



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Steve Kahn, PE, Interim City Engineer

SUBJECT: Discussion and Consideration of a Project Status Update and Direction Regarding the Brisco-Halcyon Interchange Modification Project

DATE: March 28, 2023

SUMMARY OF ACTION:

Consideration of a project status update and direction regarding 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 \$35.6 million. Table 1 shows the total estimated costs and funding sources for the Project as shown in the Mid-Cycle FY 2022-23 Budget Update.

Table 1

Source	Total Budget	Funding to Date	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	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	-	-	1,848,100	2,411,100	11,068,400	11,068,400	26,396,000
General Fund	312	312	-	-	-	-	-	-
Traffic Signalization	959,183	-	590,000	959,000	-	-	-	1,549,000
Transp Facility	3,657,692	2,036,473	-	1,031,000	-	-	-	1,031,000
Sales Tax	1,300,000	100,000	-	-	-	-	-	-
	34,719,105	2,619,105	590,000	3,838,100	2,411,100	14,380,400	14,380,400	35,600,000

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) funding, and local sales tax funds. Nearly all of these costs were associated with the Project Approval and Environmental Determination Phase of the Project.

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RECOMMENDATION:

Receive the Project status report, consider options, and direct staff to pursue the No Project Option.

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 nineteen 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. During this March 2019 meeting, the City Council approved Alternative 4C as the preferred alternative over Alternative 1 and a no-build alternative. At that 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 (see Attachment 3). By this time, estimated 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 City's 5-Year 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, as presented in their proposals, and as a result of the interviews. Staff then entered negotiations with the top ranked firm, Quincy Engineering.

As part of the Project, the City Council created a Brisco-Halcyon Road subcommittee consisting of two Councilmembers to help provide guidance and recommendations to the full Council given the increasing size and scope of the Project. On March 30, 2022, the

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subcommittee was convened and voted to support 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).

On April 26, 2022, the City Council considered a project status update and design services proposals for the Project. During deliberations, the City Council echoed the recommendation of the subcommittee, expressing concerns about the escalating costs and limited budget of the City. However, new information was presented during the April 26th discussion regarding additional federal grant opportunities for the Project created by the Bipartisan Infrastructure Investment and Jobs Act. Ultimately, the City Council directed staff to pursue a 2022 Multimodal Projects Discretionary Grant Opportunity (MPDG), commonly called INFRA and Rural grants, for the Project to fill the significant gap in funding for the Project. Based on the City Council's discussion at that meeting, staff's understanding was that this direction was, in a sense, a final attempt for funding of the Project.

On May 24, 2022, the City Council considered the 5-year Capital Improvement Program Budget (Attachment 7). The Final Project report and environmental documents for the project estimated a total project cost for all phases of the project, including project approval & environmental determination, design, right of way, construction, construction support, and cost escalation, totaling \$38.2 million. This total, however, includes not only the roundabout construction, but also an estimated \$6.1 million for the proposed sound walls and the East Grand Avenue/US 101 southbound ramp. On March 26, 2019, Council directed staff to phase in, defer, or remove these two elements of the project in order to reduce the overall cost (see Attachment 4). As a result, the FY 2021-26 CIP reflected a total project cost of \$32.1 million. On April 26, 2022, Council received an update regarding the project and consideration of design services proposals and provided direction to staff to pursue funding from the United States Department of Transportation's MPDG program (see Attachment 1). In preparation of that grant application, staff proposed to seek funding for the entire project, including the proposed sound walls, the East Grand Avenue/US 101 southbound ramp, and expenditures to date of \$2.6 million for project approval and the necessary environmental determination. The 5-Year CIP included in the Mid-Cycle FY 2022-23 Budget Update reflects a total project cost of \$35.6 million to complete the project (\$38.2M total cost - \$2.6M work completed = \$35.6M to complete). Additionally, the revised CIP removed the previously identified local sales tax revenue allocated to the project, as the intent of the grant application is to fully fund the project through grants and otherwise-identified impact fee revenue.

In December 2022, staff was informed by the US Department of Transportation that the City's application did not receive funding under this program.

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ANALYSIS OF ISSUES:

The approved Mitigated Negative Declaration included three options: Alternative 4C, Alternative 1, and the no-build alternative. The no-build alternative continues the existing operational deficiencies in the project area and maintains the Brisco Interchange as it currently exists. Staff is recommending that the City Council direct staff to pursue the No Project option due to the continuing escalation of costs for the project and the inability to obtain gap funding through the US Department of Transportation grant program.

Potential Future Improvements

If Council approves staff's recommendation to select the No Project option at this time, 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 \$1,549,000 in Traffic Signalization Impact fees and \$1,031,000 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. Staff also recognizes issues with the feasibility and circulation impact to the City of completing the Brisco Interchange Project in this timeline, as the Traffic Way Bridge and Halcyon Complete Streets projects are currently scheduled for FY 2024-2025.

Depending on the outcome of discussions with SLOCOG 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 and direct staff to pursue Option 1 - No Project; or
2. Receive the Project status report and direct staff to pursue additional funding sources for the Project; or
3. Provide other direction to staff.

ADVANTAGES:

Approving the Option 1 - No Project will allow staff to cease commitment in seeking additional 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.

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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, 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. April 26, 2022 City Council Staff Report and Minutes
2. March 30, 2022 Brisco Subcommittee Minutes
3. Link to Final Project Report with IS/MND and EA
4. Link to March 26, 2019 City Council Staff Report
5. Link to January 26, 2021 City Council Staff Report
6. Link to May 11, 2021 City Council Staff Report
7. Link to May 24, 2022 City Council Staff Report