



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: See Below

DATE: August 18, 2025

Approved

Date:

8/26/2025

COUNCIL DISTRICTS: 3, 4

SUBJECT: Fourth Amendment to the Funding Agreement with Santa Clara Valley Transportation Authority for the U.S. 101/Zanker Road Project

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the fourth amendment to the funding agreement between the City of San José and the Santa Clara Valley Transportation Authority for the U.S. 101/Zanker Road Project, with an increase of the total not to exceed amount from \$4,100,000 to \$14,100,000 and extend the term of the agreement to December 31, 2028.

SUMMARY AND OUTCOME

This amendment provides additional funding and time needed for the Santa Clara Valley Transportation Authority (VTA) to lead, manage, and complete the plans, specifications, and estimates phase of the U.S. 101/Zanker Road Project with Caltrans. This work will advance the project to construction phase and position it to a state of readiness and improving its competitiveness for regional funding opportunities such as Senate Bill 1.

BACKGROUND

Congestion along local streets has been increasing in the North San José area in recent years and is predicted to increase with planned development. The Envision San José 2040 General Plan provides for the development of 26,700,000 square feet of industrial uses, 300,000 square feet of commercial uses, and 32,000 residential dwelling units in the area. As a result of this growth, vehicle hours of delay are estimated to increase. The existing roadway network near the project is inadequate to serve this planned growth. As a result, the connection of Zanker Road over U.S. 101 to Skyport Drive and

North Fourth Street is identified as a key infrastructure improvement project in the Envision San José 2040 General Plan, North San José Deficiency Plan, the recently retired North San José Area Development Policy, and the work in progress North San José Multimodal Transportation Improvement Plan.

The U.S. 101/Zanker Road Project (Attachment – Location Map) is one of the City's priority transportation projects to upgrade the regional highway system, support economic development, and enhance the multimodal transportation network in North San José, the City's largest employment district and key growth area. The project is included in the long-range vision of transportation improvements in Santa Clara County, VTA's Valley Transportation Plan 2040.

On October 20, 2015, the City Council approved the funding agreement with VTA to provide the initial \$1.5 million for the project initiation document phase in accordance with Caltrans' project development procedures. The Project Study Report-Project Development Study was approved by Caltrans on July 7, 2017, allowing the project to proceed to the project approval and environmental document (PA&ED) phase. The Project Study Report-Project Development Study studied multiple alternatives; however, Caltrans deemed only one alternative with an overcrossing connecting Zanker Road and Skyport Drive feasible.

On October 31, 2017, the City Council approved the first amendment to the agreement with VTA to provide necessary funding for VTA to continue project development through the PA&ED phase. The cost of the PA&ED phase was estimated to be \$5.9 million, to be shared between the City of San José (City) and VTA. The City's contribution was \$2.6 million, along with the remaining balance of \$300,000 from the initial agreement, and VTA's contribution was \$3.0 million, allocated from the 2016 Measure B Highway Interchanges Program. The first amendment extended the term of the agreement to December 31, 2020, and included provisions authorizing the City's Director of Transportation to extend the term an additional six months through June 30, 2021.

On June 22, 2021, the City Council approved the second amendment to the agreement with VTA to extend the term of the funding agreement and allow VTA to continue project development through the PA&ED phase. The cost of the PA&ED remained unaffected. The second amendment extended the term of the agreement to December 31, 2023, and included provisions authorizing the City's Director of Transportation to extend the term an additional six months through June 30, 2024.

On May 21, 2024, the City Council approved the third amendment to the agreement with VTA to provide additional time for VTA to complete the PA&ED phase and to include the plans, specifications, and estimates phase into the amended agreement. The cost of the PA&ED remained unaffected. In early January 2024, the project's draft environmental impact report and environmental assessment was circulated for public review and comment. The amended agreement remained in effect through December

31, 2026, and included provisions authorizing the City's Director of Transportation to extend the term an additional six months through June 30, 2027.

ANALYSIS

The project will result in an alternative to North First Street as the main route connecting North San José with the San José Mineta International Airport and the City's Downtown area. As North First Street is the only street that directly links these key destinations, it is often heavily congested for most of the day. This congestion also affects the performance of the light rail and other multi-modal transportation system components within the area. Left unmitigated, the recent development interests near the intersection of North First Street and U.S. 101 will continue to degrade access to and the mobility within the area.

