PLEASE NOTE CHANGE IN MEETING LOCATION

VTA Auditorium
3331 North First Street
San Jose, CA 95134

AGENDA

To help you better understand, follow, and participate in the meeting, the following information is provided:

- Persons wishing to address the Board of Directors on any item on the agenda or not on the agenda should complete a blue card located at the public information table and hand it to the Board Secretary staff prior to the meeting or before the item is heard.

- Speakers will be called to address the Board when their agenda item(s) arise during the meeting and are asked to limit their comments to 2 minutes. The amount of time allocated to speakers may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda. If presenting handout materials, please provide 25 copies to the Board Secretary for distribution to the Board of Directors.

- All reports for items on the open meeting agenda are available for review in the Board Secretary’s Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on our website, www.vta.org, and also at the meeting. Any document distributed less than 72-hours prior to the meeting will also be made available to the public at the time of distribution. Copies of items provided by members of the public at the meeting will be made available following the meeting upon request.

In accordance with the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, VTA will make reasonable arrangements to ensure meaningful access to its meetings for persons who have disabilities and for persons with limited English proficiency who need translation and interpretation services. Individuals requiring ADA accommodations should notify the Board Secretary’s Office at least 48-hours prior to the meeting. Individuals requiring language assistance should notify the Board Secretary’s Office at least 72-hours prior to the meeting. The Board Secretary may be contacted at (408) 321-5680 or e-mail: board.secretary@vta.org or (408) 321-2330 (TTY only). VTA’s home page is on the web at: www.vta.org or visit us on Facebook at: www.facebook.com/scvta. (408) 321-2300: 中文 / Español / 日本語 / 한국어 / tiếng Việt / Tagalog.

NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY ANY ACTION RECOMMENDED ON THIS AGENDA.
3331 N. First St., San Jose, California is served by bus lines *58 and Light Rail.
(*58 no midday service)

For trip planning information, contact our Customer Service Department at (408) 321-2300 between the hours of 6:00 a.m. to 7:00 p.m. Monday through Friday and 7:30 a.m. to 4:00 p.m. on Saturday. Schedule information is also available on our website, [www.vta.org](http://www.vta.org).
1. CALL TO ORDER AND ROLL CALL

1.1 ROLL CALL

2. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any item within the Board's jurisdiction. Speakers are limited to 2 minutes. The law does not permit Board action or extended discussion of any item not on the agenda except under special circumstances. If Board action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. WORKSHOP ITEMS

3.1 DISCUSSION - Discuss the Joint Development Program's policy framework, key accomplishments and the upcoming goals.

3.2 INFORMATION ITEM - Receive an update on VTA's BART Silicon Valley Phase II.

4. OTHER ITEMS

4.1 ANNOUNCEMENTS

5. ADJOURN
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
    Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Acting Chief Financial Officer, Ali Hudda

SUBJECT: Joint Development Program Update

FOR INFORMATION ONLY

BACKGROUND:

VTA’s Joint Development (JD) program was revamped in 2009 with the implementation of a new Board-adopted policy framework along with management tools to more effectively capture the revenue-generation opportunities of all VTA real estate assets. Since this programmatic reformulation, staff has worked diligently to effectuate the policy objectives and achieve measured revenue results. In this workshop presentation, staff will provide an overview of the policy framework, key accomplishments and near-term goals.

In addition, staff will present development concepts for time-sensitive opportunities that have arisen at two of VTA’s operating yards—North Division and Cerone Division. Several investors have expressed a strong desire to partner with VTA at these two critical VTA facilities to create mixed-use development projects that incorporate our operational facilities into vibrant land plans with intensified commercial uses such as office, retail and hotel. The opportunity for a shared and/or adjacent use of VTA’s operational facilities also may be available at one or both of the sites. Consistent with the JD policy framework, staff is presenting these development concepts prior to issuance of a competitive solicitation process for these respective opportunities. The workshop presentation also will include a more detailed explanation of the specific process that will be undertaken for the proposed advancement of these development projects.

