



CITY OF SAN MATEO

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Agenda Report

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TO: City Council
FROM: Alex Khojikian, City Manager
PREPARED BY: Public Works Department
MEETING DATE: September 16, 2024
SUBJECT:
US-101 Peninsula Interchange Avenue Improvements - Project Update

RECOMMENDATION:

Receive an update and determine whether the US-101/Peninsula Avenue Interchange Improvements Project should be cancelled as recommended by staff.

BACKGROUND:

The US-101/Peninsula Avenue Interchange Improvements Project (Project) was first identified in 1988 in the San Mateo County Transportation Authority's (SMCTA) Measure A Expenditure Plan, highlighting that issues associated with the E. Poplar/US-101 on- and off-ramps have been a concern for several decades. The Project proposes to relocate the southbound US-101 on- and off-ramps from E. Poplar Avenue to Peninsula Avenue, creating a full northbound and southbound access interchange at Peninsula Avenue and Airport Boulevard. The Project would address both vehicle and pedestrian safety issues at intersections along E. Poplar Avenue in the immediate vicinity of several schools and substantially improve traffic congestion in the surrounding area, which indirectly helps reduce cut-through traffic through the neighborhoods. Two alternatives for the southbound on- and off-ramps at Peninsula Avenue have been evaluated: a tight diamond interchange and a spread diamond interchange. A major challenge for each of the alternatives is the need for full or partial acquisition of private properties along N. Amphlett Blvd. to provide the necessary right-of-way (ROW) to construct the interchange, resulting in substantial cost implications.

Historical City Council Direction on the Project

- In 2012 Council directed staff to pursue the Project.
- In 2015, staff developed the Project Initiation document, which identified the two alternatives (i.e., tight and spread diamond options) to evaluate in the Project Approval and Environmental Document (PA/ED) phase.
- In 2016 the Project's PA/ED phase started after \$2.5 million in SMCTA grant funds were secured. Given that Peninsula Avenue crosses jurisdictional boundaries with the City of Burlingame, cut-through traffic was raised as a Project concern by Burlingame residents and their City Council. As a result, a preliminary analysis to determine the Project's effect on traffic in the broader community was conducted.
- In 2021, staff received direction from Council to continue the PA/ED phase and seek funding to start the project design phase. Staff pursued additional funds from SMCTA from their Measure A Highway Program grant. In December 2021, SMCTA awarded \$1.4 million to complete the PA/ED phase, another \$4.2 million to fund the project design phase, and \$400,000 to begin the administrative portion of the ROW acquisition process. Matching

funds were also required from the City in the amount of \$600,000, \$500,000 and \$100,000 for the PA/ED, project design, and ROW administrative phase, respectively.

- In 2022, staff received updated Project cost estimates for both alternatives identified in the PA/ED with a significant increase in ROW acquisition cost (Table 1.). For context, the ROW acquisition cost was estimated to be \$57 million and \$71 million for both the tight diamond and spread diamond options, respectively, during the start of the PA/ED process. In 2022, the updated estimate showed ROW acquisition costs for the tight diamond and spread diamond alternatives to be \$97 million and \$151 million, respectively. This is 70% and 112% increases over the original PA/ED estimate. To make matters worse, the latest estimate for ROW acquisition is 80% - 170% greater than the actual construction cost. This means if the project were to proceed forward to construction, it is highly unlikely any sort of funding would be awarded to this project since right-of-way acquisition is not something funding agencies normally provide. That means the majority of the project cost would need to be funded with local funding, for example General Fund or local transportation funds.

Table 1. Project Cost Estimate (Shown in Millions)

	Tight Diamond Alternative	Spread Diamond Alternative
Design, ROW Administrative, Construction Management	\$18M	\$20M
Right-of-Way Acquisition	\$97M	\$151M
Construction	\$54M	\$56M
TOTAL	\$169M	\$227M

- In 2023, staff provided a Project update to City Council. Staff focused on the latest construction cost estimates for both the tight diamond and spread diamond alternatives. Staff pointed out that right-of-way acquisition costs for the tight diamond and spread diamond alternatives accounted for 57% and 67%, respectively, of the total project cost of \$169 and \$227 million. With such high cost for construction and uncharacteristic distribution to right-of-way acquisition, staff sought direction from City Council feedback on potential next steps:
 1. Continue with the Project (Finish PA/ED and move towards project design)
 2. Explore new alternatives that have less right-of-way acquisition and impact
 3. Restart the project and identify alternatives with less right-of-way acquisition and impact
 4. Cancel the project and explore other project alternatives to resolve project issues.

Council directed staff to explore new alternatives that have less right-of-way acquisition and impact.

Alternative Development Workshop

Shortly after Council direction to explore alternatives with less ROW impacts, staff revisited the Project planning phases to see if there were any overlooked alternatives worth further exploration. Staff convened a group of industry experts working on or familiar with the Project, including Gray-Bowen-Scott, SMCTA, AECOM, and Kimley-Horn, to perform a one-day value engineering exercise to see if any new alternatives could be achieved. The exercise consisted of examining more than 12 alternatives. Ultimately, the team was not able to find an alternative that would have a meaningful reduction in ROW cost. The full Alternative Development Workshop memo is attached as Attachment 1.

Other Considerations

Outside of the disproportional ROW acquisition cost from the two (2) alternatives, staff has the following concerns:

1. **Modern Transportation Funding:** During the Project's timeframe from 2012 to 2024, the funding landscape for transportation projects has changed dramatically at all levels, from federal to the county level. In the 12 years since Project inception, the industry has shifted away from large highway capacity projects to alleviate congestion and moved toward multi-modal and public transit projects that promote mode shift and consolidation to get

vehicles off the existing roadway network.

2. **Resident Impacts:** Since the project entered its PA/ED phase with its two (2) alternatives, staff has heard an increasing amount of feedback from the community about how their properties are now put in hardship. Residents have communicated to staff about their properties being devalued due to the uncertainty of whether their property will be acquired for this project. Residents have also expressed their inability to refinance their property due to the uncertainty which has created significant financial hardship for some property owners.

Summary/Next Step/ Recommendation

The Project will be entering its 13th year since Council first directed staff to pursue this project. The Project Initiation Document was completed relatively quick, but the project has been in the PA/ED phase for close to nine years due to the complex nature of the project, the balance of opposition vs. support for the project from the public, inconsistent funding, and lack of funding forecasting.

Given all the challenges associated with the Project, most notably the high probability that it cannot be funded due to the disproportionate ROW acquisition costs, staff recommends cancelling the project and utilizing the on-going North Central Complete Streets Plan to identify new smaller project(s) that will help address the current community concerns. If Council agrees with staff's recommendation, official notification will be distributed to interested parties and the City will notify SMCTA of the decision and closeout the project accordingly. Staff is seeking Council's direction on the following staff recommendation:

1. Cancel the Project and notify interested parties and property owners of the City's decision
2. Conduct a scoping study to identify small alternative projects to address safety in the neighborhood as part of the North Central Complete Streets Plan; and
3. Seek grant funding to implement projects that come out of the North Central Complete Streets Plan to address safety and congestion issues consistent with the original goal of the project.

BUDGET IMPACT:

There is no budget impact for receiving an update on US-101/Peninsula Avenue Interchange Improvements project.

ENVIRONMENTAL DETERMINATION:

This City Council action is not a project subject to CEQA, because it can be seen with certainty that there is no possibility that an informational update and request for direction on whether to terminate a project may have a significant effect on the environment. (CEQA Guidelines Section 15061(b)(3).)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Alternative Development Workshop Memorandum

STAFF CONTACT

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