

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen
Jennifer A. Maguire

SUBJECT: MTC GRANTS FOR
TLC PROGRAM

DATE: 07-12-10

Approved

Date

7/20/10

COUNCIL DISTRICT: 3 & 6
SNI AREA: N/A

RECOMMENDATION

Approval of the following action to receive funding grants by the Metropolitan Transportation Commission (MTC) for the 2010 Transportation for Livable Communities (TLC) program in the amount of \$8,162,000 for three transportation improvement projects on San Fernando Street, The Alameda, and San Carlos Street.

- A. Adoption of a resolution authorizing the City Manager to negotiate and execute all documents necessary to effectuate the grants, including but not limited to submission of the grant applications for the three (3) projects to MTC for the 2010 TLC grant program, in the total amount of \$8,162,000, with \$6,529,800 of that amount reimbursable to the City as the three projects progress, and including a non-reimbursable local match of \$1,632,200.
- B. Adoption of a resolution authorizing the loan of \$1,351,000 from developer impact fees collected for the US101/Blossom Hill Interchange project to partially fund the local match of \$1,632,200 for two (2) projects to the MTC for the 2010 TLC grant projects and, among other conditions, to repay the US 101/Blossom Hill Interchange Reserve in full by 2012-2013 including interest payment at the City's pooled investment rate and to reserve as collateral for repayment of the US101/Blossom Hill Interchange funds in the Route 101/Tully Interchange which is a future City proposal to the VTA in the amount of \$6.0 million towards construction of the interchange.
- C. Adoption of the following Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 1. Establish an appropriation to the Department of Transportation for The Alameda – A Plan for the Beautiful Way project in the amount of \$845,000;
 2. Establish an appropriation to the Department of Transportation for the San Carlos Multimodal Streetscape Improvements – Phase II project in the amount of \$506,000; and

3. Decrease the Reserve – Route 101/Blossom Hill Interchange Improvements project by \$1,351,000.

D. Adoption of the following Appropriation Ordinance amendments in the Construction Excise Tax Fund:

1. Establish an appropriation to the Department of Transportation for the San Fernando Street Enhanced Bikeway and Pedestrian Access project in the amount of \$281,200; and
2. Decrease the Bicycle and Pedestrian Facilities project by \$281,200.

OUTCOME

City Council approval of the recommended actions will facilitate pedestrian and bicycle improvement projects valued at \$8,162,000. The projects support the City's goal to provide viable transportation choices.

BACKGROUND

The Metropolitan Transportation Commission (MTC) receives discretionary federal transportation funds from the Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ). MTC uses a portion of these funds for its Transportation for Livable Communities (TLC) Program. The purpose of the TLC Program is to support community-based transportation projects that bring new vibrancy to downtown areas, commercial cores, neighborhoods, and transit corridors, enhancing their amenities and ambiance and making them places where people want to live, work and visit. This is a reimbursable grant program and requires twenty percent (20%) local matching funds.

In January 2010, MTC issued the seventh TLC Call for Projects. In response, The Department of Transportation submitted the following three candidate transportation projects. Maps for the three projects are attached:

San Fernando Street Enhanced Bikeway and Pedestrian Access (\$1,406,000)

The project proposes improvements to the existing pedestrian and bicycle facilities along San Fernando Street between Cahill Street and 10th Street. The project will enhance pedestrian and bicycle accessibility to facilitate a safe and convenient walking and bicycling experience to and from public transit facilities. The project is the first installation of an enhanced Primary Bikeway Project as part of Bike Plan 2020. It will provide a better pedestrian and bicycle route to Diridon Station and Downtown San José land uses such as San José State University (SJSU), Downtown businesses, high density housing, and recreational facilities including trail connections along the corridor. The project will encourage pedestrian and bicycle mobility by providing accessible, safe, and comfortable connections between all these uses. The project scope includes enhanced color bike lanes, enhanced crosswalks, ADA ramps, energy efficient "smart" street lighting, and street trees. The total funding allocated for this project will be \$1,406,000;

however, \$281,200 is recommended to be appropriated as part of this memorandum and the remaining funding of \$1,124,800 will be appropriated at a later date.

The Alameda – A Plan for the Beautiful Way (\$4,226,000)

This project implements the first phase of the City's vision for the future of The Alameda a gateway to Downtown and Diridon Station. The adjacent community includes historic residential neighborhoods, local serving retail, and new higher-density infill development. The Alameda is also a major bus service route and attracts the VTA's highest ridership and is proposed to be future Bus Rapid Transit Corridor. This grant will complete the Town Center section of the project from Stockton Avenue to Fremont Street. The project proposes design recommendations that are intended to help enliven The Alameda as a retail center and multi-modal transportation corridor. Some of those design elements include enhanced pedestrian crosswalks, bulb-outs, ADA ramps, raised median with landscaping and pedestrian refuges, new lighting, and special elements such as gateway and neighborhood markers. The total funding allocated for this project will be \$4,226,000; however, \$845,000 is recommended to be appropriated as part of this memorandum and the remaining funding of \$3,381,000 will be appropriated at a later date.