DISCUSSION:

Policy Framework

In April 2009, VTA’s Board of Directors approved a revised Joint Development policy framework that consists of a new Joint Development Policy (Part I) which establishes clear goals for the program and a detailed Joint Development Implementation Plan (Part II) for achieving those goals. Collectively, these two documents are referred to as the JD Guidance Documents.
and their implementation is referred to as the Joint Development Program.

The *JD Guidance Documents* specify various asset management tools be employed as a part of the program. The foundational tool is the compilation of a *Real Estate Inventory (RE Inventory)*, pursuant to which staff must comprehensively identify and assess VTA’s revenue generating real estate assets. The RE Inventory is regularly updated based on changing market conditions and operational needs. Newly acquired properties are also incorporated into the *RE Inventory* once they are not needed by capital projects or operational functions.

The *JD Guidance Documents* require the assets in the *RE Inventory* to be further segregated into strategic categories based upon preliminary assessments of their respective real estate potentials and/or anticipated uses by VTA. The goal of this categorization is to enable staff to formulate site-appropriate real estate management plans for each of the catalogued assets. The categories are as follows:

I. Permanent Disposition

II. Interim Leasing

III. Land Banking

IV. Joint Development

In addition to the above categorization, the *JD Guidance Documents* require staff to employ the following management tools for assets segregated into the *Joint Development* category, for the purposes noted below:

*Joint Development Portfolio (JD Portfolio):* consists of those assets with potential for joint development, either in the near or long term based on strong transit-oriented development viability and/or long-term revenue potential through long-term ground leasing; and

*Joint Development Priority Schedule (Priority Schedule):* to target VTA’s limited resources toward a particular set of assets within the *JD Portfolio* that are best suited to meet the goals of the *Joint Development Policy* within identified time frames.

Staff performed the above requirements and presented its findings to the Board in November 2009. Pursuant to a review of staff findings, the Board approved the *JD Portfolio* and *Priority Schedule* as required by the policy framework. It should be noted that any further action for *Priority Schedule* assets will require Board approval prior to moving forward on development plans for individual assets.

All of these categories are discussed in more detail below.

I. Permanent Disposition

This category is reserved for those assets that offer limited joint development potential, either because of their small sizes (which limit the economic viability of a public private partnership),
the complexity of their local land use regulatory environments, difficult site constraints, or other factors affecting their development feasibility.

In March 2010, the Board found six assets to be surplus and not necessary for VTA operations. The identified properties are: Capitol at Alum Rock, Communications Hill, Lawrence and Moorpark, Lean and Herlong, N. First & St. James and Page Mill & El Camino (collectively, the Surplus Properties). It should be noted that both “Communications Hill” and “Lean and Herlong” consist of several smaller parcels that are available for individual sale, and these references are used for convenience.

To date, four of the Surplus Properties have been sold at or above fair market value: Lawrence and Moorpark, Lean and Herlong, N. First & St. James and Page Mill & El Camino. These transactions have netted VTA approximately $11.9 Million in revenue to date. Staff is actively marketing Capitol at Alum Rock, and they also are diligently working to resolve complex utility issues associated with Communications Hill to enable sale of that property.

II. Interim Leasing

This category consists of those assets that are currently available and significantly underutilized, yet they do not warrant permanent disposition due to anticipated favorable long-term market shifts or future operational needs (category referred to as Interim Leasing). On the other hand, these properties offer interim revenue potential through leasing, licensing or other asset management due to their strategic locations or favorable site attributes.

Interim Leasing is a key component of VTA’s JD Program and provides vital annual revenue to the organization. VTA currently has over 53 lease and license agreements that capture more than approximately $3 Million in annual revenue. Since adopting the revised Joint Development Policy & Implementation Plan, staff has procured 22 new lease and license agreements totaling over $850,000 in new revenue. This figure represents the revenue generation captured thus far only, and it will continue to increase over the years as many new long term agreements have been negotiated that provide an annual revenue stream as well as periodic rental increases.

Staff actively works to solicit new interest from third party users, particularly telecommunications providers as they provide a stable, long-term source of revenue through a low intensity use on VTA assets. The Board adopted the policy for placement of wireless telecommunication facilities on VTA real estate assets in April 2014. The policy establishes consistent, clear and predictable criteria to assess and process proposals for placement of wireless telecommunication facilities on VTA real estate assets. The existing telecommunication agreements account for approximately $532,000 annual revenue, which will increase in accordance with the approved fee schedule.

