



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Robin Dickerson, PE, City Engineer

SUBJECT: Discussion and Consideration of a Project Status Update and Design Services Proposals, and Direction Regarding a Preferred Option for the Brisco Interchange Modification Project

DATE: April 26, 2022

SUMMARY OF ACTION:

Consideration of the project status update and direction regarding design services options for the Brisco-Halcyon Road Interchange Modifications project (Project) will allow staff to either move forward with the design phase of the project, or allow staff to shift resources to other critical infrastructure City priorities.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The total estimated future cost of the Project is \$32.1 million. Table 1 shows the total estimated costs and funding sources for the Project as shown in the FY 2021-23 Biennial Budget:

Table 1

Source	Total Budget	Funding to Date	2021-22 Total Budget	2022-23	2023-24	2024-25	2025-26	Revenue to Complete
Regional SHA	482,320	482,320						
STIP	6,624,000				3,312,000	3,312,000		6,624,000
Other Financing	21,695,598			4,558,781	8,568,408	8,568,409		21,695,598
General Fund	312	312						
Traffic Signalization	959,183				479,591	479,592		959,183
Transp Facility	3,657,692	2,036,473	790,000	831,219				1,621,219
Sales Tax	1,300,000	100,000		950,000	200,000	50,000		1,200,000
Total	34,719,105	2,619,105	790,000	6,340,000	12,559,999	12,410,001		32,100,000

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The budgeted design costs are \$1.4 million. The proposed design costs for the four proposals received ranged from \$1.59 to \$2.43 million, exceeding the budgeted design costs by at least \$200,000 and upwards of \$1 million. To date, the City has spent approximately \$2.6 million related to the Project, which was funded using Transportation Facility funds, Regional State Highway Account (SHA) and local sales tax funds. Nearly all of these costs were associated with the Project Approval and Environmental Determination Phase of the Project.

RECOMMENDATION:

Receive the Project status report, consider options regarding design services proposals received, and direct staff to pursue the No Project Option consistent with the recommendation of the Brisco-Halcyon Interchange Subcommittee.

BACKGROUND:

The Brisco-Halcyon Road Interchange Project has been underway since the late 1990's. In 2004, the San Luis Obispo Council of Governments (SLOCOG) provided \$465,000 in regional and State Transportation Improvement (STIP) funds for project development. In 2005, the City Council approved a consultant services agreement with Wood Rodgers to complete the Project Approval and Environmental Determination Phase (PA&ED). During the 2012 State Transportation Improvement Program (STIP) programming year, SLOCOG allocated \$5,624,000 in STIP funding for construction of the interchange project. SLOCOG increased this amount to \$6,624,000 during the 2014 STIP programming year.

Over the past seventeen years, numerous studies, meetings and discussions have been conducted, including evaluation of eighteen proposed alternatives. The background and description of the final alternatives were described in the staff report for the March 26, 2019 City Council meeting (see Attachment 4). During this March 2019 meeting, the City Council approved Alternative 4C as the preferred alternative over Alternative 1 and a no-build alternative. At this time, total project costs were estimated at \$22.7 million. This milestone decision allowed City staff and consultants to complete the project report and environmental documents for consideration and approval by Caltrans.

In January 2021, Council approved the Initial Study and Mitigated Negative Declaration (IS/MND) for the Project, which included consideration of Alternative 4C, Alternative 1, and the no-build alternative. By this time, Project costs had escalated to \$25.9 million. In April 2021, the Project Report and Environmental Assessment were completed and approved by Caltrans, which concluded the PA&ED Phase. In May 2021, the 5-Year

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Capital Improvements Program included updated total Project costs of \$32.1 million. The staff reports for these previous meetings are provided as Attachments 4-6.

In December of 2021, City staff issued a Request for Qualifications (RFQ) for design services for the Project, specifically of Alternative 4C. Staff received four proposals. Following staff review of the proposals, interviews were held with all four firms and they were ranked based on qualifications presented in their proposals and as a result of the interviews. Staff then entered into negotiations with the top ranked firm, Quincy Engineering.

During the course of the project, the City Council created a Brisco-Halcyon Road subcommittee consisting of staff and two Councilmembers to help provide guidance and recommendations to the full Council given the increasing size and scope of the project. Records indicate that the subcommittee met periodically from at least 2008 until the present, including recently in April 2018 and January 2019. On March 30, 2022, the latest subcommittee meeting was convened to discuss the results of the proposals and to make a recommendation to the City Council on moving forward with the Project (see discussion below). The subcommittee consists of two Councilmembers, Council Member Storton and Council Member Paulding, with City staff present including the City Manager, Assistant City Manager/Public Works Director, Community Development Director, and City Engineer. At the subcommittee meeting, the City Engineer made a presentation (Attachment 3) outlining the history of the Project, the outcome of the RFQ for design services, and three options for consideration by the committee, as discussed in more detail below.