San Carlos Multimodal Streetscape Improvements – Phase II (\$2,530,000)

This project encompasses pedestrian-oriented improvements along the south side of San Carlos Street between Second Street and Market Street to enhance pedestrian accessibility to public transit and that will link San José State University (SJSU) to the South First Street Area (SoFA) District and the Downtown Core. A Phase I project between Fourth Street and Second Street is already funded through a VTA grant program. The goal of the project is to encourage pedestrian mobility by providing accessible, safe, and comfortable connections between transit, businesses, housing and recreation and to enhance the vitality of the SJSU and Downtown Business District. The scope of the project includes narrowing the roadway width, widening the sidewalk, ADA ramps, energy efficient lighting, street trees, landscape & site furniture, electronic multimedia, directional/destination signage, information kiosks, banners, public art and traffic signal modifications. The total funding allocated for this project will be \$2,530,000; however, \$506,000 is recommended to be appropriated as part of this memorandum and the remaining funding of \$2,024,000 will be appropriated at a later date.

ANALYSIS

Recently, the City received notice from MTC all three transportation projects the City submitted are qualified to receive TLC funding. The selection of the projects valued at \$8,162,000 has been the City's most successful cycle ever for receiving TLC grants. If awarded by MTC, the total reimbursable grant amount of \$6,529,800 would come to the City through the 2010 TLC funding source. A local match of \$1,632,200 is required to obtain the grants.

Grant Matching Funds

As discussed as part of the annual budget process, the Traffic Capital Improvement Program (CIP) has limited funds for grant match opportunities. Due to budget limitations and to be able to receive these grants, the matching funds for these projects are proposed to be funded by a loan from the Route 101/Blossom Hill Interchange Reserve at an amount of \$1,351,000 to fund the Alameda – A Plan for the Beautiful Way project and the San Carlos Multimodal Streetscape Improvements – Phase II project, and by reducing the Bicycle and Pedestrian Facilities project by \$281,200 to fund the San Fernando Street Enhanced Bikeway and Pedestrian Access project. The Route 101/Blossom Hill Interchange Reserve consists of fair share contributions from development projects in the Route 101/Blossom Hill area for the partial reconstruction of the interchange. Unfortunately due to delays in development and availability of regional funding sources, the project is currently on hold and is not expected to begin design in the next few years. It is the intent that as part of future CIP's, the Route 101/Blossom Hill reserve would be reimbursed through other local discretionary sources prior to the development of any other new projects in the Traffic CIP. Repayment of the 101/Blossom Hill funds will require interest payments at the City's pooled interest rate and will be achieved through multiple sources including higher than anticipated revenue in 2009-2010 and expected savings of approximately \$450,000 - \$700,000 from current projects after the final fund reconciliation of the 2009-2010 Annual Report.

Although not expected, if the Route 101/Blossom Hill project is required to start work prior to reimbursement to the fund that work would be funded by funds currently programmed for the Route 101/Tully interchange construction. The Route 101/Tully interchange funding is a contribution of up to \$6,000,000 from the City of San José to the Valley Transportation Authority (VTA) for construction of the interchange. Although no formal agreement has been executed with VTA to determine the amount and schedule for the City's contribution, the City has communicated to VTA staff that \$1,351,000 of the possible \$6,000,000 will not be available for contribution until the Route/101 Blossom Hill loan has been repaid. The Route 101/Tully funded included in the CIP is as follows:

2010-11: \$500,000
2011-12: \$500,000
2012-13: \$2,000,000
2013-14: \$3,000,000

At this time, in order to borrow money from the Route 101/Blossom Hill developer in lieu fee account and loan it to these projects for matching funds, the Council needs to adopt a resolution authorizing the temporary transfer of funds, the detailed terms of the loan including interest rate on the loan and date of repayment, and specifying as a condition of the loan compliance with the reporting requirements for the loan pursuant to the Mitigation Fee Act (specifically, Government Code section 66006).

MTC Grant Agreements

In order to formally accept grant applications from the City, MTC needs the City Council to adopt the another resolution authorizing the City Manager, or designee, to execute and submit

the grant applications and negotiate and execute all grant documents necessary to effectuate the grants. Upon receiving the City Council's resolution and the City's grant application, MTC can obligate the funds through a Transportation Improvement Program (TIP) amendment. Attachment 2 to this memorandum is the resolution required by MTC.

