



DATE: January 22, 2019

CATEGORY: New Business

DEPT.: Public Works

TITLE: **State Route 237 and Middlefield Road Interchange Improvement Project – Project Approval and Environmental Document and Final Design – Create Midyear Capital Improvement Project**

RECOMMENDATION

1. Approve a midyear capital improvement project, State Route 237 and Middlefield Road Interchange Improvements – Project Approval and Environmental Document, and Final Design.
2. Appropriate funds in the amount of \$5.5 million to the new Capital Improvement Project to be funded by LinkedIn Community Benefit funds. (Five votes required)
3. Authorize the City Manager to execute a Funding Agreement with the Santa Clara Valley Transportation Authority for project management services for the State Route 237 and Middlefield Road Interchange Improvements.

BACKGROUND

In 2005, the Santa Clara Valley Transportation Authority (VTA) solicited support and participation from the City regarding highway projects included in the Valley Transportation Plan (VTP) 2030, including the State Route (SR) 237 and Middlefield Road interchange. In 2006, the City and the VTA entered into a cooperative agreement to jointly fund and prepare a Project Study Report (PSR) for State Route (SR) 85, between El Camino Real and SR 237, and the Westbound SR 237 On-Ramp at Middlefield Road Project. The PSR evaluated alternatives to improve traffic operations on SR 85, between El Camino Real and SR 237, on the SR 85/El Camino Real interchange, and at SR 237/Middlefield Road interchange.

The SR 237/Middlefield Road interchange is challenging due to the number and close proximity of intersections in a relatively short stretch of Middlefield Road. The result is traffic congestion, a high collision rate, and a challenging environment for pedestrians and bicyclists. The preliminary scope of work improves and simplifies the interchange to address these challenges (see Exhibit 1).