The preferred project design alternative was selected in August 2024, which proposes an overcrossing over U.S. 101 to connect Zanker Road on the north side of U.S. 101 to Skyport Drive and North Fourth Street on the south side of U.S. 101. The overcrossing, approximately 27 feet above the existing ground level, would accommodate three lanes of traffic in each direction, turning lanes, median, separated bikeways, and sidewalks. Skyport Drive would loop under the new overcrossing to intersect with North Fourth Street approximately 500 feet east of the overcrossing. Additionally, this project includes the following roadway improvements:

- Consolidate the existing northbound U.S. 101 hook on-and off-ramps at Old Bayshore Highway, the isolated northbound U.S. 101 off-ramp at Brokaw Road, and the northbound U.S. 101 on-ramp from North First Street into one new northbound on and off-ramp at Bering Drive (northbound ramp improvements);
- Modify existing local street connections and intersections in the project area; and
- Implement complete street improvements.

The project team has also identified existing bike facilities within the project area to be deficient, particularly on First Street and 10th Street, which have narrow sidewalks and minimal bike lanes. This project will resolve the identified bike network deficiencies by closing the gaps in the existing bike network facilities, including implementing Class IV bikeways on the overcrossing and local roads. Finally, the project will address the limited pedestrian accessibility and connectivity in the project area by bridging discontinuous sidewalks and bringing these facilities into compliance with the Americans with Disabilities Act standards.

The proposed fourth amendment will extend the agreement term to December 31, 2028, to provide additional time for VTA to complete the plans, specifications, and estimates phase of the project. Additionally, the City's contribution will increase by \$10.0 million as part of a local match for Measure B funds. The completion of the plans, specifications,

and estimates phase will allow VTA to seek Caltrans' approval to proceed with the construction. All other terms of the funding agreement will remain in effect.

Racial Equity Impact Analysis

All projects involving a federal action (funding, permit, or land) must comply with Executive Order 12898, signed by President William J. Clinton on February 11, 1994. This executive order directs federal agencies to take the appropriate and necessary steps to identify and address disproportionately high and adverse effects of federal projects on the health or environment of minority and low-income populations to the greatest extent practicable and permitted by law.

The project study area consists of two census tracts within and near it. The demographic characteristics of the population within the study area were compared to those of the entire City. The aim was to assess whether minority and/or low-income populations are present in sufficient numbers for the project to have potentially disproportionately high and adverse effects on them. According to the technical study analysis, an environmental justice minority population exists, with 75% of the study area population being minorities (including 3.5% Black, 59.4% Asian American, and 12% Hispanic), similar to the citywide percentage of 72% (which includes 3% Black, 36.4% Asian American, 0.6% Native American, and 31.6% Hispanic). In contrast, the effects of the project would not primarily affect low-income populations, as they constitute only 8% of the population, compared to 9% citywide. Therefore, it is concluded that the project would not cause disproportionately high and adverse effects on any minority or low-income population in accordance with the provision of Executive Order 12898. As a result, the project's improvement provides benefits to all populations, not just certain groups. These benefits include, but are not limited to, improvements in traffic operations and safety, and creation of a bicycle and pedestrian-friendly environment.

Climate Smart San José Analysis

The project aligns with the City of San José's Climate Smart goals adopted by the City Council in 2018. It enhances pedestrian and bike facilities in the project area to implement Climate Smart strategies. These improvements will reduce vehicle miles traveled and greenhouse gas emissions, contributing to the City's climate goals.

EVALUATION AND FOLLOW-UP

Updates on this project will be included in future regional transportation activities in the annual reports to the Transportation and Environment Committee.

COST SUMMARY/IMPLICATIONS

The recommended funding agreement with VTA increases the City's total contribution by \$10,000,000, from \$4,100,000 to \$14,100,000, for the initiation of preliminary engineering which will move the project to construction phase. Final project costs will be determined upon completion of preliminary engineering, environmental analysis, and design. For construction funding, the City and VTA will pursue future state and federal grant opportunities.

BUDGET REFERENCE

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

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2027 Proposed Biennial Capital Budget Page*	Last Budget Action (Date, Ord. No.)
349	7689	North San José Improvement - 101/Zanker	\$11,150,000	\$10,000,000	785	06/17/25 31230

* The 2025-2027 Adopted Biennial Capital Budget was approved on June 10, 2025, and adopted on June 17, 2025 by the City Council.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the September 9, 2025, City Council Meeting.

