



Agenda Report

19-094

Agenda Date: 10/22/2019

REPORT TO COUNCIL

SUBJECT

Action on a Multimodal Improvement Plan Funding Agreement with Related Santa Clara, LLC for the Related Santa Clara Project and Related Budget Amendment

EXECUTIVE SUMMARY

As a follow up item to the City Council's September 18, 2018 approval of the Multimodal Improvement Plan (MIP) for the Related Santa Clara Development, the attached MIP Funding Agreement is recommended for approval by the City Council. The MIP Funding Agreement has been prepared in coordination with the developer, Related Santa Clara, LLC and includes provisions that will allow for advance funding to the City, as a majority of the MIP improvements will be completed as City projects.

BACKGROUND

On September 18, 2018, the City Council adopted the Multimodal Improvement Plan for the Related Santa Clara Development (previously known as the CityPlace Development). The MIP was prepared to address projected transportation impacts to certain Santa Clara County Congestion Management Program (CMP) facilities in Santa Clara resulting from the City's approval of the Related Santa Clara Development (Project) and associated Environmental Impact Report in June 2016. As the CMP administrator for Santa Clara County, the Santa Clara Valley Transportation Authority (VTA) approved the MIP on November 1, 2018.

Specifically, seven CMP intersections (listed below) are projected to be impacted with the build out of the Project (Attachment 1, Location Map):

- Great America Parkway and Tasman Drive (City)
- Great America Parkway and Mission College Boulevard (City)
- Agnew Road/De La Cruz Boulevard and Montague Expressway (City/County)
- Scott Boulevard and Central Expressway (City/County)
- De La Cruz Boulevard and Central Expressway (City/County)
- San Tomas Expressway and Monroe Street (City/County)
- Lafayette Street and El Camino Real (City/Caltrans)

As the Project's impacts on these intersections cannot be fully mitigated, the City prepared and adopted the MIP (also known as a deficiency plan), which would evaluate proposed multimodal improvements at or near these intersections. Typical multimodal improvements include enhanced bicycle lanes, intersection curb bulb-outs (i.e. sidewalk extensions), transit enhancements, and trail facilities.

The MIP includes \$23,414,000 in various transportation projects and programs designed to improve the overall multimodal network (i.e. vehicular, bicycle, pedestrian, and transit). Table 1 provides a programmatic budget summary of the MIP per improvement category.

Table 1: MIP Programmatic Budget

MIP Improvement Category	Budget
Transit Service Enhancements	\$2,605,000
Bicycle and Pedestrian Access and Facilities	\$12,464,000
Freeway and Arterial Operations	\$8,345,000
Transportation Demand Management Strategies	*
Land Use/Site Design Standards	**
Total	\$23,414,000

*The MIP includes Transportation Demand Managements (TDM) measures from the City Place EIR and suggested implementable TDM actions for future development to reduce the volume of single-occupancy vehicles by promoting rideshare, employer-based trip reduction programs, and other trip reduction strategies. These are not funded with MIP funds.

**The MIP recognizes that the City is engaged in a significant amount of ongoing work in support of precise plans for specific focus areas in the City. These plans will continue to be led by the City's Community Development Department. These are not funded with MIP funds.

Table 2 provides a summary of the significant improvements included within the MIP.

Table 2: Significant Improvements Included Within the MIP

Action Description	Improvement Category	Responsibility	Cost Estimate
Fund master plan for the Santa Clara Great America Train Station	Transit	VTA	\$750,000
Planning study to evaluate a shuttle program	Transit	City	\$500,000
Bicycle and Pedestrian trail improvements along Calabazas Creek and Saratoga Creek (share of trails)	Bicycle and Pedestrian	City	\$2,400,000
Install separated bicycle facility along Stars and Stripes Drive through the VTA parking lot to Great America Station	Bicycle and Pedestrian	City	\$1,500,000
Install new sidewalk on Montague Expressway between Agnew Road and Lafayette Street	Bicycle and Pedestrian	County	\$1,000,000

Uncontrolled Crosswalk Enhancements near six MIP intersections	Bicycle and Pedestrian	City	\$1,370,000
Pedestrian Overcrossing Study	Bicycle and Pedestrian	City	\$500,000
Install two Changeable Message Signs (CMS) on Lafayette Street	Freeway and Arterial	City	\$2,000,000
Install Adaptive Traffic Signals along Great America Parkway	Freeway and Arterial	City	\$2,600,000

