



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Ortbal
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: October 16, 2017

Approved

Date

10/20/17

COUNCIL DISTRICT: 3

**SUBJECT: AMENDMENT TO THE FUNDING AGREEMENT WITH VTA FOR THE
U.S. 101/ZANKER ROAD INTERCHANGE PROJECT**

RECOMMENDATION

- a) Approve a First Amendment to the funding Agreement between the City of San José and the Santa Clara Valley Transportation Authority (VTA) to initiate preliminary engineering and obtain environmental clearance for the U.S. 101/Zanker Road Interchange Project (Project) to increase the City's share of the funding and the total not to exceed amount from \$1,500,000 to \$4,100,000 and to extend the term of the agreement to December 31, 2020.
- b) Adopt the following 2017-2018 Appropriation Ordinance amendments in the Construction Excise Tax Fund:
 - (1) Increase the North San José Improvement – 101/Zanker appropriation to the Department of Transportation in the amount of \$2,600,000; and
 - (2) Decrease the North San José Traffic Impact Fees Reserve in the amount of \$2,600,000.

OUTCOME

The recommended actions provide additional funding and time frame needed by VTA to lead and manage the next phase of development of the Project. Specifically, VTA will manage the development of the project through the Caltrans approval process to include preliminary engineering and environmental clearance. This work will advance the project to a state of readiness that improve its competitiveness for regional funding opportunities, such as the 2016 Measure B and Senate Bill (SB) 1. The recommended appropriation actions will provide sufficient funding for the City's share of these preliminary engineering/planning expenses pursuant to the amended agreement.

BACKGROUND

On June 21, 2005, the City adopted the North San José Area Development Policy (Policy). The Policy established a framework to guide the ongoing development of North San José as an important employment center. The Policy included a phased plan to improve transportation and address significant environmental impacts identified in the Environmental Impact Report (EIR). Key aspects of the Policy included the phasing of certain transportation improvements with specific development levels and implementation of a traffic impact fee (TIF) to fund improvements as development progressed. The major roadway improvement projects included within the current Policy are generally located at the gateways and major arterials to and within North San José and provide benefits to the entire Policy area. The Project is included in the Policy and provides significant benefit creating a new roadway connection into the Policy area.

On October 20, 2015, Council approved the funding agreement with VTA to provide the initial \$1.5 million for the Project Initiation Document (PID) scoping phase in accordance with Caltrans' project development procedures. The resulting scoping report, Project Study Report/Project Development Support was completed on schedule and was approved by Caltrans on July 7, 2017, allowing the Project to proceed to the Project Approval and Environmental Document (PA&ED) phase. The initial agreement with VTA expires on June 30, 2018.

The proposed first amendment to the agreement will provide necessary funding and time for the VTA to complete the PA&ED phase. The cost of the PA&ED phase is estimated to be \$5.9 million to be cost-shared between the City and VTA. However only \$1.2 million of the \$1.5 million provided for the initial agreement has been expended, leaving a balance of \$300,000. This remaining balance will be carried into the PA&ED phase, thus reducing the amount needed to \$5.6 million. The City's share of the \$5.6 million will be \$2.6 million and the VTA's share will be \$3.0 million which is expected to be allocated from the 2016 Measure B. The amended agreement will remain in effect through December 31, 2020, allowing appropriate time for the completion of the PA&ED phase.

ANALYSIS

The purpose of the Project is to provide an alternative to N. First Street as the main route connecting North San José with the Mineta-San José International Airport and the Downtown area. As N. First Street is the only street that directly links these key destinations, it is often heavily congested for much 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 N. First Street/U.S. 101 will continue to degrade access to and the mobility within the area.

The Project is proposed as a new overcrossing of U.S. 101 connecting Zanker Road on the north to Skyport Drive/N. Fourth Street on the south side of the freeway. The Project's conceptual level of detail developed by VTA includes two overcrossing options to provide the needed

connection. The Project scope includes the evaluation and the environmental study phase for these two options:

- 1) Extending Zanker Road southerly over U.S. 101 to Skyport Drive, and
- 2) Extending Zanker Road southerly over U.S. 101 to N. Fourth Street. (See Attachment)

The scope will also include evaluation for consolidating the existing U.S. 101 on and off ramps to improve access to the freeway. The two design options are intended to reduce right of way impacts to existing businesses and to improve local and direct access for all modes (transit, vehicles, bikes and pedestrians). The preliminary cost estimate for Option 1 is in the magnitude of \$150.0 million while Option 2 is in the magnitude of \$143.0 million. Final project costs will be determined upon completion of preliminary engineering, environmental analysis, and design.

These configurations, combined with planned road widening improvements on Zanker Road (also included in the Policy), would still provide a much more attractive alternative to motorists that typically use N. First Street, particularly during peak commute hours. In addition, the Project will include "complete street" design features for Zanker Road to provide improved facilities for bicyclists and pedestrians.

The original project concept also included a full freeway interchange. However, through the PID project scoping phase, VTA, working with its consultant and staff, developed a number of interchange alternatives for the Project and presented these alternatives to Caltrans as part of the project scoping report. Through this approval process it was concluded that constructing a new interchange at this location would not be acceptable to Caltrans because the new interchange does not meet the required interchange spacing distance from the existing U.S. 101/I-880 interchange. Therefore, the freeway interchange concept was dropped from the Project until improvements at the U.S. 101/I-880 Interchange are developed.