HONORABLE MAYOR AND CITY COUNCIL

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutory Exemption, File No. PP17-001, Feasibility and Planning Studies with no commitment to future actions.

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

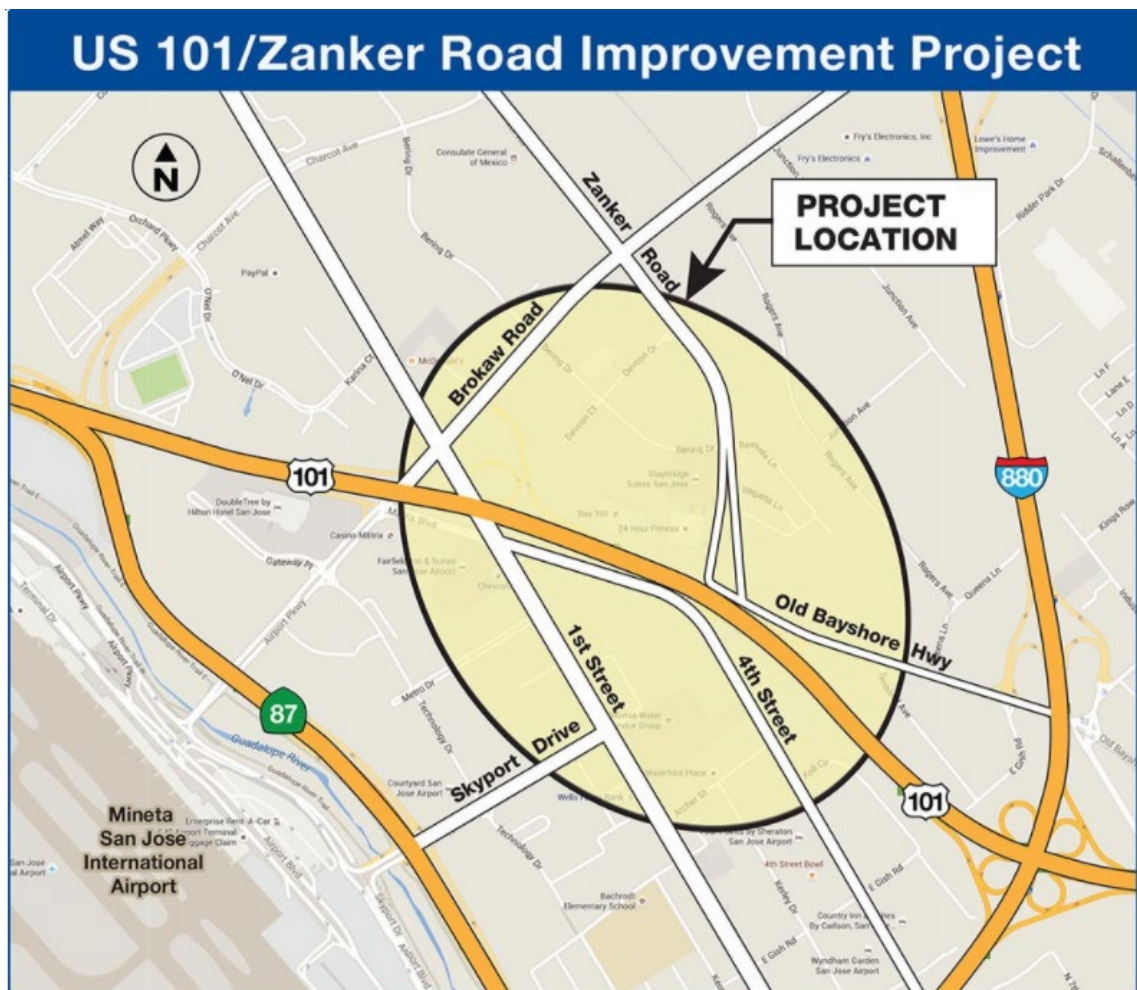
For questions, please contact Florin Lapustea, Division Manager of Regional Project Delivery Section, Department of Transportation, at Florin.Lapustea@sanjoseca.gov or (408) 975-3275.

ATTACHMENT

Attachment – Location Map

ATTACHMENT

LOCATION MAP



US 101/Zanker Road Improvement Project