, depending on whether the project is able to be completed on time.

<table>
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<tr>
<th>PROS</th>
<th>CONS</th>
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<tr>
<td>- Minimizes potential financial losses to the City</td>
<td>- Project is delayed indefinitely until $4 million in funding is committed</td>
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<td>- 15% design report could be used in the future</td>
<td>- City expenses to date of $157,000 for 15% design will not be reimbursed</td>
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<td>- $2.5 million is reprogrammed in Santa Clara County prior to expiration, no penalty will be assessed in future grant cycles</td>
<td>- City loses $2.5 million in grant funding</td>
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<tr>
<td>- Difficult project schedule and funding deadlines are eliminated.</td>
<td>- It is difficult to obtain future federal and state grants totaling $4 million</td>
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<td>- Potential risk of having to fund the shortfall is eliminated</td>
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<td>- Limits future financial exposure of $1.2 million</td>
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Proceed with Project - Fail to Meet Schedule
The 100% design and construction documents are completed, but the undercrossing is not constructed and grant funding expires.

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<th>PROS</th>
<th>CONS</th>
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<tr>
<td>- City expenses to date of $600,000 and could be counted as the local match in future funding cycles</td>
<td>- City expenses to date of $600,000 for 100% design and will not be reimbursed</td>
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<tr>
<td>- The $350,000 in development fees are still available to offset construction cost</td>
<td>- City loses $2.5 million in grant funding if all outside agencies approvals are not obtained by the deadline</td>
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<tr>
<td>- 100% design is complete and can be used in the future if funding is obtained</td>
<td>- City is penalized in future transportation grant funding cycles by $2 million</td>
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Proceed with Project - Meet Schedule
The 100% design and construction documents are completed, and undercrossing is completed.

<table>
<thead>
<tr>
<th>PROS</th>
<th>CONS</th>
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<tr>
<td>• Obtaining $1.2 million in grant funding now could be easier than obtaining $3 to $4 million later</td>
<td>• City may have to fund up to $1.2 million to proceed with construction in order to leverage the significant level of grant funding already committed</td>
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<td>• Project is constructed benefiting the City’s Transportation system</td>
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<tr>
<td>• City will not be subject to future penalty of $2 million against future transportation grants</td>
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ALTERNATIVES TO STAFF RECOMMENDATION
Staff’s recommendation to proceed is based on the primary decision-making criteria being preservation of grant funding and completion of the project. If Council felt other decision-making criteria were more important, such as minimizing financial risk to the City, stopping the project now would be the best course of action. Other reasonable alternatives to the staff recommendation are discussed below.

Under this scenario, the $2.5 million in grant funds could be forfeited to the VTA for reallocation to other eligible projects within Santa Clara County. Palo Alto would bear the full cost of the original 15% design contract of $157,000. The already committed $2.5 million dollars will be reprioritized into Santa Clara County if the project does not go forward. If the funds were reallocated successfully, Palo Alto would not be penalized by VTA in future funding grant funding cycles. If the reprogramming is not successful, a penalty of $2 million would occur from the committed federal TEA-21 funds. There are no penalties imposed from the other funding sources.

The City could also request that the VTA Board forfeit the balance of the federal funding $1,878,500 ($2,035,500 – $157,000) for the project and ask that the project be re-funded with STIP funds that could be pursued by the Planning and Community Environment Department's Transportation Division. It is likely that VTA would insist that the City provide a 20% local match (approximately $800,000 on a $4 million project). Therefore, the City’s 20% contribution would need to be approximately $450,000. The City may have to provide a higher local match, but the City would not have to comply with the deadline of 9/30/02. According to VTA staff, obtaining STIP funds is highly competitive.
RESOURCE IMPACT
Funds in the amount of $433,649 are included in the FY 2001-2002 Capital Improvement Project budget to cover the costs associated with this phase of the project. Reimbursement of funds by Caltrans through a Program Supplement Agreement will commence after certification of the environmental review. Future financial impacts are unknown but could be as high as $1.2 million, since there are financial risks for unmet deadlines and the potential for additional grant funding not being secured. This is a new infrastructure project without predetermined internal funding.

POLICY IMPLICATIONS
This project is consistent with existing City policies, including the Comprehensive Plan the SOFA Coordinated Area Plan, and the draft bicycle plan.

TIMELINE

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<th>Milestone</th>
<th>Timeline</th>
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<tr>
<td>ARB, Art Commission, PABAC and Planning Commission Review of 30% Plans, Specifications and Estimate (PS&amp;E)</td>
<td>April 2002</td>
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<td>NEPA Environmental Certification by Caltrans &amp; FHWA</td>
<td>May 2002</td>
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<td>Complete CEQA process</td>
<td>May 2002</td>
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<tr>
<td>ARB, Art and PABAC Review of 80% PS&amp;E</td>
<td>June 2002</td>
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<tr>
<td>Planning Commission and Council review 80% PS&amp;E</td>
<td>July 2002</td>
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<tr>
<td>Right-of-way Certification by Caltrans</td>
<td>July 2002</td>
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<td>Submit 100% PS&amp;E to Caltrans</td>
<td>August 2002</td>
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<tr>
<td>Final Caltrans Certification of Project Plans</td>
<td>September 2002</td>
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<tr>
<td>Award of Construction Contract</td>
<td>February 2003</td>
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ENVIRONMENTAL REVIEW
This project is subject to the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). An “Initial Study” and a “Preliminary Environmental Study” will be completed during this final design phase.

ATTACHMENTS
Attachment A: Contract Amendment No. One
Attachment B: Homer Avenue Caltrain Undercrossing 15% Design Report
PREPARED BY: ELIZABETH AMES
Senior Engineer

DIVISION HEAD: JOSEPH KOTT
Chief Transportation Official

DEPARTMENT HEAD: GLENN S. ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: EMILY HARRISON
Assistant City Manager

cc: Chamber of Commerce
    SOFA Working Group
    Palo Alto Bicycle Advisory Committee
    Darryl Maxey, Peninsula Corridor Joint Powers Board
    David Jury, Palo Alto Medical Foundation
    City School Traffic Safety Committee
    David Neuman, Stanford University