



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 02-04-08

Approved

Christine J. Shipley

Date

2-11-08

COUNCIL DISTRICT: 3, 4

SNI AREA: University,
Spartan/Keyes, Five
Wounds/Brookwood
Terrace, 13th Street

SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AMENDMENTS IN THE CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND: PARKS PURPOSES COUNCIL DISTRICT #4 AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE SUBDIVISION PARK TRUST FUND FOR THE BAY TRAIL REACH 9, LOWER GUADALUPE RIVER TRAIL, AND COYOTE CREEK TRAIL PROJECTS

RECOMMENDATION

- 1) Adoption of the following Appropriation Ordinance amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #4 (Fund 381):
 - a) Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$86,000 for the TRAIL: Lower Guadalupe River (Gold Street to Highway 880);
 - b) Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$113,000 for the TRAIL: Coyote Creek (Highway 237 to Story Road);
 - c) Decrease the appropriation for TRAIL: Coyote Creek/Montague Expressway to Story Road Master Plan project by \$113,000; and
 - d) Decrease the Ending Fund Balance by \$86,000.

2. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Subdivision Park Trust Fund (Fund 375):

- a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$1,819,000 for the TRAIL: Lower Guadalupe River (Gold Street to Highway 880);
- b. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$955,000 for the TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino);
- c. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$991,000 for the TRAIL: Coyote Creek (Highway 237 to Story Road);
- d. Decrease the Reserve: Trail Development - North San José by \$350,000;
- e. Decrease the Reserve: Alviso Area Improvements by \$1,580,000;
- f. Decrease the Reserve: District 4 North San José Development by \$494,000;
- g. Decrease the Reserve: District 4 Land Acquisition and Development Southern Area by \$862,000;
- h. Decrease the Reserve: Future PDO/PIO Projects by \$380,000; and
- i. Increase the Earned Revenue estimate by \$99,000.

OUTCOME

Approval of the actions recommended in this memorandum will allow the City to proceed with the development of three trail projects that are eligible for reimbursement through the Federal Transportation Bill.

EXECUTIVE SUMMARY

The City of San José has four earmarks in the Federal Transportation Bill to support development of three trail projects: Bay Trail Reach 9, Lower Guadalupe River Trail, and Coyote Creek Trail. Funding allocated in 2007-2008 would be utilized for the preparation of Federally-compliant NEPA (National Environmental Protection Act) documentation for each project; paving the Lower Guadalupe River Trail within the reaches between Highway 880 to Montague Expressway; developing a master plan for the Coyote Creek Trail between Montague Expressway and Highway 101, and paving a trail between Story Road and Highway 280; and preparing construction documents for a future pedestrian bridge for the Bay Trail Reach 9B project.

BACKGROUND

In 2000, the City Council adopted the "Greenprint a 20-Year Strategic Plan for Parks and Community Facilities and Programs" (Greenprint). The 20-year strategic plan identified a goal of developing a 100-mile trail network, which is composed of 32 systems. The Bay Trail, Lower

Guadalupe River and Coyote Creek Trail systems contribute to achieving this goal. Over the past several years, the City of San José has taken steps to develop the three trail projects.

In August 2005, President Bush signed the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The legislation included four earmarks in support of trail development: Bay Trail Reach 9, Lower Guadalupe River Trail and two for Coyote Creek Trail.

Bay Trail Reach 9

In 2002, a master plan was adopted by the City Council describing the Bay Trail alignment in Alviso, which was defined as a 13-mile system divided into nine reaches. Reach 9 of the trail system would be 1.1 miles in length and link Gold Street to the existing San Tomas Aquino Trail (jurisdiction: City of Santa Clara) and Highway 237 Bikeway (jurisdiction: Caltrans). In 2006, City staff completed a study using Council District 4 Construction and Conveyance Tax Funds to confirm the feasibility of developing a pedestrian bridge to span the Alviso Slough, a critical component of the Reach 9 project. In June 2007, through the use of a \$95,000 Association of Bay Area Government (ABAG) grant, staff completed an amendment to the feasibility study that documented a means to address the geotechnical and environmental challenges in constructing the bridge within the sensitive riparian habitat.

