



City Council Staff Report

Date: September 2, 2009 NEW BUSINESS

Subject: AMENDMENT NO. 2 TO THE PALM DRIVE/GENE AUTRY TRAIL AT INTERSTATE 10 INTERCHANGE PROJECT REIMBURSEMENT AGREEMENT

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

Approval of Amendment No. 2 to the four-party agreement between the County of Riverside, the City of Palm Springs, the City of Desert Hot Springs, and the Coachella Valley Association of Governments ("CVAG") Reimbursement Agreement (Agreement No. 4195) increases the total authorized Measure A amount by \$14,490,240 to \$32,667,007 for Design Engineering, Environmental and Construction of the Palm Drive/Gene Autry Trail at Interstate-10 Interchange Project.

RECOMMENDATION:

- 1) Approve Amendment No. 2 to Agreement No. 4195, increasing the total authorized Measure A amount by \$14,490,240 to \$32,667,007 and amending the total project cost to \$38,808,720 for the Palm Drive/Gene Autry Trail at Interstate-10 Interchange Project; and
- 2) Authorize the City Manager to execute all necessary documents; and
- 3) Direct staff as appropriate.

STAFF ANALYSIS:

On February 2, 2000, City Council approved the original Master Reimbursement Agreement with CVAG (Agreement No. 4195) for the Palm Drive/Gene Autry Trail at Interstate-10 Interchange Project (the "I-10 Project"), a four-party agreement between the County, Palm Springs, Desert Hot Springs and CVAG. Amendment No. 1 to the agreement was approved by Council on February 23, 2005, increasing the total Measure A funds for the I-10 Project by \$16,652,767 for the right-of-way, construction and construction management phases.

The County is the Lead Agency for the I-10 Project, and has made significant progress in the last year having completed the final design and obtained Caltrans' approval of the plans, and completing all right-of-way acquisition. The County has submitted a request to Caltrans to obligate the federal funds programmed for construction, which includes \$4,574,000 in federal economic stimulus funds. The request is currently pending formal approval by the Federal Highway Administration ("FHWA"), at which time the County will be authorized to proceed with construction. Assuming receipt of FHWA approval by September 1, the County anticipates moving forward with bidding in September with a tentative start of construction by February 2010.

Now that the County is prepared to move forward with construction bidding, revised final project costs have been identified. Exhibit B to Amendment No. 2 identifies the project costs broken down by category, establishing a final estimated total project cost of \$38,808,720. Amendment No. 2 to the CVAG Reimbursement Agreement officially programs a total of \$32,667,007 of Measure A funds for the I-10 Project, and was approved by the CVAG Executive Committee on April 27, 2009.

FISCAL IMPACT:

Generally, the various I-10 Interchange Projects (Indian Canyon Drive, Palm Drive/Gene Autry Trail, Date Palm Drive, Bob Hope Drive/Ramon Road, and Jefferson Boulevard) are funded by the standard 75% Regional Measure A / 25% Local Agency funds commitment. Given that multiple local agencies benefit from the expansion of the I-10 Interchange Projects, a benefit assessment study was previously prepared on behalf of CVAG to further divide the overall 25% Local Agency share. The purpose of the benefit assessment study was to distribute the 25% Local Agency share such that the local agencies (County and/or cities) which would derive the greatest benefit from the improved I-10 Interchanges would be responsible for the highest proportionate costs for that I-10 Interchange project.

On that basis, the benefit assessment study was prepared using traffic engineering analysis that determined total overall traffic that would use each I-10 Interchange, and the traffic generated within each local agency (County or city) that would use each I-10 Interchange. The ratio of each local agency's traffic using the I-10 Interchange to the total traffic using the I-10 Interchange determined that local agency's share of the overall 25% Local Agency share for that I-10 Interchange Project. The CVAG Executive Committee previously approved the benefit assessment study in September 2003 which equitably divides up the 25% Local Agency share to each local agency for each I-10 Interchange Project.

The following Table outlines the City of Palm Springs' share of the overall 25% Local Agency share of each I-10 Interchange Project. The totals shown are estimated costs which will change once each I-10 Interchange Project is completed and final costs

determined. The City's liability of the overall 25% Local Agency share for the Indian Canyon Drive and Palm Drive/Gene Autry Trail may be further reduced by "credits" for federal grants the City received on adjacent arterial widening projects on Indian Canyon Drive and Gene Autry Trail which would be applied to the City's share to those I-10 Projects. The City's potential credits are not reflected in the Table.

