



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Hans F. Larsen  
Jennifer A. Maguire

**SUBJECT:** DIRIDON STATION AREA PLAN

**DATE:** August 6, 2012

Approved

Date

8/14/12

**COUNCIL DISTRICT: 3 & 6**

## RECOMMENDATION

A. Adopt a resolution authorizing the City Manager to negotiate and execute:

1. A Third Amendment to the existing grant agreement between the City and the Metropolitan Transportation Commission (MTC) for the development of the Diridon Station Area Plan to continue and extend the term of the agreement from June 30, 2012 to June 30, 2013, amend the scope of services to eliminate zoning ordinance amendments deliverable, amend the schedule of performances and budget for the deliverables under the agreement, and to ratify prior amendments to the agreement.
2. A Second Amendment to the existing agreement between the City and Field Paoli Architects to continue and extend the term from June 30, 2012 to June 30, 2013, increase the compensation by up to \$100,000 from \$1,109,000 to an amount not to exceed \$1,209,000, expand the scope of services to prepare the phasing analysis for near-term development in the Diridon Station Area, and amend the schedule of performance and budget for the deliverables under the agreement.
3. Any future amendments deemed necessary by the City Manager to extend the term of the MTC or Field Paoli agreements or revise the scope of services, schedule of performances, or budget for each deliverables to complete the tasks required under the MTC grant agreement and the Diridon Station Area Plan, provided that the amendments do not exceed the maximum compensation approved by the City Council for the agreements.

B. Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:

1. Increase the appropriation to the Department of Transportations for the Diridon Station Planning Project by \$100,000;
2. Decrease the Ending Fund Balance by \$100,000.

## **OUTCOME**

The recommended actions support the completion of the Diridon Station Area Plan aimed at attaining the City's long-term development and transportation goals and ensuring the vitality of HP Pavilion through continued coordination with San José Arena Management (SJAM).

## **BACKGROUND**

The Diridon Station Area Plan (Plan) was initiated in June 2009 upon the City's acceptance of a \$750,000 planning grant from MTC. Staff then spent many months collaborating with the community, stakeholders, and partners on the development of the Plan. A draft Plan was presented to City Council on January 25, 2011.

At the January 25, 2011 Council meeting the City Council adopted the following goals and guiding principles for the draft Plan and gave direction to staff on specific elements of the Plan that required additional information:

- Create a great place at Diridon Station, both for the station itself and adjacent land uses
- Provide a variety of mixed use development opportunities with maximum densities in accordance with the goals of the San José General Plan Envision 2040.
- Develop a multimodal transportation system with convenient access for all users with a plan to improve multi-modal connectivity between the station and adjacent land uses in Downtown and surrounding neighborhoods.
- Provide a long range parking strategy to share use and reduce parking requirement as transportation options develop in accordance with the San José General Plan Envision 2040
- Provide a near-term phasing plan for transportation and parking

On April 15, 2011, the City Council approved the draft Station Area Plan as a maximum development plan and directed staff to begin work on an Environmental Impact Report (EIR). One of the key elements based on staff recommendation and Council direction was the development of a Phase I near-term development plan that would analyze near-term development in the Diridon area. The proposed 10-year near-term Phase I plan assumed the following conditions:

- Redevelopment of the entire Core Area as defined in the Diridon Station Area Plan
- Construction of the ballpark
- Construction of the BART box (although not BART itself)
- Redevelopment of the former San José Water Company (Adobe) site (although outside of the Diridon Area Plan, it has parking implications for the Plan Area.)

The Phase I analysis is focused on transportation and parking needs and addresses issues regarding near-term development, access and circulation around the station area, possible interim parking needs and parking locations, and parking for HP Pavilion in conformance with the existing agreement between the City and SJAM. As part of the process of completing the

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analysis, staff has been working with SJAM staff on all parking and traffic issues that may impact HP Pavilion.

### **ANALYSIS**

The original schedule for the Diridon Station Area Plan has been modified previously to account for a number of elements. This has required amendments to the agreement with MTC for extension of the schedule and amendment to the agreement with the consultant, Field Paoli Architects, related to the scope of work, contract amount, and schedule of performance.

