



# COUNCIL REPORT

**DATE:** June 25, 2024  
**CATEGORY:** Consent  
**DEPT.:** Public Works  
**TITLE:** **Undergrounding Utilities at 1020 Terra Bella, Project 24-38—Funding Agreement**

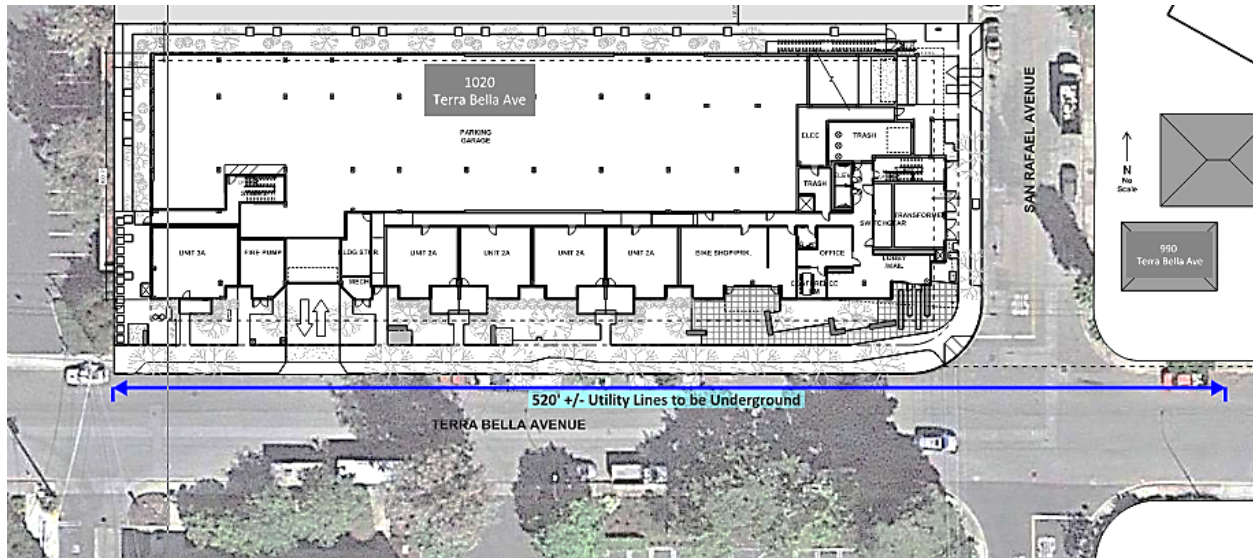
## **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Enter into a Funding Agreement with Alta Housing, a California Nonprofit Public Benefit Corporation (Entity No. 2541961), to Design and Construct City-Obligated Utility Undergrounding Improvements at 1020 Terra Bella Avenue in an Amount Not to Exceed \$2.5 Million, to be read in title only, further reading waived (Attachment 1 to the Council report).

## **BACKGROUND**

On [March 14, 2023](#), Council approved a Planned Community Permit and Development Review Permit to construct a new six-story affordable housing development with 108 residential units and a two-level podium garage on a 1.04-acre project site located at 1020 Terra Bella Avenue (see Figure 1), and appropriated \$12.2 million in Housing Impact Funds for the development.

At this same meeting, Council also directed staff to bring back options for including a project in the Capital Improvement Program (CIP) for the City to fund undergrounding the overhead utilities along the Terra Bella Avenue frontage for the 1020 Terra Bella Avenue affordable housing project. The overhead utilities include the facilities of AT&T, Comcast, and PG&E. The rough order-of-magnitude cost for this project was anticipated to be approximately \$1.0 million. As part of the adopted Fiscal Year 2023-24 through Fiscal Year 2027-28 CIP, on [June 27, 2023](#), Council approved redirecting the 1001 North Shoreline Boulevard project's \$1.0 million in community benefit funds to undergrounding the utilities at 1020 Terra Bella Avenue (Underground Utilities at 1020 Terra Bella, Project 24-38).



**Figure 1: Project Site**

Staff has been actively working with the developer, Alta Housing, on a funding agreement for Alta Housing to deliver the undergrounding of utilities as part of the development project. This allows the underground work to be coordinated with their project and take place as a part of their street frontage improvements for efficiency and to minimize disruption. Staff recently received an updated cost estimate of \$2.7 million for this work. This is still preliminary as the design effort has not started that would provide a more accurate cost estimate, specifically for construction. A majority of the costs (approximately \$2.0 million) are for the construction phase of the project.

At the [April 9, 2024](#) Study Session for the CIP, Council directed staff to continue the project with the understanding that additional unrestricted CIP funding will be required to fully fund the underground improvements. At the June 25, 2024 Council meeting, Council will consider approving the Fiscal Year 2024-25 Capital Improvement Program (CIP), which includes appropriating \$1.75 million from the Construction/Conveyance Tax Fund to Undergrounding Utilities at 1020 Terra Bella, Project 24-38.

## **ANALYSIS**

A funding agreement with Alta Housing is needed to establish the responsibilities for the City to fund, and for Alta Housing to deliver, the design and construction of the utility undergrounding along the development's Terra Bella Avenue frontage. The main terms of the agreement include:

- Alta Housing will be responsible for delivering the design and construction of the undergrounding improvements along the Terra Bella Avenue frontage in coordination with the development project;

- Alta Housing and the City will mutually agree on the design and construction costs the City will pay to Alta Housing for the design and construction of the undergrounding improvements;
- The City will make advance payments in installments to Alta Housing to fund the design and construction efforts;
- Alta Housing will obtain a minimum of three responsible bids for the construction of the work and comply with City standards; and
- The City has a right to terminate the agreement prior to the start of construction.

Should Council approve the recommended action, design would begin in August 2024 and be completed in summer 2025. Construction is anticipated to start in late 2025 in parallel with the development project.

### **FISCAL IMPACT**

Undergrounding Utilities at 1020 Terra Bella, Project 24-38, is funded with \$1.0 million from the 1001 North Shoreline Boulevard project's community benefit funds. Should Council approve the recommended Fiscal Year 2024-25 CIP on June 25, 2024, \$1.75 million will be added to the project for a total budget of \$2.75 million.

The cost to reimburse Alta Housing for design is estimated to be \$660,000. The construction cost estimate (approximately \$2.0 million) is preliminary and may change once the design effort is completed. At this time, staff recommends a not-to-exceed amount of \$2.5 million for the funding agreement with Alta Housing, with the remainder of \$250,000 in Project 24-38 available for City staff costs and City administrative fees. Staff will return to Council with a request for additional funding and/or approval to amend the funding agreement with Alta Housing when the design is complete and a final construction cost estimate is available.

### **ALTERNATIVES**

1. Do not adopt the recommended resolution authorizing the funding agreement with Alta Housing and direct staff to negotiate other terms.
2. Provide other direction.

**PUBLIC NOTICING**—Agenda posting

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Attachment: 1. Resolution

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