



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow

**SUBJECT:** See Below

**DATE:** May 19, 2025

Approved

Date:

5/29/25

**COUNCIL DISTRICT:** 4

**SUBJECT:** Amendment to the Cooperative Agreement with Santa Clara Valley Transportation Authority for the I-880/Montague Expressway Interchange and McCarthy/O'Toole Intersection Improvement Projects

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the First Amendment to the Cooperative Agreement between the City of San José and the Santa Clara Valley Transportation Authority to initiate preliminary engineering and obtain environmental clearance for the I-880/Montague Expressway Interchange and McCarthy/O'Toole Intersection Improvement Project, with an increase of the total not to exceed amount by \$7,500,000 from \$2,000,000 to \$9,500,000 and an extension term of the agreement to December 31, 2027.

## **SUMMARY AND OUTCOME**

This amendment provides additional funding and time needed for the Santa Clara Valley Transportation Authority (VTA) to lead and manage the next phase of the I-880/Montague Expressway Interchange and McCarthy/O'Toole Intersection Improvement Project (Project). Specifically, VTA will manage the development of the Project on behalf of the City of San José (City) through the Caltrans approval process to include preliminary engineering and environmental clearance. This work will advance the Project from Project Initiation Document phase to Project Approval and Environmental Document (PA&ED) phase and position it to a state of readiness for environmental clearance and improving its competitiveness for regional funding opportunities.

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**BACKGROUND**

The I-880/Montague Expressway Interchange is in the northern portion of San José and is owned, operated, and maintained by Caltrans. The Montague Expressway Road segment is owned, operated, and maintained by the County of Santa Clara's Roads and Airports Department. The interchange serves as a major entryway to the City and the Silicon Valley business community. Constructed in 1974, it is a standard four-quadrant cloverleaf interchange that connects traffic from local streets to the highway. In the early 1990s, the interchange was modified to add additional lanes on Montague Expressway.

Montague Expressway connects three major freeways: US-101, I-880, and I-680 as shown in the Attachment– Location Map. While high-occupancy vehicle lanes are present along Montague Expressway, they are not continuous through the I-880 interchange. The short distance between the westbound Montague Expressway off-ramp and the existing McCarthy/O'Toole intersection creates a weaving problem, especially for traffic shifting to make a left turn at O'Toole Avenue.

The Project is located near various land uses including residential, industrial, and commercial. As a result of the existing land uses and planned redevelopment, vehicular, transit, bicycle, and pedestrian traffic is expected to increase significantly by 2055. The I-880 Montague Expressway interchange is one of the highway projects identified in the Valley Transportation Plan 2040.

On December 14, 2022, the County of Santa Clara and the City entered into the "Settlement Agreement between the County of Santa Clara and the City of San José regarding North San José", for which the City has been tasked to design, develop, construct, and deliver a set of projects for the County including the Project.

On August 22, 2023, City Council approved the cooperative agreement with VTA to provide the initial \$2,000,000 for the Project Initiation Document phase in accordance with Caltrans' project development procedures.

On December 23, 2024, pursuant to City-Santa Clara County settlement agreement section 1.b, the project development team submitted the draft Project Study Report-Project Development Study for Caltrans' review and approval. The Approval of the Project Study Report-Project Development Study is anticipated by summer 2025 which will allow the Project to proceed to the PA&ED phase.

The proposed amendment to the agreement will provide the additional funding and time for VTA to complete the PA&ED phase. The cost of the PA&ED phase is estimated to

be \$8 million. However, only \$1.5 million of the \$2 million provided for the initial agreement has been expended, leaving a balance of \$500,000. This remaining balance will be carried into the PA&ED phase, thus reducing the amount needed to \$7.5 million. The cooperative agreement will remain in effect through December 31, 2027, allowing appropriate time for the completion of the PA&ED phase.

## **ANALYSIS**

The purpose of the Project is to reconfigure the I-880/Montague Expressway interchange; construct a separate bicycle and pedestrian overcrossing adjacent to the north side of the existing overcrossing structure; construct a multi-use path along Montague Expressway from McCarthy Boulevard/O'Toole Avenue to South Main Street/Oakland Road; and reconfigure the McCarthy Boulevard/O'Toole Avenue intersection.