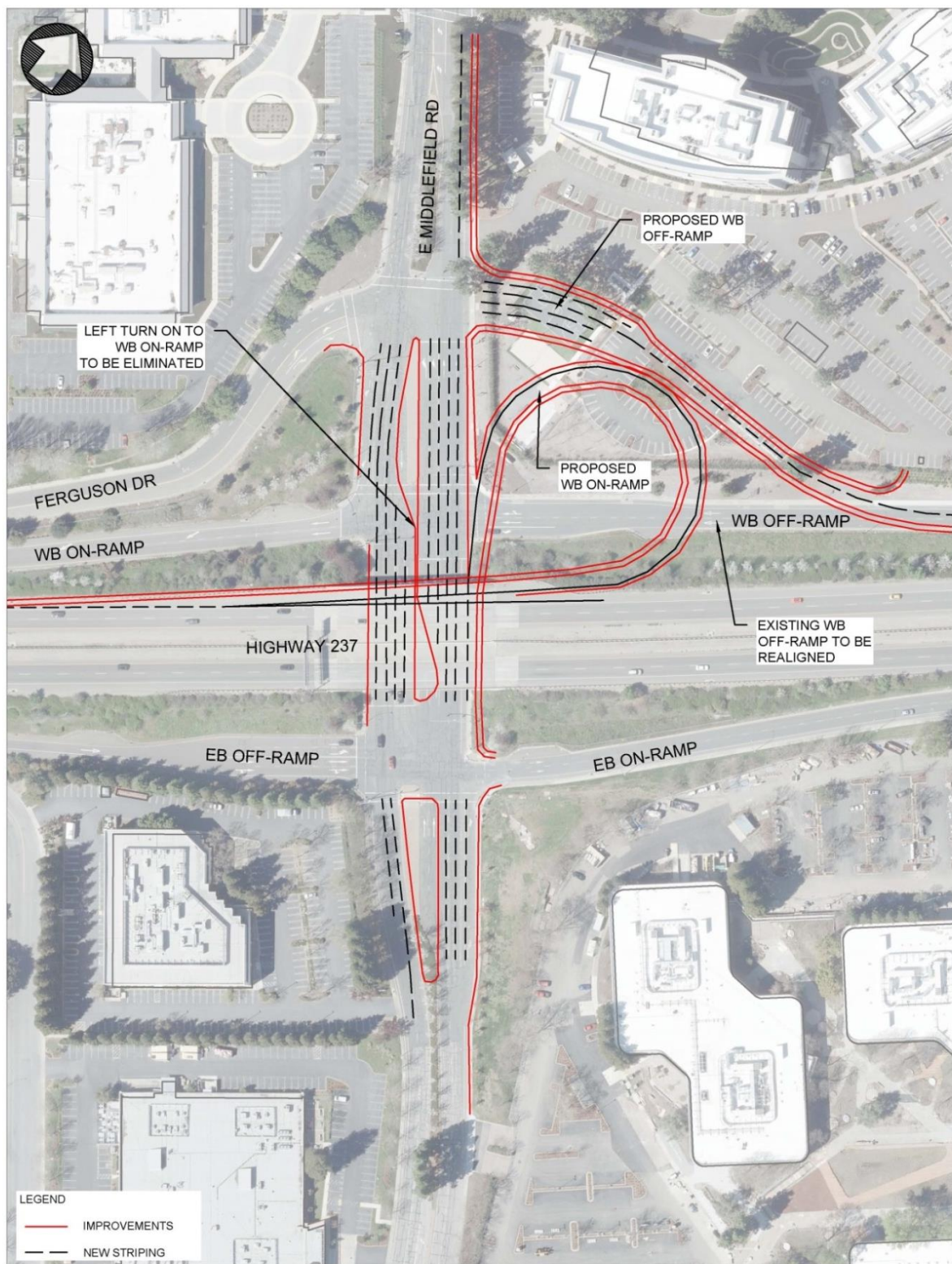


Exhibit 1 – State Route 237 and Middlefield Road Interchange Scope of Work

The PSR was completed in 2012 and approved by the California Department of Transportation (Caltrans) in 2013. Completion and approval of the PSR enables the design and construction of the project to be “fast-tracked” once local, State, or Federal funds become available. The project is eligible for Measure B funds, which are not yet available due to ongoing legal challenges and final determination of the disbursement plan for the funds.

In November 2018, the City Council accepted \$11 million in Community Benefit funds from the LinkedIn project at 700 East Middlefield Road. For the first phase, a total of \$5.5 million is expected to be received soon. Staff recommends that these initial funds be used for the environmental review and design of this project. These funds will also count toward the City’s required match for the Measure B dollars. The remaining \$5.5 million will be paid to the City as part of Phase II of the LinkedIn project and the City Council can determine how to program those funds at that time.

ANALYSIS

VTA agrees that this project is a high priority and can commit staff and consultant resources to the Project Approval and Environmental Document (PA&ED) and Final Design. A Funding Agreement between the City and VTA is necessary to allow VTA staff to initiate the work. The agreement identifies the project description, scope, VTA responsibilities, City responsibilities, funding and payment, insurance and indemnification, and miscellaneous conditions. Key terms of the agreement include:

- VTA will be the lead agency responsible for performing all activities related to PA&ED and Final Design.
- The City will be the project sponsor and responsible for public outreach and stakeholder engagement.
- The City will provide up to \$4 million to VTA for the PA&ED and Final Design phases of the project. Should additional funding be required, VTA and the City will work together to identify potential funding sources. Any increase in the \$4 million budget must be authorized by the City Council.
- The PA&ED and Final Design of the project will have a target completion date of March 2022 and must be completed within four years from the executed date of the agreement.

FISCAL IMPACT

The LinkedIn/700 East Middlefield Road community benefit for the first phase of their project was \$5.5 million. These funds are expected to be received by the City later this month. VTA has estimated that the cost of the PA&ED and Final Design phases for the project will be approximately \$4 million.

Staff recommends appropriating \$5.5 million to create a new capital improvement project. Up to \$4 million will be encumbered in the agreement with VTA. The remaining funds will be used to fund administrative costs and City staff management of the project and be reserved for contingencies and toward next phase.

ALTERNATIVES

1. Do not create a midyear capital improvement project at this time.
2. Do not authorize the City Manager to enter into an agreement with VTA to manage the project.
3. Provide other direction.

PUBLIC NOTICING – Agenda posting.

Copies of the Council memorandum were provided to VTA staff.

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