



**CITY OF PALO ALTO
CITY COUNCIL
Special Meeting
Monday, February 26, 2024
Council Chambers & Hybrid
5:30 PM**

Agenda Item

8. Approve and Authorize the City Manager to Execute a Funding Agreement with the Valley Transportation Authority (VTA) to Accept a \$250,000 Grant as part of the 2010 Measure B Vehicle Registration Fee (VRF) Countywide Program Cycle Four; CEQA status – Statutorily Exempt.



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Transportation

Meeting Date: February 26, 2024

Report #:2401-2548

TITLE

Approve and Authorize the City Manager to Execute a Funding Agreement with the Valley Transportation Authority (VTA) to Accept a \$250,000 Grant as part of the 2010 Measure B Vehicle Registration Fee (VRF) Countywide Program Cycle Four; CEQA status – Statutorily Exempt.

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or their designee to enter a funding agreement with the Valley Transportation Authority (VTA) on behalf of the City of Palo Alto to Accept \$250,000 as part of the 2010 Measure B Vehicle Registration Fee (VRF) Countywide Program Cycle Four.

EXECUTIVE SUMMARY

The VTA manages and allocates funds from Santa Clara County's VRF Program. Through a competitive application process, the City of Palo Alto's Traffic Signal and Intelligent Transportation Systems project (PL-05030) for Quarry Road was selected to receive a grant of \$250,000 toward completion of the project which would include replacement of aging traffic signal equipment to comply with current standards, and to implement signal timing optimization along the Quarry Road corridor.

BACKGROUND

Senate Bill 83 (Hancock), signed into law in 2009, authorized countywide transportation agencies such as the Santa Clara Valley Transportation Authority (VTA) to implement a Vehicle Registration Fee (VRF) of up to \$10 on motor vehicles registered within the county to pay for transportation programs and projects.

The City of Palo Alto has a continuous need to maintain, operate, and optimize operations of traffic signals. Quarry Road, between Welch Road and El Camino Real, in particular has aging equipment such as traffic signal cabinets, detection systems and pedestrian push buttons. In

addition, signal timing has not been optimized on this corridor in many years. In recent years, substantial projects to improve the Stanford Medical Center, Stanford Shopping Center, and Quarry Road itself have occurred however the traffic signals at each of the intersections between El Camino Real and Vineyard Road have not been updated as part of these efforts. The signalized intersections along Quarry Road are in need of updates and are currently included with anticipated traffic signal improvements efforts over the next several years. This ITS project is not to be confused with the ongoing work with Stanford on Quarry Road improvements for Transit Center access, as this project does not include the Quarry Road and El Camino Real Intersection.

ANALYSIS

The Quarry Road corridor project was selected as one of the top scoring projects among many applications from various jurisdictions throughout Santa Clara County. The award amount of \$250,000 would cover approximately 85% of the total anticipated project costs.

The improvements included with this funding were anticipated to occur sporadically over the next four years due to cost limitations and other needs throughout the city. The VRF funding allocation will allow a more complete upgrade in a timely manner and allow for anticipated CIP funding to be re-allocated toward other areas of the City.

FISCAL/RESOURCE IMPACT

Funding from the VRF allocation would be incorporated into the Traffic Signal and Intelligent Transportation Systems project (PL-05030) through the City's FY 2025 Capital Improvement Plan budget process.

The City's capital improvement budget includes projections into the next five fiscal years for ITS and traffic signal related improvements throughout the City including the intersections identified in the project that would be receiving these VRF funds. The VRF funding allocation would allow a more complete upgrade in a timely manner and allow for anticipated CIP funding to be allocated toward other areas of the City.

STAKEHOLDER ENGAGEMENT

The VRF funding allocation process is led by the VTA and discussed and approved by the various public meetings including the VTA's Technical Advisory Committee (TAC) and approved by the Board of Supervisors.

ENVIRONMENTAL REVIEW

The Quarry Road ITS improvement project would qualify for CEQA statutory exemption under PRC section 21080.25(b)(3) (Transit prioritization project).

ATTACHMENTS

Attachment A: VRF Funding Agreement

APPROVED BY:

Philip Kamhi, Chief Transportation Official

**FUNDING AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
FOR 2010 MEASURE B VEHICLE REGISTRATION FEE COUNTYWIDE
PROGRAM**

This Agreement (“**Funding Agreement**”) between the City of Palo Alto, a California municipal corporation, (“**GRANTEE**”), and the SANTA CLARA VALLEY TRANSPORTATION AUTHORITY, a public agency, (“**VTA**”) is made as of the date of final execution by each party hereto.