Interim Leasing is also the appropriate tool to capture new initiatives VTA is embarking upon to capture unique revenue opportunities. In April 2014, the Board approved a Station Naming Rights Policy at strategically-located transit assets (e.g. Light Rail stations, transit centers and bus lines). The policy sets forth evaluation and processing criteria for both solicited and unsolicited naming right proposals at VTA assets. Consistent with the policy, staff is actively marketing the naming rights to the Great America Light Rail Station and analyzing opportunities
across the system. Staff is also actively seeking Wi-Fi sponsorship of VTA’s bus and light rail fleet.

III. Land Banking

Assets in this category include those which do not readily fall into one of the noted revenue categories due to any number of factors, including the insufficiency of information necessary to ascertain the asset’s potential, contingency upon the occurrence of future events, planning efforts and/or capital projects, and anticipated favorable changes in the long term market dynamics relevant to the asset.

IV. Joint Development

As noted above, the JD Portfolio consists of those assets with potential for joint development, either in the near or long term. Further, the identified Priority Schedule warrant certain value-added investment to be made by VTA in the near term and/or these sites have been determined to hold the greatest potential for a joint development project in the foreseeable future. Value-added investment includes any pre-development or disposition work performed for an asset, such as site remediation or improvements, site assembly, facilities relocation, entitlement work and pre-design.

Pursuant to the VTA Board's action of November 2009, the following properties comprise the Priority Schedule: Cerone, 1880/Milpitas, Morgan Hill Caltrain, San Jose Diridon Arena Parking Lot, Santa Teresa Station, Tamien Station, UPRR Corridor, River Oaks and West San Carlos. Further information about the status of these properties will be provided at the workshop presentation.

As a condition of the Guidance Documents, staff is required to evaluate the Priority Schedule at regular intervals and update the Board with their findings for its consideration of a modification to the Priority Schedule. As a result, staff will recommend an amendment to the Priority Schedule at the December 11, 2014 Board meeting. Staff findings include placing North Yard on the Priority Schedule (as noted above) as well as a recent acquisition made by VTA as a part of the BART Silicon Valley Berryessa Extension at the future Milpitas BART Station, referred to as the Kunde Property.

Further, at the workshop presentation, staff will present a detailed synopsis and overview of the proposed development processes for four key development opportunities: Tamien Station, North Yard, Cerone Division and Kunde Property.

Next Steps

VTA staff will continue to advance the Joint Development Program in the multiple avenues of revenue generation noted above.

I. Permanent Disposition

The remaining properties declared Surplus Properties will hopefully be disposed of in the next 6-12 months. Staff anticipates that it will request additional properties to be declared surplus.
within the next 12 months.

II. **Interim Leasing**

VTA staff will also actively pursue new leasing and licensing opportunities while maintaining the existing agreements that are in place. Staff has made significant efforts to create and administer consistently a market-based fee schedule for Interim Leasing of VTA property.

In addition, new revenue opportunities such as Wi-Fi Sponsorship and Station Naming Rights are actively being evaluated and marketed. Staff will present to the Board for approval specific sponsorship agreements as they are negotiated.

III. **Land Banking**

Any asset in the Land Banking category is regularly assessed for its suitability to move into the Interim Leasing or other revenue category.

V. **Joint Development**

The workshop presentation will provide the specific timelines for the four key development opportunities actively pursued by staff currently: Tamien Station, North Yard, Cerone Division and Kunde Property. These development strategies will allow VTA to achieve the highest and best use of these assets consistent with the goals of the *Joint Development Program*.

