



CITY COUNCIL STAFF REPORT



December 6, 2022

ITEM TITLE

Project Amendment and Agreement: Amend the Capital Improvement Program Project for the SR-125 Interchange Improvements at Main Street and Otay Valley Road and Approve an Agreement with Caltrans to Initiate the Project Report/ Environmental Document Phase

Report Number: 22-0313

Location: State Route 125 at (future) Main Street and (future) Otay Valley Road

Department: Development Services & Engineering and Capital Projects

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act ("CEQA") State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of CEQA.

Recommended Action

Adopt a resolution amending the project description for Capital Improvement Program Project for interchange improvements at SR-125 and (future) Main Street and (future) Otay Valley Road (STM0409) and approve a cooperative agreement with Caltrans to begin work on the environmental phase.

SUMMARY

Over the last two years, the City has been working with a developer, HomeFed Corporation, their consultant team, and Caltrans on the preliminary engineering for the work necessary to obtain geometric consensus with Caltrans on future interchanges along SR-125 at Main Steet-Hunte Parkway and at Otay Valley Road. These two interchanges are identified in the City's Eastern Transportation Development Impact Fee ("ETDIF") Program as facilities 67 & 68. The project description includes a local street overcrossing at two future SR-125 interchanges. Preliminary engineering, design, and construction of the improvements will be phased and coordinated with Caltrans and San Diego Association of Governments ("SANDAG"). This action continues previous work on the Project Initiation Document phase and approves a Cooperative ("COOP") Agreement between the City and Caltrans to begin work on the environmental phase of the project. The City will act as the Local Agency CEQA Lead for the Project Report/Environmental Document (PR/ED) phase prior to the preparation of the final plans & specifications for construction of the improvements. Caltrans is the

Responsible Agency for CEQA and the Lead Agency for the National Environmental Policy Act (NEPA). Reimbursement of eligible ETDIF expenses for the initial phase to the developer is also being recommended.

ENVIRONMENTAL REVIEW

The proposed activity has been reviewed for compliance with CEQA and it has been determined that the activity is not a “Project” as defined under Section 15378 of the state CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of CEQA State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

Work has commenced on two planned ETDIF facilities across the SR-125 corridor between the Otay Ranch areas of Village 8 East and Village 9. The two local streets that will cross the SR-125 toll road corridor at Main Street-Hunte Parkway and at Otay Valley Road are needed to provide convenient access locally and regionally. The roadways and interchange improvements are shown in the 2005 Chula Vista General Plan (Attachment 1). Route 125 has been part of the regional freeway system since 1959 and in 1984, SANDAG added Route 125 to the 20-year Regional Transportation Plan (RTP), as part of the County’s future freeway system based on population and employment projections. The toll road, on State (Caltrans) property, opened to the public early morning on Monday November 19, 2007. SANDAG acquired the franchise out of bankruptcy on December 21, 2011.

Developer Work on Initial Phase

Per a Highway Improvement Agreement between the developer, HomeFed Corporation, and Caltrans, technical studies in this area have begun to determine the final geometric design and necessary improvements needed in this area located south of the existing Birch Road interchange and the Bob Pletcher Way undercrossing. Recently, the project team consisting of the developer, their consultant team (TYLIN), Caltrans, and the City have completed the first technical document needed in the Project Initiation Document phase, the “Project Study Report – Project Development Support” (PSR-PDS). This document (Attachment 2) is dated November 2, 2022 and provides an analysis of four design alternatives considered (Alternative A through D), plus one no-build alternative for this area (Alternative E). Three alternatives provide an interchange at Main Street while only two alternatives provide an interchange at Otay Valley Road.

Alternatives A, B, and C provide interchanges at Main Street. While Alternative C removes the interchange at Otay Valley Road, it still provides for the local street overcrossing. Due to the shorter interchange spacing of less than 1-mile between the two proposed interchanges, Alternative B proposes for consideration a one-way roadway frontage road couplet configuration paralleling each side of the SR-125 corridor. The other two alternatives being considered (Alternative A & Alternative C) have the more typical loop ramp and direct ramp geometry with variations between each of them. Finally, Alternative D is called the “Minimum Build Alternative” since it provides no new SR-125 interchanges but does provide for the two local roadway

crossings across the SR-125 corridor. Since no new SR-125 access is provided with Alternative D, the closest interchange would be the existing interchange at Birch Road.

