



OFFICE OF THE CITY MANAGER

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December 28, 2020

Joseph M. Hurley, P.E.
Director, San Mateo County Transportation Authority Program
1250 San Carlos Avenue
San Carlos, CA 94070

Dear Mr. Hurley:

The 25th Avenue Grade Separation Project (Project) is momentous to the City of San Mateo and the mid-Peninsula in the way it increases safety and improves east-west connectivity. This project has been in construction since December 2017 and has made substantial progress. This progress has been made possible with the cooperation of all the funding partners and the Caltrain project delivery team. It is important to note that this project has overcome significant issues to be where it is today. The decision to push forward with this project was supported jointly by the City of San Mateo and the Joint Powers Board (JPB) to ensure its completion prior to the construction of the Caltrain electrification program. This was significant as it ensured the commitment of \$84 million in High Speed Rail funding, and it meant that the project would be completed in a much more cost-effective manner than if it were built after the railroad is electrified. JPB staff has estimated the Project cost to be upwards of \$250 million if it were to be constructed after the electrification project.

On behalf of the City of San Mateo, I am requesting the San Mateo County Transportation Authority (SMCTA) Board consider allocating additional funding for the Project to ensure its completion by Fall 2021, with a reopening of the Hillsdale Caltrain station in Spring 2021. The original Project budget, established in 2017, is \$180 million and is funded by the City, Caltrans, California High Speed Rail and the SMCTA. While the project was originally estimated to be completed within budget, there have been several significant and unforeseen circumstances that have resulted in the project exceeding the \$180 million budget to a new estimated cost of \$205.9 million. The San Mateo City Council will be considering at its January 4, 2021 meeting an enhanced financial contribution of \$2.1 million toward the cost increase. To help offset the remaining budget deficit, we are requesting \$23.8 million from the SMCTA.

Following are the previously incurred significant cost issues that occurred in the mid-construction timeframe:

- Delays incurred in relocation of UP Third Party Fiber Optic line (TPFOC) and AT&T lines. These lines were in major conflict with new alignment of 25th Avenue Grade Separation Project, and hence needed to be relocated. These utilities were protected during ongoing construction and relocated by utility companies during the construction phase. This resulted in significant delays of about 504 days to the Project, thus impacting construction direct and indirect costs.

- Additional utility relocation cost for the PG&E High Pressure Gas (HPG) Pipeline. This HPG line needed to be relocated from JPB to City right-of-way. Relocation work was performed by PG&E and it was non-reimbursable, as PG&E has existing easement rights within JPB right-of-way for this facility.

Following are the ongoing and anticipated significant cost impacts for completion of construction phase:

- Additional administrative, materials, and labor escalation costs due to a total of 585 days delay in completion of project from January 25, 2020 to September 2021.
- Re-design of Project elements required to accommodate relocation TPOC and AT&T lines. This process caused additional 54 days of delay to the Project.
- Several other utility lines such as Cal Water, AT&T, PG&E need to be relocated. Some of the utilities are connected to new Caltrain facilities. The design of these utilities was finalized after construction award, and hence caused an increase in construction costs.
- Additional costs for removing contaminated soil and for improving ground conditions related to unsuitable and unforeseen subsurface issues.
- Field adjustments of various structural components, roadway, station, and parking lot.
- Any upcoming change orders on remaining Project work and open risk register items, including but not limited to, COVID-19 related claims, differing site conditions, interface and existing field conditions at Delaware and El Camino Real related to completion of 28th, 31st and 25th Avenues.

In addition, scope was added to the Project for the parking track design and construction. The added amount is for meeting nearby community needs for added scope of work such as a sound wall, extension of an access road, tree re-planting, and added administrative costs for design and construction.

City staff is recommending the City Council contribute an additional \$2.1 million toward the \$25.9 million cost increase to cover the cost of added scope of work for the parking track.

The City has been coordinating and working with JPB and SMCTA from the beginning of project and is looking forward for completion of the Project.

Thank you for considering the request for \$23.8 million in additional funds required to complete this Project. Through information received from JPB construction management team, the City is confident the proposed funding will be sufficient to complete the Project by Fall 2021.

Sincerely,



Drew Corbett
City Manager