MIP Action Plan and Overall Funding: Included within the MIP is an Action Plan (Attachment 2) that describes how the improvements will be implemented, who is responsible for implementing each action, how the action will be paid for, and when each action will be implemented. Per the approved Development Agreement between the City and Related Santa Clara LLC (Development Agreement), the Project is required to contribute a maximum amount of funding towards the improvements identified in the MIP and any improvements above that amount will be funded by the City. The maximum amount of funding depends on several variables such as the actual land uses constructed, the size of the buildings, the timing of construction, and the local/regional Transportation Impact Fees in place at the timing of building permit issuance. Related Santa Clara, LLC's (Developer) actual responsibility will not be fully quantifiable until full build-out of the Project. However, based on the Development Agreement and information provided by the Developer, it is estimated that the Developer's responsibility may range from a minimum of \$17,430,800 to a maximum of \$20,100,150 at full build-out of the Project. Based on an MIP total cost of \$23,414,000, the resulting potential City share of MIP costs ranges between \$3,313,850 and \$5,983,200. Additionally, the MIP costs were developed based on 2018 construction costs and are likely to increase over the life of the Project and MIP. The City's share is expected to be funded mainly from outside sources such as grant funds, Measure B, and regional funds.

Provision 4.6.3 of the Development Agreement provides for the preparation of an MIP Funding Agreement to define the "precise mechanisms and timing of funding for the MIP" and to also incorporate the following funding principles: 1) Developer shall fund the preparation and processing of the MIP, 2) as a project-specific MIP, Developer shall be responsible for 100% of the costs of each improvement or strategy required to be constructed or implemented pursuant to the MIP, subject to the funding limitations in the Development Agreement, 3) Developer's funding obligations shall be funded by the following three MIP Funding sources: Regional Traffic Fees, Traffic Impact Fees paid for the Project, and equal monetary contributions by the Developer and the City, up to a total lump sum of \$8,000,000 with a \$4,000,000 maximum for each party, and 4) City funds for any remaining amounts. Additionally, provision 4.6.3.4 of the Development Agreement indicates that "to the extent that the City requires funding from the MIP Funding sources in advance of receiving funds from Developer in order to implement the MIP, the City may require that those fees be paid by Developer in advance of becoming due and payable, and such fees paid in advance shall be credited to the Developer, as applicable." The proposed MIP Funding Agreement (Attachment 3) has been prepared to comply with Council's previous approvals for the Project and is presented in the Discussion section below.

DISCUSSION

The proposed MIP Funding Agreement has been drafted to address the following: 1) recognize the

provisions with the Project, Project Development Agreement, and Project Disposition and Development Agreement that pertain to MIP improvements and funding, 2) recognize that the Project will obtain City approval of Development Area Plans (DAPs) for each phase of the Project as identified in the Project's Master Community Plan prior to further development of the Project, 3) complement the process by which DAP's are reviewed and approved by the City, 4) provide the City with adequate and timely funding for the City's role in completing a majority of the MIP improvements, 5) provide the developer periodic accounting of MIP funding, use of funding, and improvement status, and 6) recognize the Developer's desire to participate in any MIP improvement study. For items 3 through 6, a more thorough description is presented below.

DAP MIP Action Plan: Each DAP application from the developer to the City will provide sufficient information for staff to provide a DAP MIP Action Plan. The intent of the DAP MIP Action Plan will be to provide the developer the scope, timing, and funding for MIP improvements to be completed with each DAP.

DAP Payment Notices and Fee Estimates: Within 30 days of approval of a DAP, the City shall provide to the developer an accounting that indicates the associated Regional Traffic Fees and Traffic Impact Fees that will be due and payable to City for the uses identified in the DAP. This early estimate will provide advance notice to the Developer on projected transportation-related fees required for each DAP.

Structured Payments: As identified in the Development Agreement, a majority of the funding for the MIP improvements is derived from the City's use of Regional Traffic Fees and Traffic Impact Fees paid for the Project. These fees are due and payable prior to the City's issuance of building permits for each DAP. In order to properly budget for and complete MIP improvements as City projects, staff negotiated with the Developer to provide fee payments in four equal amounts instead of paying fees per building permit. The specific payment schedule is included with the MIP Funding Agreement and will provide for advance funding so that the City can complete MIP improvements as detailed in the MIP.

Advance Fee Payments: The MIP Funding Agreement includes an additional provision that provides the City with the ability to require Advance Fee Payments, if necessary, for the City to complete an improvement as identified in the DAP MIP Action Plan and MIP. This provision was included to address a potential situation where the expected costs of an MIP improvement exceeds the funding available and where Regional Traffic Impact Fees and Traffic Impact Fees will likely be due for future phases of the Project.