Execution of the recommended extension to December 31, 2020 and increasing the City's contribution by \$2.6 million, for a total not to exceed contribution of \$4.1 million, will allow VTA to progress to the environmental phase of project development to satisfy Caltrans requirements. The scope of work includes, but is not limited to the following:

- Traffic analysis
- Environmental studies to obtain NEPA/CEQA clearance
- Preliminary (30% design) contract documents
- Initial right-of-way analysis
- Engineer's estimates for the two previously mentioned options

The expected outcome of the environmental phase is Caltrans' approval to proceed with final design, ROW acquisition if necessary, and construction of the preferred alternative. Funding for final design, ROW acquisition and construction is not fully programmed at this time but is anticipated to be funded by 2016 Measure B and potentially SB1.

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VTA and the City have successfully partnered on the delivery of several highway improvements, most recently to include the I-880/I-280/Stevens Creek Boulevard Interchange Improvement Project, U.S. 101/Tully Road and Capitol Expressway Interchange Improvements and the I-880/Coleman Avenue Interchange. VTA also has the expertise and resources to perform the work in a cost effective and timely manner.

EVALUATION AND FOLLOW-UP

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 31, 2017, Council Meeting.

COORDINATION

This memorandum and agreement have been coordinated with the Department of Planning, Building and Code Enforcement, Department of Public Works, Finance Department, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

The Project is consistent with multiple City policy documents including Envision 2040 General Plan and the North San José Area Development Plan.

COST SUMMARY/IMPLICATIONS

The recommended amendment to the agreement with VTA increases the City's total contribution by \$2.6 million, from \$1.5 million to \$4.1 million, for the U.S. 101/Zanker Road Interchange Project. This increase is offset by a corresponding decrease to the North San José Traffic Impact Fee Reserve, which sets aside funding received from traffic impact fees paid by developers for traffic improvements within the area. Final project cost will be determined upon completion of preliminary engineering, environmental analysis, and design.

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BUDGET REFERENCE

Fund #	Appn #	Appn Name	Total Appn	Rec. Budget Action	2017-2018 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
465 (Memo Fund 349)	7689	North San José Improvement – 101/Zanker	\$150,000	\$2,600,000	936	06/20/17, 29962
465 (Memo Fund 349)	8262	North San José Traffic Impact Fees Reserve	\$26,418,062	(\$2,600,000)	941	06/20/17, 29962

CEQA

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

/s/

JIM ORTBAL

Director of Transportation



JENNIFER A. MAGUIRE

Senior Deputy City Manager/Budget Director

For questions please contact John Ristow, Deputy Director, at (408) 793-6942.

Attachment

Figure 1 - Extend Zanker Road southerly over US 101 to Skyport Drive

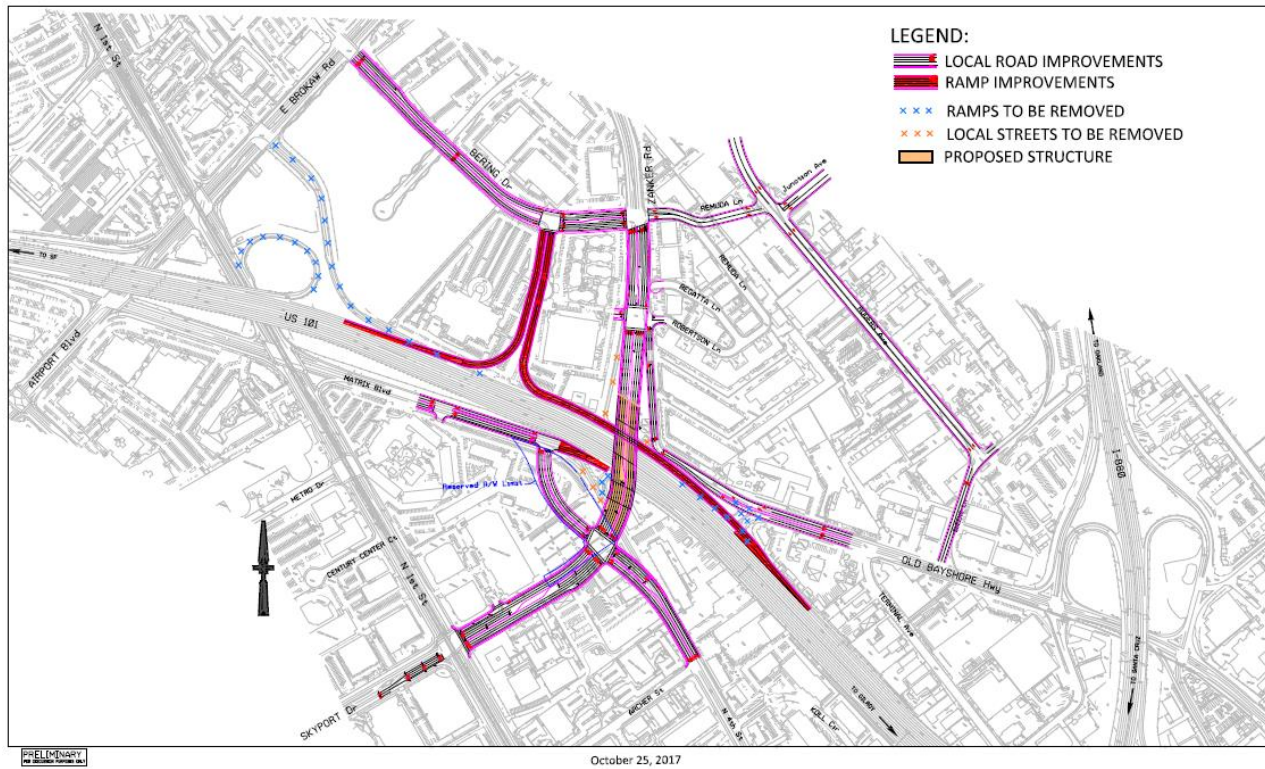


Figure 2 - Extending Zanker Road southerly over US 101 to Fourth Street