Need for Environmental Document

A growing use of the local street circulation system requires regional access for longer trips and the nearby interchange at Birch Road will not accommodate planned development traffic. Lack of sufficient access to convenient regional facility access points creates additional congestion on local streets including longer out of direction travel to other parallel north/south freeways like Interstate-805 which in turn when congested, cascades to Interstate-5, the last north/south freeway corridor in the South Bay. Thus, vehicle miles travelled (“VMT”) are increased for all motorists impacted by the unbalanced freeway network. Therefore, in continuing work on this project, it is necessary to continue environmental work done in this area for the initial approvals of SR-125, Otay Ranch Village 8 East, and Otay Ranch Village 9 and evaluate the proposed interchanges in conformance with the General Plan. The proposed resolution would authorize the City to be the Local Agency CEQA Lead in the environmental document phase, continue to work with the developer, and approve a Cooperative Agreement with Caltrans. Since the project could also be funded with Federal funds, Caltrans will be the Lead Agency for NEPA compliance. Reimbursement to HomeFed Corporation with ETDIF Credits for the eligible work completed to date on the initial Project Study Report- Project Development Support document phase is also being recommended by staff.

The Final Environmental Impact Report/Statement for SR-125 dated January 2000 contemplated three future interchanges and a freeway-to-freeway connector at SR-905 to be approved and built by others at some future point in time after the initial opening phase. Of those three planned interchanges mentioned, Birch Road has since been constructed while Main Street (formerly Rock Mountain Road and extension of Hunte Parkway) and Otay Valley Road were not constructed. It is the purpose of the environmental work to be done with this CIP, to be able to construct the last two planned interchanges in Chula Vista, consistent with the Chula Vista Circulation Element of the General Plan. Previous work in Otay Ranch showed that when the land use traffic analysis was evaluated with only two local access interchanges (Birch Road plus Main Street), it resulted in unacceptable traffic congestion in the area. Consequently, including the Birch Road access, these three local access interchanges have been part of the study area to accommodate regional trip service generated by the Otay Ranch.

Construction Phasing of Ultimate Project

When State Route 125 opened on November 19, 2007, the land south of Birch Road was undeveloped. Consequently, there was no need to construct the local street crossings and interchanges at Main Street and at Otay Valley Road. Due to continued development growth in southeastern Chula Vista, available roadway capacity is slowly being lost at Olympic Parkway near Interstate-805. As development continues along the southerly portion of Otay Ranch for Villages 4, 8 West, 8 East, 9, 10, and the University Innovation District, additional roadway capacity must be provided. Regional transportation facilities require a longer lead time than local transportation facilities. Since development is incremental, the studies will also allow for the determination of construction phasing of the each of the two local street overcrossings and interchanges to be established. One highly likely possibility is that only the northerly overcrossing and interchange at Main Street may be completed initially unless development has progressed to the point that the southerly overcrossing (Otay Valley Road) and interchange is imminently needed. Construction and financing phasing is still to be determined and the timeline for these improvements could be as listed below.

The tentative schedule for the overcrossing(s) and interchange(s) is as follows:

- Project Initiation Document via Project Study Report September 2020 to November 2022.
- Project Report/Environmental Document December 2022 through September 2023.
- Design Phase and Construction Documents. September 2023 through July 2025.
- Construction Phase Fall 2025 through December 2028.
- Main Street Overcrossing and Interchange: Open to Public FY 2028/2029.
- Otay Valley Road Overcrossing and Interchange: To Be Determined with studies.