The key item that has required the modifications relates to completion of the Phase I analysis. In partnership, the City and SJAM developed a work scope for the transportation and parking analysis. Both staffs are currently working on the analysis as part of the EIR and it includes elements such as parking ratios, parking locations, traffic level-of-service, and other items to ensure the continuous success of HP Pavilion. The Phase I work is not part of the original Diridon Station Area Plan scope of work and is not funded by the MTC \$750,000 grant.

The proposed Council actions will allow completion of the analysis and the Diridon Station Area Plan. The additional time and funds will be used to further expand the traffic modeling and parking modeling work required to ensure the goals of the project and to provide for additional coordination with SJAM.

### **MTC Agreement Extension**

The Council approved grant agreement with MTC was executed and effective on February 19, 2009. The grant agreement provided the City \$750,000 with a \$200,000 City required contribution to complete the Plan and environmental clearance. A First Amendment was executed between the parties on June 11, 2010 to extend the term from June 30, 2010 to June 30, 2011 and modify the schedule of performances without any changes to the compensation or scope of services. A Second Amendment was executed in March 2011 to extend the term to June 30, 2012 with the same scope of services. To account for complexities related to additional traffic and parking analysis required for the Plan, staff is requesting Council authority to negotiate and execute a Third Amendment to the MTC grant agreement. Although this work is not funded by the MTC grant it will be incorporated as part of the final Diridon Station Area Plan and CEQA process. The proposed Third Amendment will extend the term from June 30, 2012 to June 30, 2013, eliminate one of the required deliverables to process zoning ordinance amendments to conform the Plan to the City's Zoning requirements, and modify the schedule of performance based on the new timeline for the Plan. Staff is also requesting Council to ratify the First Amendment and Second Amendment discussed above. Both of these amendments were approved administratively and require City Council ratification since the \$750,000 grant agreement is above the City Manager's contract authority under the Municipal Code.

### **Agreement with Field Paoli Architects**

The City and Field Paoli Architects entered into a consultant agreement on June 2, 2009 for \$950,000. The consultant agreement required Field Paoli to complete the tasks necessary to

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complete the Plan and environmental clearance to satisfy the MTC grant requirements. The parties entered into a First Amendment on June 30, 2011 to increase the compensation from \$950,000 to \$1,109,000, extend the term from June 30, 2011 to June 30, 2012, and amend the scope of services for additional traffic analysis directed by the City Council on January 25, 2011 in coordination with the SJAM. However, the level of parking, traffic, and coordination required to complete the work has been more extensive than originally anticipated. The proposed Second Amendment will continue and extend the term from June 30, 2012 to June 30, 2013, expand the scope of services to include further traffic and parking analysis, amend the schedule of performance and increase funding by an additional \$100,000. As with the previous amendment the funding for the additional work is not part of the original MTC grant and is funded through the Traffic Capital Program. This Second Amendment will allow for the additional time and work required to complete the analysis.

### **EVALUATION AND FOLLOW-UP**

Staff will continue to work on the EIR to allow for Council consideration of the Draft Diridon Station Area Plan in June 2013.

### **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)**

This memorandum will be posted on the City's website as part of the Council Agenda outreach process.

### **COORDINATION**

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

### **FISCAL/POLICY ALIGNMENT**

The Diridon Station Area Plan has been developed to support the City's Council Adopted Economic Development Strategy 2010, Strategic Goal #8 "Advance Diridon Station Area as a Key Transportation Center for Northern California.

**COST SUMMARY/IMPLICATIONS**

The recommended action will increase the Diridon Station Planning appropriation by \$100,000 in the Construction Excise Tax Fund in the Traffic Capital Program for consultant services. The Ending Fund Balance in the Construction Excise Tax Fund will be reduced by \$100,000 to offset the increase to the Diridon Station Planning appropriation. The Ending Fund Balance in the Construction Excise Tax fund can support this additional expenditure.

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2012-2013 Proposed Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
465	7062	Diridon Station Planning	\$169,000*	\$100,000	V - 638*	6/19/2012 Ord. No. 29102

\* The recommended actions in this memorandum will increase the 2012-2013 Diridon Station Planning appropriation in the amount of \$100,000, funded by a decrease to the Ending Fund Balance in the Construction Excise Tax Fund.

**CEQA**

Not a project. The proposed action will allow staff and the consultants to proceed with completion of the Draft Diridon Station Area Master Plan and the analysis of potential environmental impacts as required under CEQA.

/s/

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Budget Director

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