Periodic Accounting: The City will provide an annual accounting to the Developer that will indicate the total transportation-related fees paid, the MIP improvements to which such fees have been used to complete the improvement, any fee payment credits on file with the City, and information related to the Developer's required match fee payment and City match payments for MIP improvements.

Participation by Related Santa Clara, LLC in Certain Studies: The MIP Funding Agreement includes information about the Developer's interest in participating in the process of completing the following three studies: Great America Station Study, Shuttle Program Study, and Pedestrian Overcrossing Study. The City will give advance notice to the Developer for opportunities to participate, such as public workshops and study sessions.

In addition to staff's request that the City Council approve the MIP Funding Agreement, staff is also recommending that the City Council delegate authority to the City Manager to make minor modifications to the MIP Funding Agreement if needed in the future.

ENVIRONMENTAL REVIEW

Per Public Resources Code § 21080 (b) (13), congestion management programs are exempt by statute from the provisions of the California Environmental Quality Act (CEQA). As established in Government Code §§ 65089 et seq., a multimodal improvement plan is a required part of a congestion management program when certain conditions are met. As such, and within certain parameters, a multimodal improvement plan falls under the same statutory exemption as the CMP.

The purpose of the Multimodal Improvement Plan is to identify and implement measures that will improve traffic conditions in a locality, and consequently, implementation of the plan will lead to improved environmental conditions. Furthermore, items identified from the VTA CMP's Immediate Implementation Action List have also been identified by the Bay Area Air Quality Management District as actions that, when implemented, will have a positive impact on air quality in the region. To the degree that individual projects identified in the MIP have the potential for creating ancillary (i.e., localized) impacts to the environment, such impacts will be evaluated as individual projects come forward for design and construction.

FISCAL IMPACT

The MIP identifies a total transportation funding need of \$23,414,000. Based on the City Place Development Agreement, the Project is required to contribute a maximum amount of funding towards the improvements identified in the MIP and any improvements above that amount would be funded by the City. Depending on several variables, such as the actual land uses constructed, the size of the buildings, the timing of construction of the buildings, and the local/regional TIF in place at the time of Building permit issuance, the Developer's actual responsibility will not be fully quantifiable until full build-out of the Project. However, based on the Development Agreement and from recent information provided by the Developer, it is estimated that the Developer's responsibility may range from a minimum of \$17,430,800 to a maximum of \$20,100,150 at full build-out of the Project. Based on an MIP total cost of \$23,414,000, the resulting potential City share of MIP costs ranges between \$3,313,850 and \$5,983,200. The City's share would be expected to be mostly funded from outside sources such as grant funds, Measure B, and regional funds.

As the majority of the MIP improvements are to be completed by the City, a budget amendment is recommended to provide appropriations for Phase 1 of Improvements projects. Funding for these improvements are provided by a combination of Regional Transportation Fees, Traffic Impacts and funding cost shares from the Developer and the City. Staff recommends transferring existing funds from the Transportation Environmental Mitigation and Regional Traffic Mitigation Fee Deposit Fund to the Streets and Highways Fund. Other City projects that result from the MIP will be included within the appropriate future Capital Improvement Program budgets.

Budget Amendment FY 2019/20			
	Current	Increase/ (Decrease)	Revised
Fund 071 - Deposit Funds			
<u>Fund Balance</u> Transportation Environmental Mitigation and Regional Traffic Mitigation Fee Deposits	\$8,940,890	(\$740,000)	\$8,200,890
<u>Transfers Out</u> Transfer to the Streets and Highways Fund	\$0	\$740,000	\$740,000
Fund 533 - Streets & Highways Capital Fund			
<u>Transfers In</u> Transfer from the Transportation Environmental Mitigation and Regional Traffic Mitigation Fee Deposit Funds	\$0	\$740,000	\$740,000
<u>Expenditures</u> Related California Multimodal Improvement Plan - Phase 1 Improvements (533-New Project)	\$0	\$740,000	\$740,000

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the Multimodal Improvement Plan Funding Agreement with Related Santa Clara, LLC for the Related Santa Clara Project;
2. Authorize the City Manager to make minor modifications to the MIP Funding Agreement and execute any and all associated documents; and
3. Approve the Related Budget Amendment to transfer existing funds from the Transportation Environmental Mitigation and Regional Traffic Mitigation Fee Deposit Funds to the Streets and Highways Fund and appropriate the funds to the Related California Multimodal Improvement Plan - Phase 1 Improvements Project.

Reviewed by: Craig Mobeck, Director of Public Works
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Location Map
2. MIP Action List and Action Plan
3. MIP Funding Agreement