Lower Guadalupe River Trail

In June 2005, a master plan was adopted by the City Council (June 21, 2005, item 2.14) which describes the Lower Guadalupe River Trail as a 6.4-mile system divided in to five reaches. The proposed project will link Gold Street (Bay Trail Reach 9) to the existing Guadalupe River Park at Highway 880. Upon completion of the master plan, sufficient funds remained for development of construction documents for the Airport Parkway Under-Crossing project and to begin construction documents for the remainder of the project reaches (35% complete).

On February 14, 2006, the City Manager executed an agreement with the Santa Clara Valley Water District to permit public access upon the levee maintenance roads until such time that a paved trail could be constructed.

Coyote Creek Trail

On January 22, 2003, the City Manager executed a consultant contract for preparation of construction documents of a paved trail from the Highway 237 Bikeway to Montague Expressway. Due to limited funding, the City Council authorized the award of a construction contract on August 24, 2004 to build solely the under-crossings at Tasman Drive and Montague Expressway, with minor paving to guide people to the Highway 237 Bikeway. The resulting project made use of the existing unpaved maintenance roads for public access until such time that funding can be secured for paving the trail.

On May 12, 2004, staff completed a feasibility study defining a 2.8-mile trail alignment along Coyote Creek between Story Road and Highway 101.

In 2006, the San José Redevelopment Agency's Board of Directors supported further development of the trail between Story Road and Highway 101 by authorizing the processing of a Project Services Memorandum (PSM) to provide funding for master planning and preparation of environmental documentation (California Environmental Quality Act [CEQA]). Master planning of the project is currently underway.

To date, no development work has occurred along Coyote Creek between Montague Expressway and Highway 101.

Development of the Coyote Creek Trail from Highway 101 and Story Road has been identified in four SNI Top 10 lists.

ANALYSIS

Bay Trail

ABAG requested and obtained High Priority Highway Project earmarks under the SAFETEA-LU legislation on behalf of the Bay Trail related projects proposed by San José. ABAG is unable to administer development projects and seeks to have the City manage the funds. Reach 9 of the Bay Trail presents the best opportunity for trail development in the Alviso area at this time, as feasibility study and an amendment documenting geotechnical and environmental issues have been completed. The project would include a trail, pedestrian bridge and three under-crossings, and lead to two existing trail systems and provide access over the Alviso Slough so that Reach 7 could be developed at a future date.

Earmark funding of \$800,000 was approved in the legislation, however, due to other national funding priorities, all SAFETEA-LU earmarks have been adjusted downward. Staff has been informed by Caltrans (funding administrator) that the Bay Trail Reach 9 project will have \$675,000 in available funding. This amount will be confirmed with the processing of pre-development paperwork, however, no further reductions are anticipated. A 20% local match (\$135,000) is required to access the funds, and as with other grant programs, past expenditures associated with the feasibility study and amendment are not accepted as suitable matching sources. In addition to the required 20% local match of \$135,000, the City is contributing \$145,000 (for a total contribution of \$280,000) to ensure adequate funding to complete environmental and construction documents.

The previously-developed feasibility study estimated that the cost of designing and constructing a pedestrian bridge would exceed \$4,100,000. Additional funds would be required for design

and construction of the associated trail and under-crossings beneath the pedestrian bridge, Gold Street and an adjacent railway bridge.

The earmark funding of \$675,000 with supporting City match of \$280,000 for a total of \$955,000 will provide Federal environmental documentation (NEPA) for a 540-foot pedestrian bridge, three under-crossings and trail. The balance of funding will support preparation of construction documents for the pedestrian bridge and three under-crossings. Although the project does not result in physical improvements, the construction documents will place the City in a competitive position to pursue funding for future construction. Staff will continue to investigate other grant sources and pursue City Council approval when necessary.

