



CITY COUNCIL STAFF REPORT



August 8, 2023

ITEM TITLE

Project Agreement and Appropriation: Approve an Agreement with Caltrans to Develop the Project Report and Environmental Documents for a Capital Improvement Project at SR-125 and Main Street/Otay Valley Road (STM0409) and Appropriate Funds

Report Number: 23-0200

Location: State Route 125 at Future Main Street and Otay Valley Road

Department: Engineering & Development Services

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 also qualifies for an Exemption pursuant to CEQA State Guidelines Section 15061(b)(3).

Recommended Action

Adopt a resolution approving a cooperative agreement with Caltrans for assistance in the development of the Project Report and Environmental Documents for Capital Improvement Project STM0409 (SR-125 and Main Street/Otay Valley Road interchanges) and appropriate \$300,000 from the Transportation Development Impact Fee Fund to STM0409 for that purpose. **(4/5 Vote Required)**

SUMMARY

The City Council approved Resolution No. 2022-264 at the December 6, 2022 Council Meeting, which authorized initiating the Project Approval and Environmental Document development phase for the SR-125 and MainStreet/Otay Valley Road Interchanges project by amending the project description for Capital Improvement Project (“CIP”) STM0409 to include this environmental review phase. During the environmental review phase, the Project Report and Environmental Documents (“PR-ED”) will be developed and ultimately approved. Both State and Federal level Environmental Documents are being prepared to allow the projects use of State and Federal funds, should they become available.

The resolution also approved a draft Cooperative Agreement between the California Department of Transportation (“Caltrans”) and the City of Chula Vista establishing and assigning each agencies roles,

responsibilities, standards of practice and funding obligations needed for the PR&EDs required for this phase of project development.

The City of Chula Vista will be the Lead Agency for the California Environmental Quality Act (“CEQA”) process. When the City is the Lead Agency for CEQA, Caltrans provides all their Quality Management and Responsible Agency services for the CEQA document at no cost to the City. For the National Environmental Policy Act (“NEPA”) process, only Caltrans can be the Lead Agency and the City is obligated to advance their costs to develop the NEPA document.

The funding obligation section of the previously approved cooperative agreement omitted remittance to Caltrans for development of the NEPA document. Caltrans provided an estimated cost of \$300,000 to prepare the NEPA documents for the project. The cooperative agreements funding section was revised to include this estimated cost which will be appropriated from Eastern Transportation Development Impact Fee (“ETDIF”) funds. HomeFed Corporation (“Developer”) will reimburse the City and is eligible for ETDIF Credit for these costs.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and has determined that the activity is not a “Project,” as defined under Section 15378 of the state CEQA Guidelines. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Therefore, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

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. The interchanges contemplated were consistent with the Chula Vista Circulation Element of the General Plan. Of those three planned interchanges, Birch Road has been built while Main Street (formerly Rock Mountain Road and extension of Hunte Parkway) and Otay Valley Road have not. Recent advance planning and traffic analysis evaluations confirmed that both new interchanges are still needed to accommodate regional trip service generated by the development of Otay Ranch and to avoid unacceptable levels of traffic congestion. These two interchanges are also identified in the City's ETDIF Program as facilities 67 & 68. Consequently, two years ago, city staff established CIP STM0409 to initiate the first phase, the Project Initiation Document phase (“PID”), of the project development process for these two interchanges.

During the PID phase, the city staff worked with the Developer, their consultant team, and Caltrans on the development and approval of the Project Study Report (“PSR”) which evaluates various geometric options and establishes a consensus with Caltrans on the alternatives that will be evaluated during the next phase of development. The PSR was approved on November 2, 2022, completing the PID phase.

Project Initiation Document Phase (Phase 1 - completed)

Per a Highway Improvement Agreement between the Developer and Caltrans, technical studies were conducted and evaluated to determine the final geometric design alternatives and the proposed improvements needed in the segment of SR-125 between the existing Birch Road interchange and the Bob Pletcher Way undercrossing. The project team consisting of the Developer, their consultant team (“TYLIN”), Caltrans, and the City compiled the findings and completed the Project Study Report – Project Development Support (“PSR-PDS”) document. The PSR-PDS was approved by Caltrans on November 2, 2022 (Attachment 1) and provided an analysis of four build alternatives, and a no-build alternative.

Alternative A considers a full interchange at Main Street and an overcrossing without ramp connections to SR-125 at Otay Valley Road. Alternative B considers overcrossings at both locations and one-way frontage roads between them that parallels each side of SR-125, creating a road couplet configuration between the off and on ramps. Alternative C considers full interchanges at both locations and auxiliary lanes in both directions, on SR-125, between the on/off ramps. Finally, Alternative D is called the “Minimum Build Alternative” and considers only local street overcrossings at both locations with no ramp connections to access the SR-125.

The City has issued the Developer ETDIF credits for the eligible costs incurred to complete the PSR-PDS costs, pursuant to Chula Vista Municipal Code (“CVMC”) Section 3.54.140. This work primarily included consulting engineering costs.

Project Approval and Environmental Document Phase (Phase 2)

The Project Approval and Environmental Document phase is now beginning. The PSR-PDS anticipated environmental documents needed for the project would be an Environmental Impact Report (“EIR”) for CEQA and a routine Environmental Assessment (“EA”) leading to a Finding of No Significant Impact (“FONSI”) for NEPA. Development of a joint CEQA/NEPA document is recommended to streamline this phase and minimize overlapping environmental technical studies and reports. Additionally, it is recommended that the City take on the role of CEQA Lead Agency. As CEQA Lead Agency, the City has better control over the project schedules, costs and, Caltrans would provide their Quality Management and Responsible Agency services at no cost to the City. A Cooperative Agreement is required when a Local Agency takes the role of CEQA Lead Agency in lieu of Caltrans (Attachment 2).

Caltrans is prohibited from delegating the NEPA Lead Agency role to another agency and requires the City to advance the funds to cover the cost of their efforts to develop the NEPA document. The NEPA document is required to pursue any Federal funding opportunities. Caltrans provided an estimated cost of \$300,000 to provide NEPA Lead Agency services. A final Cooperative Agreement has been prepared and is included as Attachment 2 of this item.

Developer 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 CEQA Lead, authorize beginning work on the PS&ED project development phase for these interchanges and, confirm that the work is eligible to receive ETDIF credits (Attachment 3). Costs for City staff are included in the CIP budget (STM0409). The Developer would fund the consultant team cost, reimburse the City for Caltrans costs, and request ETDIF credit at the conclusion of project phase milestones.

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.

Developer 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. Phase 1: Project Initiation Document via Project Study Report (Approximately \$365,000)
– fee credits granted
2. Phase 2: Project Report/Environmental Document (Approximately \$6.5M)

Fee Credits will be granted based on documentation of actual costs submitted to the City by Developer, which will be audited by city staff and approved by the Director of Development Services. The Developer concurs with this approach. This agreement is set-forth in a letter dated February 27, 2023 (Attachment 3.)

City staff recommends approval of the revised final cooperative agreement.

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 City Council 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 ETDIF 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 ETDIF program. The action tonight will appropriate \$300,000 from ETDIF Fund to STM0409 for NEPA Lead Agency work on the NEPA environmental document. There are sufficient funds available in the ETDIF for this appropriation.

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 ETDIF program. Future appropriations will be approved as part of the City's annual CIP Program.

ATTACHMENTS

1. PSR-PDS document dated November 2, 2022
2. Caltrans Cooperative Agreement (final)
3. HomeFed Corporation Letters dated June 29, 2022, and July 30, 2020

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