ANALYSIS OF ISSUES:

Request for Qualifications

The scope of work prepared for the project for the 2022 RFQs was limited to designs for Alternative 4C. The scope also included a cap on the cost of construction of \$12–15 million, with cost reduction realized through phasing, deferring of improvements, value engineering and finding opportunities for additional funding sources.

All four firms proposed similar cost reductions which included the following:

- Shifting the roundabout to the northeast, which would reduce the impacts and right of way acquisition needs on the County property;
- Reducing the size of the Park and Ride lot and deferring it to a later phase;
- Elevating the roundabout, which would reduce the retaining walls required;
- Deferring the Grace Lane/Rodeo Drive improvement;
- Deferring the US 101 southbound on-ramp realignment;
- Deferring the sound walls; and
- Looking for additional phasing opportunities of portions of the roundabout itself.

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All four firms also identified similar constraints and concerns for the Project and the ability to deliver the scope of work, which included the following:

- Caltrans approval of and the process for determining phasing options;
- The significant relocation of utilities and timing of relocation; and
- Inflationary costs of construction.

Quincy Engineering was determined to be the top-ranked proposal, and City Staff is currently under contract negotiations with this firm.

Brisco-Halcyon Interchange Subcommittee

On March 30, 2022, a Special Meeting of the Brisco-Halcyon Interchange Subcommittee was held to discuss the RFQs for the design of the Project and to receive a recommendation for moving forward with the Project. Staff presented three options to the subcommittee in consideration of the design proposals received in response to the 2002 RFQ, as follows:

- No Project Option
- Award as Proposed
- Award a Reduced Scope

Following a presentation by staff, public input from community members, and subcommittee deliberation, the subcommittee supported the No Project Option, citing the increasing costs associated with the project and a desire to shift resources to other City priorities. (See Attachment 2 – Subcommittee Action Minutes)

The options presented to the subcommittee are detailed below:

Option 1 – No Project

The No-Project option proposes no improvements to existing facilities. No additional lanes or improvements would be added to the subject intersections, and existing and future congestion, circulation, capacity and control would not be relieved. This option would allow the City to shift resources to other critical City priorities, most notably street repair, pavement maintenance and sidewalk gap closures. By selecting this option, the City would lose the \$6.6M in STIP funds that have been granted for the project through the San Luis Obispo Council of Governments (SLOCOG). This option does not meet the purpose and need of the Project, but was supported by the subcommittee as the preferred direction given the current available information; most notably the significant present-day cost outlay required by the City and the unknowns associated with potential future escalating costs to complete the Project.

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Option 2 – Award as Proposed

Option 2 would direct staff to implement the plans, specifications and estimate (PS&E) phase of the Project. Based on the top-ranked consultant's proposal, the cost of design would be \$1.77 million. Under the current Biennial Fiscal Years 2021-23 budget, this represents nearly \$400,000 more than was budgeted for the PS&E phase. All proposals were above the City's budgeted amount of \$1.4 million, most likely due to the added components of value engineering, phasing options and grant funding support, which are typically not included in design contracts but are considered crucial to designing a project that could be constructed within a budget of \$12–15 million.

If Option 2 were selected, staff would complete contract negotiations with the selected consultant and present the contract to Council for approval at a future meeting. The design team would then prepare construction drawings and specifications for Alternative 4C with phasing to be determined within this proposed construction cost range. To reduce construction cost, the design team is proposing to shift and elevate the roundabout to the northeast, reducing the impacts to the County-owned parcel, eliminating or reducing retaining walls, reducing and deferring the Park and Ride lot, and deferring other improvements such as Grace Lane/Rodeo Drive improvements, the southbound US 101/Grand Ave realignment, and sound walls. At the subcommittee meeting, staff discussed the challenges with this option, such as the potential for higher costs associated with utility relocation and Caltrans' acceptance of design and phasing revisions. This option is also challenging because it allows less flexibility than the reduced scope option (Option 3, below) before committing to finalizing the PS&E, and the design proposals were all over the budgeted amount.

Option 3 – Award a Reduced Scope

Option 3 would reduce the scope of services to a 30% design, reducing the design cost to approximately \$570,000. The scope of service for this option would include support for engaging with Caltrans to obtain its approval of the phasing and potential value engineering changes to reduce costs, as well as a more definitive cost estimate and project timeline. To reduce construction cost, the proposed design team would still shift and elevate the roundabout to the northeast. This alteration would reduce impacts to the County-owned parcel, eliminate or reduce the need for retaining walls, reduce and defer the Park and Ride lot, and defer improvements such as Grace Lane/Rodeo Drive.

In summary, this option would provide staff with more certainty regarding the following:

- Caltran's willingness to approve utility policy exceptions for encroachments
- Overall project configuration consensus with Caltrans, City Council and major stakeholders
- A more definitive project cost estimate update to help inform decision making on the financial plan for construction

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- Project timeline, particularly for utility relocations, right-of-way acquisition, and advertisement of construction of the Project.