RECITALS

- A. **Whereas**, in November of 2010, the voters of Santa Clara County authorized a TEN DOLLAR (\$10) increase in the Vehicle Registration Fee (“**VRF**”), referred to hereinafter as the “**PROGRAM**,” for transportation-related projects and adopted an expenditure plan which allocates the revenue to transportation-related programs and projects that have a relationship or benefit to the persons who pay the fee; and
- B. **Whereas**, the VTA Board of Directors has adopted administrative procedures for the PROGRAM; and
- C. **Whereas**, these administrative procedures state that VTA will execute program funding agreements with project grantees; and
- D. **Whereas**, the PROGRAM includes a “Countywide Program” that includes Intelligent Transportation System (ITS) technologies as an eligible project category; and
- E. **Whereas**, on November 2, 2023, the VTA Board approved VRF ITS funds for the City of Palo Alto - Quarry Road ITS Upgrade and Optimization s (PROJECT); and
- F. **Whereas**, each party hereto (“**Party**”) desires to specify the terms and conditions under which VRF-ITS project grants are conducted and financed.

NOW, THEREFORE, in consideration of the mutual promises contained herein, each Party (collectively referred to as the “**Parties**”) agrees as follows:

AGREEMENT

1. **Grant of VRF Funds.** VTA hereby agrees to allocate to GRANTEE, a grant (“**Grant**”) in an amount not to exceed two hundred fifty thousand DOLLARS (\$250,000) (“**Maximum Grant Amount**”). Said grant is provided to GRANTEE in return for GRANTEE’s agreement to implement the “**PROJECT.**” The use of PROJECT funds is for procurement and implementation of traffic signal hardware and automated traffic signal performance measures to improve operations on Quarry Road (between Palo Road and Welch Road) corridor, including the City’s staff support that should not exceed 10% of the Maximum Grant Amount. Approved PROJECT elements and costs are shown on Table 1 of Exhibit A attached hereto and incorporated by reference.

2. **Term.** The term of this Funding Agreement shall commence on the Effective Date (defined as the last execution date in the signature block below) and shall continue until the earlier of: (i) the date that the Project is completed or terminated; or (ii) 5:00 pm (Pacific Time) on December 31, 2025.

Any requests for additional time to complete Project beyond December 31, 2025 must be submitted in writing to VTA no later than 5:00 pm (Pacific Time) on October 1, 2025 and document that significant progress has been made on the project. VTA may approve or deny such requests in its sole discretion. Written approval of the extension request by VTA shall state the term of the extension term of this Agreement.

3. **Invoicing and Payment.**

- a. Grantor shall submit invoices at quarterly intervals to VTA for reimbursement of eligible costs incurred to implement the PROJECT commencing on the Effective Date. GRANTEE shall include auditable back-up documentation (time sheets, bills, etc.) with each invoice.
 - b. VTA shall reimburse GRANTEE's PROJECT eligible costs up to the Maximum Grant Amount. VTA will allocate to GRANTEE the VRF funds only on a cost reimbursement basis and only for documented eligible costs of the PROJECT. GRANTEE agrees that VRF-ITS funds will be utilized only after GRANTEE exhausts the PROJECT'S other existing funding allocation.
 - c. VTA shall, within twenty (20) days after receipt of an invoice that conforms to the requirements set forth in this Funding Agreement, reimburse GRANTEE for all eligible expenditures not reimbursed by other PROJECT funding up to the Maximum Grant Amount.
 - d. GRANTEE shall submit bi-annual reports of GRANTEE's expenditures of PROGRAM funds and associated interest, in a form to be provided by VTA to GRANTEE. Each report will provide PROJECT status to date and a status update for uncompleted tasks. Reports are due from GRANTEE to VTA no later than April 15 and October 15 of each year as a condition of receiving funds. GRANTEE should include photographs to document work performed as appropriate and requested by VTA.
4. **Naming of Project Liaison.** Prior to execution of this Funding Agreement, GRANTEE shall notify VTA of the name of the GRANTEE's PROJECT liaison (the "**Liaison**") and of the Liaison's address, telephone number and email address. The Liaison shall be the liaison to VTA pertaining to implementation of this Funding Agreement and shall be the contact for information about the PROJECT. GRANTEE shall notify VTA in writing of any change of Liaison or of the Liaison's contact information. Where possible such notification shall be delivered to VTA no later than thirty (30) days prior to the date of any change.

