



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: 05-11-09

Approved

Date

5/19/09

COUNCIL DISTRICT: 3, 6

SNI AREA: Burbank/Del Monte
Delmas Park

**SUBJECT: DIRIDON STATION AREA PLAN – MTC GRANT IMPLEMENTATION
AND ADOPTION OF FUNDING SOURCES RESOLUTION AND
APPROPRIATION ORDINANCE AMENDMENTS IN THE
CONSTRUCTION EXCISE TAX FUND**

RECOMMENDATION

Approve the following actions to support development of a Station Area Plan for the Diridon Station Area:

1. Approval of a funding agreement with the Metropolitan Transportation Commission (MTC) for development of a Diridon Station Area Plan in the amount of \$750,000 to be paid to the City.
2. Approval of a funding and cooperative agreement with the Valley Transportation Authority (VTA) in the amount of \$100,000 to be paid to the City.
3. Adoption of a resolution authorizing the City Manager, or designee, to negotiate and execute a consultant services agreement with Field Paoli Architects, A Professional Corporation for preparation of the Diridon Station Area Plan, in an amount not to exceed \$950,000.
4. Adoption of the following 2008-2009 Funding Sources Resolution and Appropriation Ordinance amendments in the Construction Excise Tax Fund (465):
 - a. Decrease the estimate for Earned Revenue by \$850,000
 - b. Decrease the Reserve - Diridon Station Expansion Planning by \$850,000
 - c. Increase the Diridon Station Expansion Planning appropriation to the Department of Transportation by \$850,000
 - d. Decrease the Ending Fund Balance by \$850,000

OUTCOME

Enable the City to receive funding from MTC's BART Station Area Planning Grant Program and VTA to develop a Diridon Station Area Plan. The goal of the plan is to create a strong but flexible planning framework that will maximize the Transit Oriented Development (TOD) potential at the station area and create a vibrant regional center.

BACKGROUND

The Diridon Station Area occupies a unique position in San Jose. As Downtown San Jose continues to be transformed into a vital urban center, Diridon Station will serve as its major transit hub. With bus and light rail service, expanded commuter rail, a planned new BART station, and future high speed rail connections, the study area will also be a key regional transit hub for the entire Bay Area.

There are a number of previously approved plans within the Diridon area, and although these plans have laid out some of the groundwork for the Station Area, none has been focused on the Station Area itself. The new plan would take the available information and expand on it to develop appropriate zoning changes, transportation networks, urban design guidelines, and also provide both a program level and some project level environmental clearance. The project Environmental Impact Report (EIR) will provide environmental clearance for traffic and other key impacts which will help facilitate and accelerate development in the area. Figure 1 in the attachment to this memorandum shows a location map of the areas that will be part of the study.

ANALYSIS

In July 2008, the City of San Jose's Diridon Station was selected as an award recipient as part of MTC's Station Area Planning Grant Program. The purpose of MTC's Station Area Planning Grant Program is to fund city-sponsored planning efforts for areas around future BART stations. These station-area plans are intended to address the range of transit-supportive features that are necessary to support high levels of transit ridership. This report recommends the approval of the funding agreements with both VTA and MTC for development of the Diridon Station Area Plan.

MTC Grant Agreement

The proposed funding agreement between MTC and City is in the amount of \$750,000 and has the following conditions:

1. Funding to the City is contingent on federal funding and could be reduced.
2. MTC can terminate the agreement without cause with 10 days notice.
3. MTC will have an irrevocable license on all work product that is derived from use of the grant funding.
4. City must follow federal regulations 49 Code of Federal Regulation Part 26 dealing with disadvantaged business enterprise.
5. City must indemnify and hold MTC harmless for any claims or liability arising from the funding agreement.

The total local match required for the MTC grant is \$200,000. The proposed funding agreement recommended in this memorandum between VTA and the City, in the amount of \$100,000, will provide partial funding for the local match, and the City will provide an additional \$100,000 from the Construction Excise Tax Fund to fulfill the local match requirements for the MTC grant.

VTA Agreement

The proposed funding agreement between VTA and City in the amount of \$100,000 has the following conditions:

1. Either party may terminate the agreement with thirty (30) days written notice.
2. Any refunds will be completed in proportion to any remaining unexpended funds after payment of outstanding obligations.

Consultant Agreement

This report also recommends the adoption of a resolution for authority for the City Manager, or designee, to negotiate and execute a consultant agreement for development of the Plan. The Department of Transportation conducted a consultant selection process in accordance with adopted procedures to identify qualified consultants for this project. The consultant interview panel included representatives from the Valley Transportation Authority and Caltrain, as well as from the City's Department of Transportation, Redevelopment Agency, and Planning Building and Code Enforcement.

Thirty three (33) proposals were received and three (3) consultants were selected. The consultant firm of Field Paoli was selected as the prime consultant for this project, with the consultant firms of ARUP North America Limited (specializing in transit station planning) and David J. Power and Associates, Inc. (specializing in environmental studies) as primary sub-consultants. These last two (2) firms will enter into a separate agreement with Field Paoli.

