



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: See Below

DATE: October 14, 2025

Approved

Date:

10/20/2025

COUNCIL DISTRICTS: 9, 10

SUBJECT: First Amendment to the Funding Agreement with Santa Clara Valley Transportation Authority for the State Route-87/Capitol Expressway Interchange Improvement Project

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute a first amendment to the funding agreement between the City of San José and the Santa Clara Valley Transportation Authority for the State Route-87/Capitol Expressway Interchange Improvement Project to increase the City of San José's contribution from \$5,000,000 to \$6,500,000 and extend the term of the agreement to December 31, 2028.

SUMMARY AND OUTCOME

The Santa Clara Valley Transportation Authority (VTA) is managing the development of the State Route-87/Capitol Expressway Interchange Improvement Project through the Caltrans approval process, including preliminary engineering, environmental clearance, and final design. The recommended actions will provide the additional time and funding VTA needs to complete the project approval and environmental document phase in preparation for state and regional funding opportunities, such as Senate Bill 1 programs.

BACKGROUND

On September 30, 2014, the City Council adopted the Communications Hill Specific Plan Area Development Policy, which includes plans to improve the State Route-87 northbound ramps from Narvaez Avenue. Currently during the morning peak hour, the queuing from the State Route-87 northbound on-ramp at Narvaez Avenue spills through the ramp terminus intersection and extends beyond the intersection of Narvaez

Avenue/Capitol Expressway along both the eastbound left-turn approach and the westbound right-turn approach. Due to the long queues along Narvaez Avenue, eastbound left-turning traffic on Capitol Expressway to northbound Narvaez Avenue consistently blocks the intersection. This in turn causes additional congestion on Capitol Expressway. It is a high priority for the City of San José (City) and local community to address these operational deficiencies.

Initial work analyzed near-term improvements at the northbound ramps in conjunction with the development on Communications Hill, which is northeast of the State Route-87/Narvaez Avenue intersection. The proposal originally submitted to Caltrans was to realign Narvaez Avenue, provide three northbound lanes on the northbound on-ramp, and modify the intersection and traffic signal to improve both the pedestrian and bicycle facilities at the State Route-87 on-off ramps. After consideration, Caltrans concluded that although these improvements increased the vehicle queue storage primarily on local streets and alleviated current operational issues, it was not a feasible long-term solution.

As a result, the City widened its focus from the existing on/off ramp locations at Narvaez Avenue to begin looking into potentially modifying the ramps to connect directly to Capitol Expressway instead of Narvaez Avenue, effectively alleviating operational issues. The Communications Hill developer contributed the funding to the City to further study this option instead of the initial planned improvements at the State Route 87/Narvaez Avenue on/off ramps identified in the Communications Hill Specific Plan Area Development Policy.

On March 23, 2021, City Council approved the funding agreement with VTA to provide the City's necessary funding of \$5,000,000 to identify, evaluate and prioritize a range of possible transportation-related improvements to relieve congestion and improve traffic circulation. Staff then produced the project initiation development, project approval/environmental document, and final design – plans, specifications, and estimate activities for the project, in accordance with the Caltrans' project development procedures.

ANALYSIS

The project aims to improve traffic operations and reduce congestion on the local roadways, provide direct northbound freeway access from Capitol Expressway, and improve bicycle and pedestrian access in the project area (see attached project area map).

To realize these objectives, the project includes the following improvements:

- Modified interchange – standard on ramps and off ramps at Capitol Expressway;

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- Complete streets – bicycle and pedestrian improvements and connectivity, including to the existing Capitol light rail station; and
- Local roadways – reconfigured or new signalized intersections.

Due to existing land uses, VTA's Capitol Station Transit-Oriented Development project, and other future projects expected in the area, there will be a significant increase in all types of transportation in the area. Therefore, the project is being designed to accommodate current and future needs for all modes of travel.

The project area includes Capitol Expressway, which is maintained and operated by the County of Santa Clara and would require right-of-way from the VTA park and ride lots.

Over the last four years, the City, County of Santa Clara, VTA, and Caltrans (project team) have been advancing the project in accordance with the Caltrans project development procedures. This team has completed the project initiation development phase of the project with an approved scoping report, Project Study Report/Project Development Support, signed on August 9, 2023.

The project is currently in the project approval and environmental document phase. A public scoping meeting was held on August 21, 2024, to provide the community with an overview of the project and the environmental review process. During the meeting, community feedback emphasized the importance of separating bicyclists and pedestrians from vehicles given the wide crossing at Capitol Expressway. In response, the project team has been evaluating options for a pedestrian/bicycle overcrossing, which will be incorporated into the future interchange design.

When the original funding agreement with VTA was signed in April 2021, the project approval and environmental document phase was anticipated to take 18 months and be completed by fall 2023. However, the schedule has been extended due to unexpected findings during cultural resource studies. Specifically, the discovery of asbestos and human remains during the Extended Phase I testing required specialized staff for safe removal and handling. These unanticipated findings increased the scope of work and extended the schedule from one and a half years to three and a half years.

Therefore, the proposed first amendment to the agreement will provide additional funding and time VTA needs to add to continue the project and complete the project approval and environmental document phase. The amended agreement will remain in effect through December 31, 2028, and increase the City's contribution by \$1,500,000.

Climate Smart San José Analysis

The recommendation in this memorandum aligns with one or more Climate Smart San José strategies by expanding bicycle/pedestrian access and transit connectivity. The improved multi-modal network will yield benefits for bicyclists, pedestrians, and transit users. For example, the project will provide safer and more comfortable facilities for bicyclists and pedestrians along Capitol Expressway underneath State Route-87, at Narvaez Avenue, and to the Capitol Light Rail Station.

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 amended funding agreement increases the City's contribution by \$1,500,000, an amount not to exceed \$6,500,000 towards the development of the project approval, environmental document, and plans, specifications, and estimates) phases.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2027 Proposed Biennial Capital Budget Page*	Last Budget Action (Date, Ord. No.)
429	418A	Route 87/Capitol Expressway Interchange Improvements	\$1,448,000*	\$1,500,000	791	6/17/2025 31230

**An additional \$94,000 will be recommended to be rebudgeted in the 2025-2026 and will be brought forward for approval by City Council on October 21, 2025, as part of the 2024-2025 Annual Report. If approved, the total appropriation will be \$1,542,000.*

**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, City Manager's Budget Office, and Planning, Building, and Code Enforcement Department.

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 4, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, Public Project File No. PP17-007, Preliminary direction to staff and eventual action requires approval from decision-making body.

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, Department of Transportation

For questions, please contact Florin Lapustea, Division Manager, Department of Transportation, at Florin.Lapustea@sanjoseca.gov or (408) 705-5209.

ATTACHMENT: Project Area Map

ATTACHMENT – PROJECT AREA MAP