5. **Maintenance of Records.** GRANTEE shall maintain PROJECT financial records, books, documents, papers, accounting records and other evidence pertaining to costs for five (5) years after the PROJECT's completion. GRANTEE shall make such records available to VTA upon request for review and audit purposes. Financial audits will be performed at VTA's discretion. VTA will notify GRANTEE in writing in advance of any audit or other PROJECT review.
6. **Credit of Funding Contribution.** GRANTEE shall include a reference to VTA's funding contribution on all signage, electronic or printed materials related to the PROJECT that are distributed to the public. VTA shall provide a copy of VTA logos to GRANTEE for use in complying with the requirements of this provision,
7. **Indemnities.**
 - a. Neither VTA nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by GRANTEE under or in connection with any work, authority or jurisdiction delegated to VTA or GRANTEE under this Funding Agreement. Both Parties agree that pursuant to Government Code 895.4, GRANTEE shall fully defend, indemnify, and save harmless VTA from all suits or actions of every name, kind and description brought on for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by GRANTEE under or in connection with any work, authority or jurisdiction delegated to GRANTEE under this Funding Agreement. This provision shall survive the termination of this Funding Agreement.
 - b. Neither GRANTEE nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by VTA under or in connection with any work, authority or jurisdiction delegated to GRANTEE or VTA under this Funding Agreement. Both Parties agree that pursuant to Government Code 895.4, VTA shall fully defend, indemnify, and save harmless GRANTEE from all suits or actions of every name, kind and description brought on for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by VTA under or in connection with any work, authority or jurisdiction delegated to VTA under this Funding Agreement. This provision shall survive the termination of this Funding Agreement.
8. **Changes to Terms of Agreement.** No amendment, alteration or variation of the terms of this Funding Agreement shall be valid unless made in writing and signed by both of the parties hereto and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.
9. **Entire Agreement.** This Funding Agreement represents the full and complete understanding of the Parties with respect to the PROJECT. Any prior or contemporaneous oral or written agreements by and between the Parties or their agents and representatives with respect to the subject matter of this Funding Agreement are revoked and extinguished hereby.

10. **Assignment.** GRANTEE shall not assign this Funding Agreement without the prior written authorization of the VTA. Any assignment made in the absence of such authorization shall be deemed void *ab initio* and without legal effect.
11. **Binding on Successors and Assigns.** This Funding Agreement shall be binding upon each Party and any of its successors and/or permitted assigns.
12. **Notices.** Each Party shall give any notice which may be required under this Funding Agreement in writing. Such notice shall be effective when received, and shall be given by personal service, by the U.S. Postal Service or by certified mail, to the addresses set forth below, or to such addresses which may be specified in writing by the Parties hereto.

To VTA:

Deborah Dagang
Director of Planning and Program Development
Transportation Official
Santa Clara Valley Transportation Authority
3331 North 1st Street
Avenue
Building B2
San José, CA 95134

To GRANTEE:

Contact Philip Kamhi
Title of contact Chief
Agency City of Palo Alto
Address 250 Hamilton
city Palo Alto, CA ZIP 94301

13. **Signature Authority.** Each Party to this Funding Agreement represents and warrants that each person whose signature appears hereon has been duly authorized and has the full authority to execute this Funding Agreement on its behalf.
14. **Strict Performance.** The failure of either Party to insist upon the strict performance of any of the terms, covenants and conditions of this Funding Agreement shall not be deemed a waiver of any right or remedy that either Party may have, and shall not be deemed a waiver of their right to require strict performance of all of the terms, covenants, and conditions thereafter.
15. **Dispute Resolution.** If a question arises regarding interpretation of this Funding Agreement or its performance, or the alleged failure of a Party to perform, the Party raising the question or making the allegation shall give written notice thereof to the other Party. The Parties shall promptly meet in an effort to resolve the issues raised. If the Parties fail to resolve the issues raised, alternative forms of dispute resolution, including mediation, may be pursued by mutual agreement. It is the intent of the Parties to the extent possible that litigation be avoided as a method of dispute resolution.
16. **Choice of Law; Venue.** This Funding Agreement shall be construed and its performance enforced under California law. In the event that suit shall be brought by either Party to this Funding Agreement, the Parties agree that venue shall be exclusively vested in the State courts of the County of Santa Clara or, if federal jurisdiction is appropriate, exclusively in the United States District Court for the Northern District of California, in San José, California.

- 17. Interpretation of this Funding Agreement.** The Parties hereto acknowledge and agree that, although this Funding Agreement was originally drafted by VTA's legal counsel, GRANTEE and its legal counsel have reviewed and negotiated the terms of this Funding Agreement with the VTA. Consequently, the doctrine that ambiguities in an agreement should be resolved against the drafting party shall not be employed in connection with this Funding Agreement, which shall be interpreted in accordance with its fair meaning.
- 18. Counterparts.** This Funding Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Signatures of Parties on following page.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date shown below:

**CITY OF PALO ALTO
(GRANTEE)**

**SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY (VTA)**

NAME Ed Shikada, City Manager

Carolyn Gonot, General Manager/CEO

Date: _____

Date: _____

Approved as to Form:

Approved as to Form:

NAME Tim Shimizu, ~~City Counsel~~ Assistant
City Attorney

Ed Maron, Senior Assistant Counsel

Exhibit A

Table 1 – Proposed VRF Project Elements & Costs

Project Element	No. of Units	Cost per Unit	Total Cost
<i>Palo Alto</i>			
APS Push Buttons at Intersections	4	\$ 7,000	\$ 28,000
Video Detection at Intersections	4	\$ 25,000	\$ 100,000
Traffic Signal Controller	4	\$ 9,000	\$ 36,000
Traffic Signal Controller Cabinet	4	\$ 9,000	\$ 36,000
ATSPM	2	\$ 5,000	\$ 10,000
Labor	L.S.	\$ 40,000	\$ 40,000
Subtotal			\$ 250,000