Upon completion of the 30% design, which is estimated to take approximately 8-9 months, staff would return to Council with a suggested list of construction components, an updated project timeline, and updated construction costs.

Subcommittee Recommendation

The Subcommittee meeting on March 26, 2019 included a staff presentation, public comment, and a discussion of the options by the two subcommittee members, Council Member Paulding and Council Member Storton. The Subcommittee ultimately supported the No Project Option. Several factors contributed to this recommendation, with the most significant being the escalating costs associated with the project. While noting the difficulty in this decision given the approximately \$2.6 million in funding that the City has already invested toward the project, as well as the potential loss of \$6.6 million in STIP funding, the Subcommittee cited the future unknowns regarding utility relocation, Caltrans' acceptance of design and phasing revisions, and inflationary costs of materials as complicating factors. Further, the Subcommittee also considered the overall future financial obligations of the City, which notably include the significant multi-year cost of City-wide pavement maintenance, and the impact that the project could have on the ability of the City to fund and complete other priorities.

Potential Future Improvements

If the Subcommittee's recommendation is approved by Council, staff anticipates continuing to evaluate potential improvements at the Brisco-Halcyon Interchange area and potential funding sources for these improvements. Funding sources may include the \$959,183 in Traffic Signalization Impact fees and \$1,621,219 in Transportation Facilities Impact Fees previously allocated to this Project. In addition, staff will continue to confer with SLOCOG staff regarding any possibilities that a portion of the \$6.6 million in STIP funds allocated to this Project might be reallocated to a different project that would relieve regional congestion within the City. However, SLOCOG has indicated that the STIP funding must be obligated for construction by June 30, 2024, and a project would need to be under construction in 2025.

Improvements that staff will continue to evaluate include:

- Improvements along Brisco from El Camino Real to West Branch to include possible reconstruction and restriping;
- Continuing to pursue a "no right on red" for those traveling east bound on West Branch Street at Brisco Road and providing the necessary signal head modifications for that signal;
- Upgrading the signal controller at Brisco Road and El Camino Real;

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- Realigning the southbound on ramp at US 101 and Grand Avenue to improve traffic flow along Grand Avenue and eliminate one of the signals in the area; or
- Providing an auxiliary lane on US 101 from either Grand Ave to Brisco Road or Brisco Road to Camino Mercado or both.

Depending on the outcome of discussions regarding available funding and the anticipated need and benefit of each of these improvements, staff will include viable improvements in a future Capital Improvement Plan for consideration by Council.

ALTERNATIVES:

The following alternatives are provided for Council's consideration:

1. Receive the Project status report, consider options regarding design services proposals received, and direct staff to pursue Option 1 – No Project in accordance with the Brisco-Halcyon Road Subcommittee's recommendation; or
2. Receive the Project status report, consider options regarding design services proposals received, and direct staff to pursue Option 2 – complete contract negotiations with the selected consultant for the proposed scope of work included in the design services RFQ and present the contract to Council for approval at a future meeting; or
3. Receive the Project status report, consider options regarding design services proposals received, and direct staff to pursue Option 3 – negotiate a contract with the selected consultant for a Reduced Scope and present the contract to Council for approval at a future meeting; or
4. Provide other direction to staff.

ADVANTAGES:

Approving the subcommittee's preference for Option 1 - No Project will allow staff to cease commitment of further funding and staff time toward the Project, allowing a significant shift in personnel and financial resources toward other City Council priorities, including delayed street repair, pavement maintenance, and sidewalk gap closures.

DISADVANTAGES:

The recommended No Project Option does not meet the purpose and need identified for the Project. By selecting this option, the City would lose the \$6.6 million in STIP funds that have been granted for the Project, and would forego the previously spent \$2.6 million invested over the last 20+ years without the construction of improvements.

ENVIRONMENTAL REVIEW:

This project is subject to both the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). In January 2021, Council approved the Initial Study and Mitigated Negative Declaration (IS/MND) for the project, which included consideration of Alternative 4C, Alternative 1, and the no-build alternative. In April 2021,

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the project report and Environmental Assessment were completed and approved by Caltrans, which concluded the PA&ED Phase.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Brisco-Halcyon Road Interchange Subcommittee Meeting Minutes of March 30, 2022.
2. Presentation to the Brisco-Halcyon Road Interchange Subcommittee Meeting on March 30, 2022
3. [Final Project Report with IS/MND and EA](#)
4. [Staff Report on the Brisco-Halcyon Road Interchange Modifications Project – March 26, 2019.](#)
5. [Staff Report on the Adoption of the IS/MND and Design RFPs for the Brisco-Halcyon Modifications Project – January 26, 2021.](#)
6. [Staff Report on the 5-year Capital Improvement Program – May 11, 2021](#)