The consultant agreement with Field Paoli will be in an amount not to exceed \$950,000 for development of Diridon Station Area Plan and will include the following key elements:

- Establishment of a land use plan and policy framework that will guide future development and redevelopment within the area towards land uses that will support transit ridership.
- Improvement of motorized, non-motorized and transit connectivity between the station site and existing adjacent commercial and residential areas.
- Development and implementation of urban design standards that promote walkable and livable environments within the station area.
- Enhancement of the existing residential neighborhood and add high density residential development.

- Provision of a variety of commercial and mixed used development opportunities, ranging from large scale corporate or institutional sites to incremental infill development zones.
- Creation of a high activity, lively pedestrian environment with excellent connectivity to downtown destinations and transit.
- Expansion of Diridon Station to create a well integrated center of architectural and functional significance.
- Preparation of a comprehensive environmental document to facilitate subsequent environmental reviews of changes to existing policy/ regulatory documents, capital improvement projects and private development proposals.
- Education and information for the public about the specific plan process and transit oriented design (TOD) concepts.

Funding Recommendations

The recommendations in this report would initiate the City's acceptance of the grant funding agreement from the MTC in the amount of \$750,000, the acceptance of a funding agreement from the VTA in the amount of \$100,000, and the expenditure of the City's match of \$100,000. Since the funding agreements with the MTC and VTA are on a reimbursement basis, the revenues will be received over a two-year period. In 2009-2010, approximately \$390,000 in reimbursements will be received from the MTC and \$100,000 from the VTA. In 2010-2011, the remaining \$360,000 in reimbursements will be received from MTC.

As a result, the recommendations in this memorandum decreases the revenue estimate in the Construction Excise Tax Fund for the anticipated MTC and VTA revenues programmed in 2008-2009 due to the timing of receiving the reimbursements; the revenues will be received in 2009-2010 and 2010-2011. A corresponding decrease to the Reserve for Diridon Station Expansion Planning is also recommended in this memorandum to offset the decrease in the revenue estimate. To fully encumber the agreement with Field Paoli Architects, recommendations to increase the existing appropriation by \$850,000 and a corresponding decrease to ending fund balance are included in this memorandum.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with the Council are expected at this time.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**
- Criteria 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 memorandum will be posted on the City's website as part of the Council Agenda outreach process.

As part of the Station Area Plan, City staff and the Consultant team will conduct public outreach and convene workshops at key milestones for the community to constructively participate in the selection of preferred concepts and plans. An essential element of success of the proposed plan will be the City's ability to engage the community to accomplish the following:

- Develop a shared vision for the area that includes defining opportunities for TOD to support and directly benefit the neighborhood;
- Educate residents and employers on the concepts of TOD, specific planning and the environmental review process, and provide examples of successful mixed-use TOD. These forums may involve representatives from transit agencies or other communities that have firsthand experience with successful TODs;
- Assess acceptable development alternatives/scenarios to be evaluated in the EIR;
- Synthesize concepts and proceed with further review and approval of the preferred development strategy;
- Coordinate with the potential baseball stadium community engagement process including the Diridon Area Good Neighbor Committee;
- Coordinate with High Speed Rail planning and outreach efforts; and
- Coordinate with the General Plan update planning and outreach efforts.

COORDINATION

Preparation of this report was coordinated with the City Attorney’s Office, Planning Building and Code Enforcement and the San José Redevelopment Agency.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcomes related to providing viable transportation choices, supporting smart growth, promoting a strong economy, and enhancing community livability.

COST SUMMARY/IMPLICATIONS

As previously described, the recommendations in this report would initiate the City’s acceptance of the grant funding agreement from the MTC in the amount of \$750,000, the acceptance of a funding agreement from the VTA in the amount of \$100,000, and the expenditure of the City’s match of \$100,000.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the agreement recommended as part of this memo.

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Agreement	2008-2009 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Available							
465	5038	Diridon Station Expansion Planning	144421	\$100,000	\$100,000	V-1121	N/A
Total Current Funding Available				\$100,000	\$100,000		
Additional Funding Recommended							
465	8999	Ending Fund Balance		\$850,000*	\$850,000		
Total Funding for Agreement				\$950,000	\$950,000		

* The Ending Fund Balance is currently \$4,254,391. A total of \$850,000 is recommended from the Ending Fund Balance to fund the agreement for the Diridon Station Expansion Planning project.

HONORABLE MAYOR AND CITY COUNCIL

06-02-09

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CEQA

Not a Project. The various agreements described in this memo will result in the preparation of the Diridon Station Area Plan. The process of preparing the Plan is not subject to CEQA, rather it is the decision to adopt and implement the Plan which requires CEQA compliance. The consultant services agreement includes an environmental consultant firm to assist the City in the preparation of an Environmental Impact Report to inform future City decisions regarding the Plan.



JAMES R. HELMER

Director of Transportation



JENNIFER A. MAGUIRE

Budget Director

For questions please contact Manuel Pineda, Transportation Planning Manager, at 975-3235.

Attachment