As a condition of the grant, MTC requires the City to:

- Provide all funding at the time of award in a total amount of \$8,162,000, with \$6,529,800 of the project costs to be reimbursed to the City by MTC as the three projects progress and \$1,632,200 in non-reimbursable matching funds from the City.
- Create enhanced pedestrian, bicycle, and transit connects to adjacent land uses such as high density housing and business districts
- Encourage multimodal transportation
- Establish better connectivity to major activity centers

If funding is secured, funds would be used to accomplish the design and construction of the projects as described in the background section of the memo. Some of the key highlights include the design and construction of:

- Bicycle facilities such as enhanced bike lanes
- Landscaped median islands
- Pedestrian facilities including enhanced crosswalks and bulb-outs
- Signal modification to better accommodate pedestrians'
- Sidewalk and ADA curb ramp improvements

Additionally, Staff wishes to bring to the Council's attention the following additional grant requirements:

Requirement	Addressed in the following manner:
The City will complete the Projects as described in the grant application. The project requires both design and construction.	It is the intent of the City to complete the Projects. The City will manage both the design and construction of all three projects
City must execute the grant agreement within 30 days of award.	Staff will coordinate to execute the agreement within the deadline.
Project needs to have a completed E-76 request submitted to Caltrans by Sept. 2011 and the E-76 approved by Feb. 2012.	Staff estimates that E-76 should be completed by Aug. 2011
City is responsible for any increase in project cost.	City will address funding shortfall, if any, work to keep within budget through local funding and other grant sources. Staff will notify the City Council if additional funding beyond the allocated budget will be required due to unforeseen circumstances.
Where applicable, the City will comply with all applicable laws and regulations affecting	The Project design will be consistent with all known government regulations.

Requirement	Addressed in the following manner:
development projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and disabled access laws.	

EVALUATION AND FOLLOW-UP

As part of future budget processes, actions will be brought forward for repayment of the loan. Staff will report back to Council when the projects are ready for award of construction contracts in 2012. The TLC grant projects will be developed in coordination with City and community stakeholders.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- ✓ **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)**

In accordance with Criterion 1, this memorandum will be posted on the City's website for the August 3, 2010 Council agenda.

COORDINATION

Preparation of this report was coordinated with the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to providing viable transportation choices.

COST SUMMARY/IMPLICATIONS

The recommendations in this memo would initiate the process required for the MTC to release the grant funds to the City of San José in the amount of \$6,529,800. A local match in the amount of \$1,632,200 is required for the grants.

The matching funds for these projects will be funded by a loan from the Route 101/Blossom Hill Interchange Reserve appropriation at an amount of \$1,351,000 to fund the Alameda – A Plan for the Beautiful Way project and the San Carlos Multimodal Streetscape Improvements – Phase II project, and reduced funding from the Bicycle and Pedestrian Facilities project (\$281,200) will fund the San Fernando Street Enhanced Bikeway and Pedestrian Access project. Repayment of the loan may be achieved through multiple sources including higher than anticipated revenue in 2009-2010 and expected savings of approximately \$450,000 - \$700,000 in current projects after the final fund reconciliation of the 2009-2010 Annual Report. Also, staff has identified approximately \$400,000 in potential project savings in 2011-2012 and 2012-2013. Repayment of the 101/Blossom Hill funds will require interest payments at the City’s pooled investment rate and based on preliminary review full repayment is expected to occur by 2012-2013.

The Route 101/Tully Interchange funding will serve as collateral for the proposed loan. The Route 101/Tully Interchange funding is budgeted as a contribution of up to \$6,000,000 from the City of San José to the Valley Transportation Authority (VTA) for construction of the interchange.

The total cost for all three grants is \$8,162,000. Since this is a monthly reimbursable grant the reimbursable expenditures for the project normally occur within the same fiscal year and provide a net zero result on the CIP.

The projects will not have a significant cumulative effect on ongoing maintenance and operating costs. All non-standard project elements such as landscaping will require separate operation and maintenance funds through a maintenance district or other similar mechanism. The implementation of new, more efficient streetlights will reduce ongoing energy costs.

BUDGET REFERENCE

The table below identifies the fund and appropriation for the proposed loan to fund the local match required for the grants as recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Loan	2010-2011 Proposed Capital Budget Page	Last Budget Action (Date, Ord.No.)
429	8233	Reserve – Route 101/Blossom Hill Interchange Improvements	\$1,750,000*	\$1,351,000	V - 704	06/29/2010, Ord.No. 28765

* These funds were rebudgeted as part of the Recommended Amendments to the 2010-2011 Proposed Operating and Capital Budgets Manager’s Budget Addendum #47. The 2010-2011 Capital Budget and the implementing appropriation ordinance was approved by the City Council on June 29, 2010.

HONORABLE MAYOR AND CITY COUNCIL

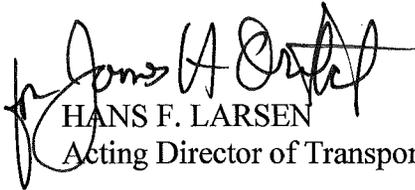
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CEQA

1. San Fernando Street Enhanced Bikeway and Pedestrian Access - Statement of Exemption, File No. PP10-124
2. The Alameda "A Plan for the Beautiful Way" - Statement of Exemption, File No. PP10-132
3. San Carlos Multimodal Streetscape Improvements - Re-use of the Downtown Strategy SEIR, Resolution No. 68839, File No. PP03-254


HANS F. LARSEN
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JENNIFER A. MAGUIRE
Budget Director

For questions please contact Manuel Pineda, Acting Deputy Director, at 975-3295.

Attachments