Prepared By: Bijal Patel
Memo No. 4721
State of the Joint Development Program
Board of Directors Workshop
September 26, 2014
State of the Joint Development Program

Board of Directors Workshop
September 26, 2014
Joint Development Policy & Implementation Plan
(Guidance Documents)

Historical Context

- VTA's Joint Development (JD) program was revamped in 2007-08
- VTA Board of Directors adopted a new, comprehensive policy framework in March 2009

Articulated 3 goals of the Joint Development Program, in priority order:

1. **Revenue:** Provide a long term, stable source of revenue for VTA
2. **Transit-Oriented Development:** Carry out transit-oriented development, where possible
3. **Transit Operations:** Create development that results in ridership growth and/or infrastructure improvements

- **Established a special fund for JD program revenue**
  - Implemented as the JD Fund ($7000) in FY 2011-12
  - Revenue from this fund is to be appropriated by the Board of Directors from time to time through formal actions, for the continued operation and development of the agency
- **Currently supports all third party development costs**
Historical Context

• VTA's Joint Development (JD) program was revamped in 2007-08

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Articulated 3 goals of the Joint Development Program, in priority order:

1. **Revenue**: Provide a long term, stable source of revenue for VTA

2. **Transit-Oriented Development**: Carry out transit-oriented development, where possible

3. **Transit Operations**: Create development that results in ridership growth and/or infrastructure improvements
- Established a special fund for JD program revenue
  - Implemented as the JD Fund (87000) in FY 2011-12
  - Revenue from this fund is to be appropriated by the Board of Directors from time to time through formal actions, for the continued operation and development of the agency
- Currently supports all third party development costs
Real Estate Inventory

- Sites range in size from less than 1 acre to over 120 acres
  - In total, encompasses over 335 acres
- Sites located throughout Santa Clara County in 9 jurisdictions, from Palo Alto to Gilroy
- Range of current uses, from underutilized Park and Ride lots to unimproved remnant parcels of varied site conditions
Permanent Disposition

- Assets that offer limited potential
- Declared "surplus" by the VTA Board in accordance with government code surplus property provisions
- VTA Board approved the most recent list of surplus properties in March 2010
  - Page Mill and El Camino
  - Lean & Herlong
  - Lawrence & Moorpark
  - North 1st and St. James
  - Avenue A at Capital
  - Communication Hill

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Price Per Sq.Ft.</th>
<th>FY 10-11</th>
<th>FY 11-12</th>
<th>FY 12-13</th>
<th>FY 13-14</th>
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<tbody>
<tr>
<td>Terrace Northwest Retail (Phase I)</td>
<td>$51</td>
<td>-</td>
<td>$4,500,000</td>
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<tr>
<td>Page Mill &amp; El Camino</td>
<td>$213</td>
<td>-</td>
<td>-</td>
<td>$4,387,000</td>
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<td>Lean &amp; Herlong</td>
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<td>Lawrence &amp; Moorpark</td>
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<td>North 1st &amp; St. James</td>
<td>$170</td>
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<td>$1,800,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>West San Carlos (Estate Payment)</td>
<td>TBD</td>
<td>-</td>
<td>-</td>
<td>- $550,000</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td>$1,961,535 $6,306,000 $6,382,000 $550,000</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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</tbody>
</table>

1. Declared surplus through Board of Directors motion on June 2, 2010
- Assets that offer limited potential
- Declared "surplus" by the VTA Board in accordance with government code surplus property provisions
- VTA Board approved the most recent list of surplus properties in March 2010
  - Page Mill and El Camino
  - Lean & Herlong
  - Lawrence & Moorpark
  - North 1st and St, James
  - Avenue A at Capital
  - Communication Hill

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Price/Sq-</th>
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<tbody>
<tr>
<td>Tamien Northeast Parcel (Phase I)¹</td>
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<tr>
<td>Page Mill &amp; El Camino</td>
<td>$2.3</td>
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<td>Lean &amp; Herlong</td>
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<tr>
<td>Lawrence &amp; Moorpark</td>
<td>$3.0</td>
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<td>North 1st &amp; St. James</td>
<td>$17.2</td>
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<tr>
<td>West San Carlos (Escrow Deposit)¹</td>
<td>TB</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