Developer Request for ETDIF Credits

Pursuant to the Chula Vista Municipal Code (“CVMC”), HomeFed Corporation has submitted two letters to the City Manager dated June 29, 2022, and July 30, 2020, requesting that the City of Chula Vista be the lead on the Environmental Document Phase and authorization to begin work on two ETDIF facilities and receive Transportation Development Impact Fee credits for two interchanges at State Route 125 at the Main Street and at the Otay Valley Road Overcrossings (Attachment 3), respectively.

Since the initial phase of work is completed, tonight’s action is to continue work on these two ETDIF facilities with City, not the developer nor Caltrans, being the lead for the environmental phase. Due to the need to expedite improvements and manage regional workload, Caltrans cannot accept this amount of work and be the lead agency for two interchanges and meet timeline expectations from the developer and the City of Chula Vista.

The second option is to have the developer as the lead, but that creates additional expense to pay for the Caltrans review time as the developer works with Caltrans and the City through this phase of work because they are not a public agency. The estimated cost for the Caltrans review is in the range of \$1 million to \$2 million. The third and preferred option is to have the City as the lead agency and then City staff works with the developer, developer’s consultant team, and with Caltrans. Since the Caltrans process already exists for their review of local agency work through a Cooperative Agreement and their Local Development Intergovernmental Review (LD-IGR) Program, their work is at no expense to the City nor to the ETDIF. Thus, the existing Caltrans review process that City would use is not available to the developer and provides the most expeditious schedule for this CIP and cost-effective option. The LD-IGR has deliberative goals to enhance safety to the traveling public and freight movement, provide equitable service, support smart growth, location efficient infill, and sustain-able multimodal strategies in quality of life, health, and economic prosperity for anyone who uses and benefits from the State Highway System (SHS) and related facilities.

Costs for City staff are included in the CIP budget (STM0409) while the developer would fund the consultant team’s expenses and seek ETDIF credit at the conclusion of project phase milestones. HomeFed Corporation concurs with the third approach, with the City as the lead on the environmental phase. The Cooperative (COOP) Agreement allows City staff and Caltrans to work on the environmental phase with the duties identified for each. The developer will continue to work with City staff based on agreements with the City. Note that the COOP (Attachment 4) is in substantially final form but will be revised as necessary between

legal counsel from the City and Caltrans. Therefore, tonight’s action allows the City Attorney to make any necessary changes as needed to be able to enter into the COOP Agreement.

Process for Granting ETDIF Credits

The ETDIF ordinance sets forth a procedure for issuance of fee credits to developers for the design and construction of ETDIF facilities (CVMC 3.54.150). The developer is required to comply with the procedural requirements set forth in the ETDIF ordinance to receive ETDIF credit.

HomeFed has requested and staff has concurred that credits may be granted upon completion of each phase of the project instead of the construction completion. The first two phases are:

1. Project Initiation Document via Project Study Report (Approximately \$365,000)
2. Project Report/Environmental Document (Approximately \$1.8m)

Fee Credits will be granted based on actual costs as substantiated by HomeFed Corporation and approved by the Director of Development Services.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Councilmembers and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov’t Code §87100, et seq.). Staff is not independently aware, and has not been informed by any [Insert appropriate Legislative Body name] member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

This CIP is included in the eastern Transportation Development Impact Fee (TDIF) Program as future interchanges at SR-125/Main Street-Hunte Parkway and at SR-125/Otay Valley Road. The cost for these two interchanges is included in the TDIF program. The action tonight will authorize work to begin on the next phase of work which is the environmental document phase. There are sufficient funds in the CIP budget for staff costs. No additional appropriation is requested at this time.

ONGOING FISCAL IMPACT

The cost for the two future interchanges at SR-125/Main Street-Hunte Parkway and at SR-125/Otay Valley Road are included in the TDIF program. Future appropriations will be approved as part of the City’s annual CIP Program.

ATTACHMENTS

1. 2005 Chula Vista General Plan “Vision 2020” Circulation Plan – East. Figure 5.13.E
2. PSR-PDS document dated November 2, 2022
3. HomeFed Corporation Letters dated June 29, 2022, and July 30, 2020
4. Caltrans Cooperative Agreement (draft)

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