



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve a Transportation/Traffic Impact Fee Reimbursement Agreement with Christensen Holdings LP for Construction of Mathilda Avenue Median Improvements at 433 N. Mathilda Avenue and Approve Budget Modification No. 25 to appropriate \$49,556 to a new Project, Improvements at Mathilda and Maude

BACKGROUND

On November 19, 2013, City Council adopted the Mitigated Negative Declaration and approved the Special Development Permit (2013-7448) to construct two new office buildings on a 9.27 -acre site located at 433 N. Mathilda Ave.

Per the Conditions of Approval ("COA") EP-30 (See Attachment 1 - Excerpt of COAs) associated with the Special Development Permit, Christensen Holdings LP ("developer") was required to design and construct the extension of the double left turn lanes on northbound Mathilda Avenue to westbound Maude Avenue ("project"). Construction of the turn pocket modifications were done in coordination with existing City projects to add bicycle lanes along Mathilda and make traffic signal safety improvements at the intersection of Maude/Mathilda.

The development project was required to construct the extended turn pocket prior to occupancy of the first building on 433 N. Mathilda. These left turn pocket improvements were to be credited against the Traffic Impact Fees ("TIF" - also referred to as "Transportation Impact Fees") required of the developer. The project COA's stated that if the cost of the improvements exceeded the developers TIF requirement, a reimbursement agreement could be developed for Council consideration. TIF fees collected from the developer were \$294,209.

During construction, it was determined there was additional construction required that was not part of the initial cost estimate. A reimbursement agreement approved by City Council is required for the City to pay for costs that exceed the TIF fees collected.

EXISTING POLICY

General Plan, Chapter 3, Land Use and Transportation

Policy LT-5.3: Optimize City Traffic Signal System Performance.

Policy LT-5.4: Maintain Roadways and Traffic Control Devices in Good Operating Condition.

ENVIRONMENTAL REVIEW

Council adopted a Mitigated Negative Declaration for the approval of Special Development Permit 2013-7488 on November 19, 2013. As the reimbursement agreement being considered was a condition of approval for that action, no further environmental review is necessary to take the

proposed action.

DISCUSSION

Traffic Impact Fee Reimbursement Agreement

Staff and Christensen Holdings LP worked together during project development to define the improvements at the Maude/Mathilda intersection. Detailed improvement plans for the Mathilda Avenue turn pocket were provided to the City for approval in accordance with the Conditions of Approval for the development project. The initial cost estimate for this construction was \$120,090, however, there were additional elements uncovered during construction that added costs to the project estimate. The initial estimate approved by staff did not include relocation of existing streetlights, portions of the existing conduit and re-pulling of conductor cable.

Additionally, the City increased the scope of work to upgrade the City's copper traffic signal communication line with the installation of 144-strand fiber optic cable to optimize the performance of the City's traffic system. This was unanticipated at the time of the estimate, but became a priority with the implementation of the City's new signal controllers, software, and Transportation Management Center (TMC). The inclusion of upgrading to fiber was at \$155,616 for a total estimated project cost of \$275,706., which was still under the TIF amount collected from the developer.

The project intended to re-use as much of the existing conduit as possible for this communication system; however due to aging conditions (approximately more than 20 years old), re-use was not feasible as existing conduits were cracking and disintegrating upon contact. It was determined that directional boring a new conduit would be the most cost efficient and least intrusive to traffic. The cost for directional boring a new conduit was \$68,059 bringing the total project cost for the Mathilda Avenue median improvements to \$343,765, which exceeded the TIF amount paid by the developer by \$49,556.

Therefore a reimbursement agreement and budget modification are required so the City can pay the costs that exceeded the TIF paid by the developer (Attachment 2).

The above approach was the most streamlined process for having the left turn pocket lane and upgraded traffic system completed as soon as possible. Delaying the project for an approved reimbursement agreement would have resulted in several detrimental impacts to the City including:

- Delayed project completion by 3 months.
- Delayed occupancy of the developer's building.
- Increased traffic delays and congestion along the Mathilda Ave and Maude Ave corridor.
- Delayed completion of the City's Slurry Seal 2016 project on Mathilda Ave. which would have incurred additional costs to the City.

In addition, adding the fiber and installing new conduit at a later date would have been more expensive and caused additional traffic disruptions.

FISCAL IMPACT

The City imposes the TIF on land development projects which generate new automobile trips in order to offset the City's cost of public improvements to the transportation network. The project to improve the left turn extension at Mathilda and Maude was approved by Council in-lieu of paying the TIF with the Developer Agreement. This project is identified as part of the Transportation Strategic Plan and is

eligible for TIF funding.

Since the TIF amount imposed on this project is not sufficient to cover the full cost of the project, given the revised scope, a budget modification is required to fund the completion of the project. Per the reimbursement agreement, the maximum amount of payment to Christensen Holdings LP would be limited to \$49,556. Budget Modification No. 25 has been prepared to appropriate \$49,556 to a new project, Improvements at Mathilda and Maude - City Share.

**Budget Modification No. 25
FY 2016/17**

	<u>Current</u>	<u>Increase/ (Decrease)</u>	<u>Revised</u>
Capital Project Fund / Transportation Impact Fee Sub-Fund			
<u>Expenditures</u>			
NEW PROJECT:	\$0	\$49,556	\$49,556
Improvements at Mathilda and Maude - City Share			
<u>Reserves</u>			
Capital Reserve	\$18,871,278	(\$49,556)	\$18,821,722

Funding Source

TIF revenues are accounted for in the Capital Projects Fund / Transportation Impact Fee Sub-Fund. This project will be funded by revenues collected in prior years; sufficient funds are available in the Capital Reserve Fund balance.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Approve Cost Reimbursement Agreement, in substantially the same form as Attachment 2 to the report, with Christensen Holdings LP for the Construction of Additional Improvements for the Mathilda median and authorize the City Manager to Execute the Agreement and Approve Budget Mod No. 25 in the amount of \$49,556.

Prepared by: Arnold Chu, Senior Engineer
Reviewed by: Manuel Pineda, Director of Public Works
Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Excerpt from Condition of Approval EP-30
2. Reimbursement Agreement