¹. Declared excess through Board
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<th>Property Name</th>
<th>Price Per Sq.Ft.</th>
<th>FY 10 - 11</th>
<th>FY 11 -12</th>
<th>FY 12 -13</th>
<th>FY 13 -14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamien Northeast Parcel (Phase I)¹</td>
<td>$51</td>
<td>-</td>
<td>$4,500,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Page Mill &amp; El Camino</td>
<td>$213</td>
<td>-</td>
<td>-</td>
<td>$4,182,000</td>
<td>-</td>
</tr>
<tr>
<td>Lean &amp; Herlong</td>
<td>Nominal</td>
<td>$6,535</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lawrence &amp; Moorpark</td>
<td>$36</td>
<td>$1,160,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>North 1st &amp; St. James</td>
<td>$170</td>
<td>-</td>
<td>$1,800,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>West San Carlos (Escrow Deposit)¹</td>
<td>TBD</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$550,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,166,535</strong></td>
<td><strong>$6,300,000</strong></td>
<td><strong>$4,182,000</strong></td>
<td><strong>$550,000</strong></td>
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</tr>
</tbody>
</table>

¹ Declared excess through Board of Directors approval on June 4, 1998
Policy Implementation

Real Estate Inventory

- Joint Development
- Interim Leasing
- Land Banking
- Permanent Disposition
Interim Leasing

- Assets that are currently available and significantly underutilized, yet do not warrant permanent disposition or have immediate potential for joint development.
- Offer revenue generation through leasing, licensing or other asset management tool.

![Graph charts and pie charts related to leasing revenue and its components.]

- New Initiatives for Revenue:
  - Station Naming Rights
  - Wi-Fi Sponsorship
• Assets that are currently available and significantly underutilized, yet do not warrant permanent disposition or have immediate potential for joint development
• Offer revenue generation through leasing, licensing or other asset management tool
Annual Leasing Revenue

- FY 9-10: $2,222,222
- FY 10-11: $2,186,020
- FY 11-12: $2,444,712
- FY 12-13: $2,360,385
- FY 13-14: $2,826,956
- FY 14-15 (Projected): $3,121,337
Licensing Revenue Mix by Type

- **Long Term Ground Lease**: $688,291, 25%
- **Pipeline**: $292,710, 11%
- **Miscellaneous Property**: $345,261, 13%
- **Arena and Downtown Parking**: $770,035, 28%
- **Billboards**: $29,284, 1%
- **Park and Ride**: $240,079, 9%
- **Telecom**: $355,017, 13%

FY13–14
Where Does the Money Go?

- **Measure A**
  - $1,315,179
  - 47%

- **Enterprise**
  - $1,194,761
  - 42%

- **Joint Development**
  - $317,017
  - 11%

FY13–14
Revenue fromTelecommunications

FY 11-12: $393,694
FY 12-13: $431,568
FY 13-14: $498,817 (+15%)
FY 14-15 (Projected): $570,844

+16%
+10%
New Initiatives for Revenue

- Station Naming Rights
- Wi-Fi Sponsorship

SEPTA – Station sponsored by AT&T
Policy Implementation

Real Estate Inventory

Joint Development
Interim Leasing
Land Banking
Permanent Disposition
Land Banking

- Includes asset that do not readily fall into one of the revenue categories
- Assets are regularly assessed for suitability to move into another category

Santa Teresa Station – 35.8 ac
Joint Development

**3D Portfolio:**
- Areas with potential for joint development in the near or long-term
- Strategic investment for development viability
- Long-term revenue potential through long-term ground leasing

**Priority Schedule:**
- Areas within the 3D Portfolio that warrant value-add investments in the near-term

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**North Division Development Concept**
- Development Opportunities
  - Site A: Brownfield property
  - Site B: Development adjacent to Highline Project
  - Site C: Existing mixed-use property
- Development Opportunities
  - Site D: Mixed-use development
  - Site E: Existing mixed-use property

**North Division - Status**
- Development Opportunities
  - Site A: Under development
  - Site B: Under development
  - Site C: Under development

**Central Division Development Concept**
- Development Opportunities
  - Site F: Brownfield property
  - Site G: Development adjacent to Highline Project
  - Site H: Existing mixed-use property

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As a condition of the Guidance Documents, staff is required to update the Board with amendments to the Priority Schedule; the following two assets are being recommended for the 3D Portfolio and Priority Schedule:
- North Division
- Kendall

---

Another condition of the Guidance Documents is to present "Development Concepts" to the Board for approval prior to issuing an RFP or RFP:
- Today, staff is presenting the following development opportunities to the Board:
  - North Division
  - Kendall