	Indian Canyon Dr.	Palm Dr. / Gene Autry Trail	Date Palm Dr.	Bob Hope / Ramon Rd.	Jefferson Blvd.	Total
Measure A Cost	\$32,000,000	\$33,000,000 ¹	\$32,000,000	\$12,000,000 ²	\$78,000,000	\$193,000,000
CVAG 75%	\$24,000,000	\$24,750,000	\$24,000,000	\$9,000,000	\$52,500,000	\$144,750,000
Local 25%	\$8,000,000	\$8,250,000	\$8,000,000	\$3,000,000	\$19,500,000	\$48,250,000
City % of 25% Share	50.50%	37.59%	20.60%	17.76%	0%	-----
City share ³	\$4,000,000	\$3,100,000	\$1,650,000	\$500,000	\$0	\$9,850,000

As seen in the Table above, the City of Palm Springs' individual local agency share for the Palm Drive/Gene Autry Trail I-10 Interchange was established at 37.59% of the overall 25% Local Agency share. The final estimated total project costs covered by Measure A funds is \$32,667,007 (rounded to \$33,000,000 in the Table above) of which the 25% Local Agency share is approximately \$8,200,000. The City of Palm Springs' individual local agency share will be 37.59% of \$8,200,000 (approximately \$3,100,000). The City's actual share will not be known until after the project is completed and final costs are determined.

Assuming the City's liability for this project is around \$3,100,000 it will be necessary to consider options for paying the City's share to CVAG. The CVAG Executive Committee has recently approved a request from Riverside County to enter into a 10-year payback agreement with CVAG for the County's share of the Palm Drive/Gene Autry Trail I-10 Interchange project. The Executive Committee has also approved the concept of 10-year payback agreements with the cities, in the event other cities request a similar arrangement as the County's. City staff has submitted a request to CVAG to consider a 10-year payback agreement for the Palm Springs' share of the I-10 Projects, and will bring the agreements to Council for consideration within the next year.

¹ The estimated total cost of the Palm Dr./Gene Autry Trail I-10 Interchange is \$32,808,720 (rounded to \$33,000,000). The costs covered by Measure A funds of \$32,667,007 (rounded to \$33,000,000) does not include the \$4,574,000 in federal economic stimulus funds and other federal funds programmed for the project.

² The estimated total cost of the Bob Hope/Ramon Rd. I-10 Interchange is \$67,000,000. The \$12,000,000 total cost shown in the Table above does not include the \$35,000,000 federal economic stimulus funds, and other state and federal funds programmed for the project. The remaining balance estimated at \$12,000,000 is funded with Measure A funds.

³ City share amounts are rounded.

Although the terms of the payback agreement have yet to be determined, in consulting with CVAG staff, the terms will include an interest rate equivalent to CVAG's carrying costs (estimated from 3% to 6%) with annual payments to begin after completion of the project when final costs are determined. Therefore, under the assumption that the City's share of the Palm Drive/Gene Autry Trail I-10 Interchange project is \$3,100,000 and is paid to CVAG pursuant to a 10-year payback agreement at an interest rate of 6%, the City will begin annual payments to CVAG of approximately \$400,000 starting around spring 2012.

The City normally pays its 25% local share of Measure A funded projects with its own Local Measure A funds. Typically, these projects include federal grants the City has obtained on its own behalf which offset or cover the City's local share to CVAG. However, the I-10 Project costs are significantly more than any transportation project the City has previously undertaken. All together, the five I-10 Interchange Projects are currently estimated to cost the Measure A Program a total of \$193,000,000 of which the overall 25% Local Agency share is over \$48,000,000 which is subsequently divided up among the County and cities on the basis of the CVAG benefit assessment study.

