



COUNCIL AGENDA: 09-21-04

ITEM: 5.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley

SUBJECT: SEE BELOW

DATE: 09-14-04

Approved

Date

9/15/04

Council District: 6

SNI Area: N/A

SUBJECT: FUND TRANSFER AGREEMENT WITH THE COUNTY OF SANTA CLARA AND FUNDING AGREEMENT WITH THE SANTA CLARA COUNTY OPEN SPACE AUTHORITY RELATED TO THE WILLOW GLEN SPUR TRAIL PROJECT

RECOMMENDATION

1. Approval of a funding agreement to allow the contribution of up to \$2,000,000 in funds from the County of Santa Clara (County) for the acquisition of any properties associated with the Willow Glen Spur Trail project.
2. Authorize the City Manager to negotiate and execute a funding agreement to accept \$1,000,000 from the Open Space Authority (OSA) for the acquisition of any properties associated with the Willow Glen Spur Trail project.

CEQA: Exempt, PP02-12-370.

BACKGROUND

On November 19, 2002, the Union Pacific Railroad filed a Petition for Exemption with Verification to abandon 2.5 miles of railway within San José, generally located from San Carlos Street to William Street. The alignment is termed the Willow Glen Spur as it is mostly in that neighborhood.

The Willow Glen Spur Trail is identified in the City's *Greenprint for Parks and Community Facilities and Programs (Greenprint)*. The trail provides an opportunity for trail inter-connection, as it would link the future Los Gatos Creek Trail, Guadalupe River Trail and the Coyote Creek Trail. Early discussions with Caltrans suggest that it may be feasible to link the trail to the Highway 87 Bikeway as well.

County Fund Transfer Agreement

On November 18, 2003 (item 2.22), the City Council authorized the City Manager to negotiate and execute a fund transfer agreement with the County of Santa Clara (County) for the receipt of \$2,000,000 for the potential acquisition of property associated with the Willow Glen Spur Trail project.

The item was scheduled to coincide with the County Board of Supervisor's action of the same date in order for the agencies to proceed immediately with the transfer. The County deferred its own passage of the resolution shortly before its November 18 meeting to further develop the terms of the agreement. County staff requested language that would have required repayment of the funds in 10 years if the City did not meet certain conditions. As the City determined it could not take such action since it would obligate future City Councils to purchase the land or repay the grant from the County, the negotiations stalled.

In order to break the impasse, both the City and County staff worked closely over the past months to develop the terms that are acceptable to both agencies. The agreement is in final form and ready for Council approval.

OSA Agreement

The OSA has a five-year plan with a number of goals, including securing land for regionally significant trails and urban open space. The sale of Union Pacific property is a short-term opportunity for the City to develop a recreational facility that will connect existing and future facilities and aligns with the OSA goals.

ANALYSIS

County Fund Transfer Agreement

The agreement acknowledges that both agencies have a similar desire for the successful development of the project. The terms of the agreement are as follows:

- The County will provide one dollar (\$1.00) in funding for every three dollars (\$3.00) generated through grants and other sources by the City towards the purchase price of an appropriate property.
- As the final parcel agreement is submitted into escrow and should excess funds remain, the County shall provide the balance of the \$2,000,000 total grant for the purchase of the property.
- County and City will work collaboratively to identify those properties that would be suitable for the Willow Glen Spur.

- City staff will commit to bring forward for consideration by City Council, costs of developing the properties into open park trails within three years of the actual County funding.
- County will be granted a conservation easement on each property acquired with the County funds.

These terms encourage the City to continue its efforts to secure the properties and ensure that a funding strategy is in place for acquisition of all parcels. Staff will seek Council approval as it pursues the additional funding sources required for full acquisition.

OSA Agreement

City Council Resolution Number 70517 (June 26, 2001, item no. 5.7) authorized staff to submit sites to the OSA for possible acquisition by either the City or the OSA under OSA's 20 Percent Funding Program. The Resolution did not authorize the City Manager to negotiate and execute the agreements and all necessary documents to effectuate funding from the 20 Percent Program Fund established by the OSA.

This memorandum describes the action required to obtain \$1,000,000 in funding for acquisition of property. Once approved and funding is in place, staff is prepared to commence negotiations for the various parcels that make up the trail alignment. An appropriation action associated with these funds is not required as OSA transfers the funds directly to escrow accounts for immediate use in specific property acquisitions.

Execution of these agreements is consistent with past Council actions:

Resolution No.	Date	Subject
71352	12/17/02	Approval to file Petition for Reconsideration of proposed rail line abandonment and enter into exclusive negotiations for purchase of the line.
71533	4/29/03	Approval to submit a grant application to the Land and Water Conservation Program.
71573	5/27/03	Approval of various actions related to grant applications (including the Willow Glen Spur Trail project).
71765	9/30/03	Grant application to the California Department of Parks and Recreation – Office of Grants and Local Services' Recreational Trails Program for funding for the acquisition and/or development of property associated with the Willow Glen Spur Trail project.

PUBLIC OUTREACH

The project is identified in the City's Greenprint.

Development of a master plan for development of the Willow Glen Spur Trail will include a community outreach process.

COORDINATION

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

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$3,000,000
2. COST OF PROJECT*:

Acquisition	\$3,000,000
Construction	\$0
Contingency	\$0
TOTAL	<u>\$3,000,000</u>
3. SOURCE OF FUNDING: N/A
4. FISCAL IMPACT: Upon acquisition of the necessary property, staff will seek funding for the design and construction of a trail.

Upon completion, the trail will be incorporated into the City's trail maintenance program. Annual funding for maintenance activities is anticipated to be \$30,125 for the 2.5-mile alignment based on current maintenance estimates.

Annual funding for management activities performed by Park Rangers is anticipated to be \$6,700/year. At this early date, it is difficult to project completion dates and when funding will be required for management purposes.

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

HONORABLE MAYOR AND CITY COUNCIL

09-14-04

Subject: **Fund Transfer Agreement with the County of Santa Clara and Funding Agreement with the Santa Clara County Open Space Authority Related to the Willow Glen Spur Trail Project**

Page 5

CEQA

Exempt, PP02-12-370.



SARA L. HENSLEY
Director of Parks, Recreation
and Neighborhood Services

SEP 25 11 53 AM '04
SANTA CLARA COUNTY
RECEIVED