Staff has previously presented a Development Concept for the Kendall site, and the Kendall site is recommended for prioritization.
- YTS: Staff will present to the Board following the RFP process for formal action.
JD Portfolio:
- Assets with potential for joint development in the near or long term
- Strong transit-oriented development viability
- Long term revenue potential through long-term ground leasing

Priority Schedule:
- Assets within the *JD Portfolio* that warrant value-add investment in the near term
Priority Schedule

- Cerone Division
- 1-880/Milpitas Station
- Morgan Hill Caltrain
- San Jose Diridon Arena Parking Lot
- Santa Teresa Station
- Tamien Station
- UPRR Corridor
- VTA Administration
As a condition of the *Guidance Documents*, staff is required to update the Board with amendments to the *Priority Schedule*; the following two assets are being recommended for the *FD Portfolio* and *Priority Schedule*:

- North Division
- Kunde

Another condition of the *Guidance Documents* is to present "Development Concepts" to the Board for approval prior to issuing an RFQ or
• Another condition of the Guidance Documents is to present "Development Concepts" to the Board for approval prior to issuing an RFQ or RFP

• Today staff is presenting the following key development opportunities:
  • North Division
  • Cerone Yard
  • Kunde

• Staff has previously presented a Development Concept for Tamien in Oct. 2012

• VTA Staff will return to the Board following the RFP process for formal action
North Division – 16.9 ac

North Division – Aerial Ownership Map
North Division Development Concept

- Development Regulations:
  - North Bayshore Precise Plan under development (slated for approval by the end of 2014)
  - North Shoreline Boulevard Precise Plan (amended 2011)
  - VTA Facilities Master Plan

- Development Opportunities:
  - Mixed-use project that incorporates state-of-the-art operational facility
Cerone Division - 122.3 ac

Cerone Division – Aerial Ownership Map
Cerone Division Development Concept

**Development Regulations:**
- Land Use: Combined Industrial/Commercial
- "Vision North San Jose" Guidance Documents
- VTA Facilities Master Plan

**Development Opportunities:**
- High exposure near Hwy 237
- Variety of commercial uses allowed
- Opportunity for shared use
Development Regulations:
- Land Use: Combined Industrial/Commercial
- "Vision North San Jose" Guidance Documents
- VTA Facilities Master Plan

Development Opportunities:
- High exposure near Hwy 237
- Variety of commercial uses allowed
- Opportunity for shared use
Kunde – 1.7 ac

Kunde – Aerial Ownership Map
Kunde Preliminary Analysis

- As a part of litigation process, VTA engaged a land planning consultant to analyze the highest and best use
- Ascertained the highest and best use to be commercial/hotel development
- Currently analyzing the constraints to development such as parking and access limitations
- Upon completion of a Development Concept, will proceed with an RFQ/RFP process
Kunde Development Concept

Kunde – Conceptual Site Plan

Kunde – Perspective Rendering
Kunde – Conceptual Site Plan
RFP/RFQ Process

*All 3 Properties:*

Sept 17, 2014 – Established VTA Working Group to formulate the Development Concept conditions and criteria  
  • Established specific criteria based on Operational needs

Sept 26, 2014 – VTA Board Workshop; present Development Concept for RFP/RFQ

Oct 22, 2014 – VTA Developer Conference for all *JD Portfolio* opportunities

*North Division/Cerone:*

Oct 29, 2014 – Issue RFP (due Jan 5th)

April 9, 2015 – VTA Board of Directors meeting; recommend selected Proposal for approval

*Kunde:*

Spring 2015: Issue RFP
Next Steps

- Developer Conference: **October 22, 2014**
  add RFP
- Recommend the Amendment to the *Priority Schedule*: **December 2014**
- Recommend Board award contracts on key development opportunities: **Spring 2015**
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Director of SVRT Program, Carolyn M. Gonot

SUBJECT: VTA’s BART Silicon Valley Phase II Workshop

FOR INFORMATION ONLY

VTA intends to move forward on the six-mile BART Silicon Valley Extension Phase II (Phase II) as construction progresses on VTA’s BART Silicon Valley Berryessa Extension (Phase I). VTA defined key objectives for Phase II, which were presented at the May 5, 2014 Silicon Valley Rapid Transit Program Working Committee meeting. The intent is to develop a project that:

- Capitalizes and compliments existing and future VTA services
- Supports future land use and transportation projects
- Provides efficient regional connectivity
- Is considered a strong candidate for Federal Transit Administration (FTA) funding, and
- Is based on a sound financial strategy.