The City receives limited Local Measure A funds each year (\$1,558,000 this fiscal year), which are generally used to fund the City's overlay and slurry seal projects, as well as local match funding for Regional Measure A and federal grant funded projects. As the other I-10 Projects move into construction and are completed, the City will incur additional liability to CVAG for its share of those projects. The following is an estimated timeline for the other I-10 Projects and schedule for commencement of payments to CVAG for the City's local share:

4th Quarter 2009 – Bob Hope Dr./Ramon Rd. starts construction
1st Quarter 2010 – Palm Dr./Gene Autry Trail starts construction
2nd Quarter 2010 – Indian Canyon Dr. starts construction
4th Quarter 2010 – Date Palm Dr. starts construction

Jefferson Blvd. is not listed as the City's share is \$0.

Assuming a two year construction period, the following is an estimated schedule of when payments to CVAG of the City's local share of each I-10 Project would begin⁴:

1st Quarter 2012: \$500,000 payment for Bob Hope Dr./Ramon Rd.
2nd Quarter 2012: \$400,000 annual payments for Palm Dr./Gene Autry Trail
3rd Quarter 2012: \$500,000 annual payments for Indian Canyon Dr.
1st Quarter 2013: \$200,000 annual payments for Date Palm Dr.

⁴ The payment amounts assume a 10-year payback agreement with CVAG, at 6% interest, with the exception of Bob Hope Dr./Ramon Rd. where the City's total share of \$500,000 is paid up front.

If the current schedule for delivery of the I-10 Projects is not delayed, in 2012 an estimated \$1,400,000 payment to CVAG would be required, and subsequently in 2013 estimated annual payments of \$1,100,000 to CVAG would begin. These amounts represent a significant portion of the City's annual disbursement of Local Measure A funds; using only Local Measure A funds to repay CVAG will severely limit the City's ability to perform street maintenance and road construction during the payback period. Therefore, as the I-10 Projects move into construction it will be necessary to consider whether the CVAG payments will be funded entirely with Local Measure A funds, or if the CVAG payments will be funded partly or entirely from other fund sources.

Staff proposes to investigate and bring options to Council in the 2010/11 fiscal year budget to include the possibility of bonding, future Measure A funds, use of existing cash in designated accounts, and use of redevelopment funds as sources of funding to cover the City's share of the I-10 Projects costs to CVAG.

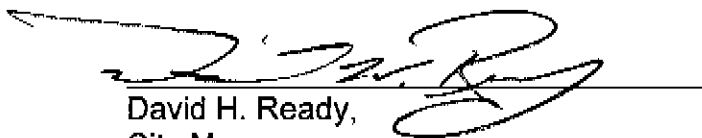
SUBMITTED:



David J. Barakian
Director of Public Works/City Engineer



Thomas J. Wilson
Assistant City Manager



David H. Ready,
City Manager

Attachments:

1. Amendment No. 2 to Agreement No. 4195

AMENDMENT NUMBER TWO

to the

**COUNTY OF RIVERSIDE - CITY OF PALM SPRINGS - CITY OF DESERT HOT SPRINGS -
CVAG REIMBURSEMENT AGREEMENT**

for the

**PALM DRIVE/GENE AUTRY TRAIL INTERSTATE 10 INTERCHANGE PROJECT
DESIGN ENGINEERING, ENVIRONMENTAL DOCUMENT AND CONSTRUCTION**

THIS AMENDMENT NUMBER TWO is made and entered into this _____ day of _____, 2009, by and between the **County of Riverside ("Lead Agency")**, the **City of Palm Springs ("Agency")**, the **City of Desert Hot Springs ("Agency")**, and the **Coachella Valley Association of Governments**, a California joint powers agency, ("**CVAG**"), and is made with reference to the following background facts and circumstances:

This Amendment Number Two obligates and authorizes work not previously authorized under the terms of the existing reimbursement agreement, executed June 5, 2000. All other provisions in the existing reimbursement agreement shall remain in force.

The CVAG Executive Committee, on April 27, 2009, approved this Amendment Number Two to provide for new and revised requirements mandated by Caltrans and FHWA that were required for the completion of the PA/ ED and PS&E, increased Right of Way Acquisition costs, and anticipated increases in construction and construction management costs.

This Amendment Number Two authorizes the additional amount of **\$14,490,240** CVAG regional funds for the Palm Drive/Gene Autry Trail Interstate 10 Interchange project. The revised Scope of Services, estimate of Cost, and updated Project Schedule are attached hereto as Exhibits "A", "B", and "C", which are incorporated herein by this reference.