Included in this memorandum is a recommendation to allocate \$955,000 for the Bay Trail project from two reserves in the Park Trust Fund. The specific appropriation actions recommended in this memorandum related to the Bay Trail include:

- a. a reduction of \$461,000 from the Reserve: Alviso Area Improvements; and
- b. a reduction of \$494,000 from the Reserve: District 4 North San José Development.

Of the total amount for the project, \$675,000 will be reimbursed by the grant. When funds are received, they will be deposited in the Council District 4 Construction and Conveyance Tax Fund to be used for future projects. The reserves identified in the Park Trust Fund will not be replenished, however, they have been identified as suitable sources of funding since the project will benefit the residential projects that paid those park impact fees.

Lower Guadalupe River Trail

Funding totaling \$6,400,000 was originally earmarked for the Lower Guadalupe River Trail, from Gold Street to Highway 880. However, as noted earlier, SAFETEA-LU grants have been reduced, therefore, the Lower Guadalupe River Trail now has earmarked funding totaling \$6,039,000. This amount of funding does not permit construction of the entire trail project, therefore, constructing the trail from the south to the north is being recommended for the following reasons:

- 1) High-density housing projects are anticipated between Montague Expressway and Gold Street and future park dedication or impact fees may be eligible to fund trail construction;
- 2) The trail builds upon the existing Guadalupe River Park; and
- 3) The Airport Pedestrian/Bicycle Master Plan anticipated trail development to improve access to the new terminal currently under construction.

The earmark funding with the supporting match will provide sufficient funding for the following:

- Federal environmental (NEPA) documentation;
- Construction documents from Highway 880 to Gold Street; and

- Construction of the paved trail and miscellaneous improvements from Highway 880 to Montague Expressway.

Included in this memorandum is a recommendation to allocate \$1,905,000 for the Lower Guadalupe River Trail project. Of this amount, \$1,350,000 is reimbursable through the SAFETEA-LU grant, and the remaining \$555,000 is being provided by the City as a match. The grant requires 20% (\$270,000) as a local match. To complete the scope of work described above, the City is providing an additional \$285,000.

Staff recommends that the match be sourced from the existing Reserve: Trail Development North San José Area which is allocated in the Park Trust Fund. The recommended appropriation actions related to the Lower Guadalupe River Trail include:

Subdivision Park Trust Fund

- a. a reduction of \$350,000 from the Reserve: Trail Development North San José Area;
- b. a reduction of \$1,119,000 from the Reserve: Alviso Area Improvements;
- c. a reduction of \$350,000 from the Reserve: Future PDO/PIFO Projects; and

District 4 Construction and Conveyance Tax Fund (Fund 381)

- a. a reduction of \$86,000 from the Ending Fund Balance.

When the grant funds are received, these funds will be deposited into the Council District 4 Construction and Conveyance Tax Fund to be used for future projects. The amount to be deposited in the district will be equal to the Park Trust Fund monies spent for the project and reimbursed by the grant. The reserves identified in the Park Trust Fund will not be replenished, however, they have been identified as suitable sources of funding since the project will benefit the residential projects that paid those park impact fees.

Coyote Creek Trail

Funding for the Coyote Creek Trail, from Highway 237 to Story Road, was identified through two earmarks, both for \$2,000,000 (totaling \$4,000,000). However, as noted earlier SAFETEA-LU grants have been reduced; therefore, funding for the Coyote Creek Trail now totals \$3,317,000. This amount of funding does not permit construction of the entire trail project. At this time, construction cost estimates suggest that paving the trail from Highway 101 to Story Road is feasible with the budget available.