The main features of the Project include:

- Improve circulation and access along Montague Expressway and between Montague Expressway and I-880 to support access to North San José.
- Improve bicycle and pedestrian connectivity along Montague Expressway and across I-880.
- Improve access to transit and transit reliability along Montague Expressway and across I-880.

The Project development team will be completing the Project Initiation Document phase with Caltrans' approval of the Project Study Report-Project Development Study, which is anticipated by summer 2025. The proposed amended cooperative agreement will extend the term of the agreement to December 31, 2027. All other terms of the funding agreement will remain in effect.

The scope of work includes:

- Traffic analysis;
- Environmental studies to obtain National Environmental Protection Act / California Environmental Quality Act clearance;
- Project Report;
- Environmental document;
- Preliminary (30% design) contract documents;
- Initial right-of-way analysis; and
- Engineer's estimates.

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Completion of the environmental phase will be used to seek Caltrans' approval to proceed with final design, right-of-way acquisition, and construction of the preferred alternative. Funding for the final design, right-away acquisition and construction is not fully programmed at this time but is anticipated to be funded by local funds, and potentially state and/or federal funds, such as Senate Bill 1.

***Racial Equity Impact Analysis***

According to the San José Equity Atlas, the I-880/Montague Expressway interchange is located along the border of census tract 5050.06, which has a combined race and income score of four (on a scale of one to ten), and census tract 5043.18, which has a combined race and income score of eight. The higher the combined score, the higher the concentration of both people of color and low-income households within the census tract. By improving bicycle/pedestrian infrastructure, local road operations, and transit connectivity across the interchange, the I-880/Montague Interchange Improvement promotes equity by providing enhanced access to transportation infrastructure between these census tracts.

***Climate Smart San José Analysis***

The recommendation in this memorandum aligns with one or more Climate Smart San José strategies by improving traffic operations and safety on the local roadway, expanding bicycle/pedestrian access and transit connectivity. The improved multi-modal network will benefit bicyclists, pedestrians, and transit users of VTA bus routes along Montague Expressway by facilitating mobility choices other than single-occupancy, gas-powered vehicles.

**EVALUATION AND FOLLOW-UP**

Updates on this Project will be brought to the Transportation and Environment Committee and City Council at key milestones.

**COST SUMMARY/IMPLICATIONS**

The recommended funding agreement with VTA increases the City's total contribution by \$7.5 million, from \$2.0 million to \$9.5 million, for the initiation of preliminary engineering and obtain environmental clearance. The additional funding will be coming from the Montague reserve funding which was tied to the Montague Expressway Improvements Phase 2. The 2025-2026 Adopted Budget will allocate the additional \$7.5 million to allow the Projects to advance to PA&ED phase, subject to the appropriation of funds.

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**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and the remaining project costs, including project delivery and contingencies costs.

<b>Fund #</b>	<b>Appn. #</b>	<b>Appn. Name</b>	<b>Total Appn.</b>	<b>Amt. for Contract</b>	<b>2025-2029 Adopted Capital Budget Page</b>	<b>Last Budget Action (Date, Ord. No.)</b>
465	7688	Montague Expressway Improvements Phase 2*	\$552,000	\$7,500,000	934	10/22/2024 Ord. No. 31133

\*As part of the development of the 2026-2030 Proposed Capital Budget, an increase of \$8,000,000 is being recommended to fully fund the contract, subject to the appropriation of funds.

**COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Department of Planning, Building Code Enforcement.

**PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 10, 2025 City Council Meeting.

**COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

**CEQA**

Statutorily Exempt, File No. PP17-001, Feasibility and Planning Studies with no Commitment to future actions.

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## **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

JOHN RISTOW

Director of Transportation

For questions, please contact Florin Lapustea, Division Manager of Regional and Local Project Delivery Section, Department of Transportation at [Florin.Lapustea@sanjoseca.gov](mailto:Florin.Lapustea@sanjoseca.gov) or (408) 535-3850.

## **ATTACHMENT**

Location Map

## Location Map