Summary:

Previously Obligated and Authorized for Expenditure (Original Agreement)	\$ 1,524,000
Previously Obligated Under Amendment Number One	\$ 16,652,767
New Obligations under this Amendment Number Two	<u>\$ 14,490,240</u>
Total amount obligated and authorized for expenditure	<u>\$ 32,667,007</u>

The parties hereto have caused this Amendment Number Two to be executed by their duly authorized representatives on this date:

ATTEST:

AGENCY:

By: *Kecia Harper-Ihem* DEPUTY
Clerk of the Board of Supervisors
KECIA HARPER-IHEM

COUNTY OF RIVERSIDE

By: *Jeff Stone*
Chairman of the Board of Supervisors
JEFF STONE

CITY OF PALM SPRINGS

By: _____
City Clerk

By: _____
City Manager

CITY OF DESERT HOT SPRINGS

By: _____
City Manager

By: _____
Mayor

By: _____
Larry Parrish,
Interim Executive Director

CVAG
By: *[Signature]*
CVAG Chair

FORM APPROVED COUNTY COUNSEL
BY: *Victor* MARSHAL VICTOR
DATE: *6/5/09*

EXHIBIT A

SCOPE OF SERVICES

AMENDMENT NUMBER TWO

**COUNTY OF RIVERSIDE - CITY OF PALM SPRINGS - CITY OF DESERT HOT SPRINGS -
CVAG REIMBURSEMENT AGREEMENT**

**PALM DRIVE/GENE AUTRY TRAIL INTERSTATE 10 INTERCHANGE PROJECT
DESIGN ENGINEERING, ENVIRONMENTAL AND CONSTRUCTION**

Provide all technical and professional services including labor, material, equipment, transportation, supervision, administration, review and expertise to provide for new and revised requirements mandated by Caltrans and FHWA that were required for the completion of the PA/ED and PS&E, increased Right of Way Acquisition costs, and anticipated increases in construction and construction management costs to process an Environmental Document, Project Report, Right-of-way engineering documents, Plans, Specifications, & Estimates and Construction of the project.

Environmental:

Environmental services shall include the following: Preparation of technical studies, reports and all other documents necessary to obtain environmental clearance for this project. Processing of all environmental documents for approval.

The Environmental Document will meet the requirement of CEQA and NEPA.

Project Report:

Preparation of a Project Report in accordance with the current Caltrans Guidelines as described in the Caltrans Project Development Procedures Manual.

Right-of-Way Engineering documents:

Prepare all documents including plats, maps and legal descriptions to acquire necessary real property for the project.

Plans, Specifications and Estimates:

Prepare Plans, Specifications and Estimates for the project in accordance with relevant Caltrans, County and City standards. Process Plans, Specifications and Estimates for approval by the appropriate agencies.

Construction:

Construction of a six lane interchange

EXHIBIT B

ESTIMATE OF COST

AMENDMENT NUMBER TWO

**COUNTY OF RIVERSIDE - CITY OF PALM SPRINGS - CITY OF DESERT HOT SPRINGS -
CVAG REIMBURSEMENT AGREEMENT**

**PALM DRIVE/GENE AUTRY TRAIL INTERSTATE 10 INTERCHANGE PROJECT
DESIGN ENGINEERING, ENVIRONMENTAL DOCUMENT AND CONSTRUCTION**

Preliminary Survey	\$ 259,207
Environmental Document	\$ 296,092
Design	\$ 2,097,965
Right-of-Way	\$ 1,831,915
Utilities	\$ 2,112,067
Construction	\$27,919,000
Construction Management	\$ 3,791,374
Construction Survey	\$ 501,100
Total Cost	\$38,808,720

EXHIBIT "C"

PROJECT SCHEDULE

AMENDMENT NUMBER TWO

**COUNTY OF RIVERSIDE - CITY OF PALM SPRINGS - CITY OF DESERT HOT SPRINGS -
CVAG REIMBURSEMENT AGREEMENT**

**PALM DRIVE/GENE AUTRY TRAIL INTERSTATE 10 INTERCHANGE PROJECT
DESIGN ENGINEERING, ENVIRONMENTAL DOCUMENT AND CONSTRUCTION**

Complete Design/PS&E	May, 2005
Right of Way Certification	April, 2009
Begin Construction	November, 2009
Complete Construction	November, 2011