The earmark funding will provide sufficient funding for the following:

- Master plan for reaches between Highways 237 and 101;
- Federal environmental documentation (NEPA) for all reaches;
- Amended construction documents as necessary pending preparation of NEPA for reaches between Highway 237 and Montague Expressway;
- Construction documents for reaches from Montague Expressway to Story Road; and

- Construction of the trail between Highway 280 and Story Road.

Included in this memorandum is a recommendation to allocate \$1,104,000 for the Coyote Creek Trail project, of which \$835,000 will be reimbursed through the SAFETEA-LU grant and the remaining \$269,000 is being provided as a match. The grant requires 20% (\$167,000) as a local match. To complete the scope of work described above, the state through the Prop 40 Roberti Z'berg Harris grant is providing \$113,000 and the City is providing \$156,000, for a total of \$269,000, as a match to the SAFETEA-LU grant. The specific appropriation actions recommended in this memorandum related to the Coyote Creek Trail project include the following:

Subdivision Park Trust Fund (Fund 375)

- a. an increase of \$99,000 in Earned Revenue in the Park Trust Fund (collection received in September 2007) ;
- b. a reduction of \$30,000 from the Reserve: Future PDO/PIO Projects,;
- c. a reduction of \$862,000 from the Reserve: District 4 Land Acquisition and Development Southern Area.

Council District 4 Construction and Conveyance Tax Fund (Fund 381)

- a. a reduction of \$113,000 from the Trail: Coyote Creek/Montague Expressway to Story Road Master Plan

When the SAFETEA-LU grant funding is received, funds will be deposited in the Council District 4 Construction and Conveyance Tax Fund to be used for future projects. The amount to be deposited in the district will be equal to the Park Trust Fund monies collected within the district that was spent for the project and reimbursed by the grant. The reserves identified in the Park Trust Fund will not be replenished, however, they have been identified as suitable sources of funding since the project will benefit the residential projects that paid those park impact fees.

EVALUATION AND FOLLOW-UP

Staff will provide updates on the three projects through a twice yearly presentation to the Transportation & Environment Committee and quarterly updates to the Neighborhood Services and Education Committee.

POLICY ALTERNATIVES

Alternative #1: Do not appropriate funds to the projects.

Pros: City funds will be available for other projects.

Cons: City loses the ability to leverage federal grant funds.

Reason for not recommending:

Approach is inconsistent with current City Council policy to utilize federal grants and earmarks.

PUBLIC OUTREACH/INTEREST

- X** **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will also be posted on the City's website for the February 26, 2008 City Council meeting.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

These projects are consistent with the Council-approved Budget Strategy Economic Recovery section. Should in the future the Council appropriate funds for construction, the project will spur construction spending in our local economy. Additionally, the projects are consistent with the Greenprint objective of delivering a 100-mile Trail Network.

COST SUMMARY/IMPLICATIONS

1. COST ELEMENTS OF PROJECT:

	Bay Trail	Guadalupe River	Coyote Creek
Project Delivery	\$160,000	\$317,400	\$184,600
Consultant Agreement	<u>\$795,000</u>	<u>\$1,587,600</u>	<u>\$919,400</u>
Total Project Costs	\$955,000	\$1,905,000	\$1,104,000

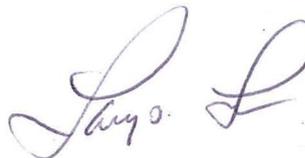
2. SOURCE OF FUNDING: Fund 381: Construction Tax and Property Conveyance Tax Fund –Parks Purposes Council District #4
Fund 375: Subdivision Park Trust Fund

CEQA

Not a Project

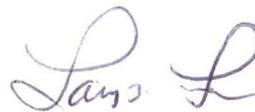


ALBERT BALAGSO
Director of Parks, Recreation
and Neighborhood Services



LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Subdivision Park Trust Fund in the Fiscal Year 2007-2008 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$99,000.



LARRY D. LISENBEE
Budget Director

For questions, please contact Yves Zsutty, Trail Manager, at (408) 793-5561.