The presentation at the September 26, 2014 workshop will lay the foundation for the Board of Directors to make near-term decisions that will move the project forward. Staff will provide an overview of current and upcoming activities associated with Phase II. A status report on the 2000 Measure A Program (Measure A) will be discussed as it is a critical component of Phase II. Measure A’s revenue forecasts based on high and low cycles in the economy over the previous decade will be reviewed. The uses of Measure A funds (funds incurred to date, project commitments and remaining funds) and the funds available for use on future VTA projects, including Phase II will also be presented.

The level of available Measure A funds will determine the amount of funding VTA will require from the Federal Government. A Federal New Starts application would include VTA’s estimate of federal funding as part of the project’s financial plan. The financial plan would be rated based on current guidelines of the Federal Surface Transportation Program (STP) known as Moving Ahead for Progress in the 21st Century Act (MAP-21).
MAP-21 introduced criteria that were not part of the previous STP federal funding programs to better address FTA’s program goals and quantify the transit project’s benefits. The criteria are focused in two areas: Project Justification and Local Financial Commitment. FTA requires that a project receive at least a “Medium” rating in each area to receive an overall rating of “Medium” or better.

The Project Justification’s six criteria included in MAP-21 are: Mobility Improvements, Environmental Benefits, Congestion Relief, Cost-Effectiveness, Economic Development, and Land Use. Each criteria carry equal weight for a total of 50 percent.

The Local Financial Commitment has three criteria designated in MAP-21. These criteria focus on the project sponsor’s current financial condition, the commitment of local and other non-federal funds, and the reasonableness of the financial plan. FTA places the heaviest weight on the financial plan. Additionally, if the Project’s New Starts funding request is less than 50 percent of the overall project costs, the Local Financial Commitment rating will be raised one level and will improve the chances of receiving funding and entering into a Full Funding Grant Agreement with FTA.

Next Steps

VTA staff will complete an evaluation of the six-mile Phase II extension project, alternatives, and availability of future Measure A Revenues prior to submitting an application to enter the Federal New Starts Project Development phase. The goal is to define a New Starts Candidate Project that can successfully compete with other projects nationwide for federal funding. Staff will discuss the evaluation results and present the candidate project for the New Starts funding at the November 6, 2014 Board of Directors meeting.

Subsequent to the November Board meeting, staff will prepare the New Starts application and submit a timeframe to have the project in the New Starts Project Development phase by the end of 2014. VTA will also begin an update to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) environmental documents that include the six-mile, four-station Phase II extension to meet the two-year timeframe for the environmental clearance. The joint document will also include the New Starts candidate project, as well as other alternatives defined after the scoping process begins in January 2015.

Prepared By: Kevin Kurimoto
Memo No. 4712
VTA’s BART Silicon Valley Phase II

Board of Directors Workshop

September 26, 2014
Presentation Overview

- SVRT Program
- SVRT Program Background
- Measure A Revenue Status
- MAP-21 Federal New Starts Program
- Upcoming Activities
SVRT Program
VTA’s BART Silicon Valley Program

• 16-Mile BART Silicon Valley Extension
  – Phase I: 2-station, 10-mile extension
  – Phase II: 4-station, six-mile extension

• End of the line maintenance facility

• Corridor Establishment
  – Property Acquisition ✓
  – Freight Rail Relocation ✓
  – Creek Mitigation ✓

• BART Core System Modifications

• Program Cost $8.1 billion (Year of Expenditure Dollars)
VTA’s BART Silicon Valley Extension
Phase II Project

- Phase II Project Cost in Year of Expenditure Dollars: $4.7 billion
- Anticipated Daily Ridership for Phase II: 55,000 (based on 2012 model forecast)
SVRT Program Background
SVRT Project History

- VTA Board of Directors approved Locally Preferred Alternative (Nov. ’01)
- Received State clearance (CEQA) (2004)
- Financial environment dramatically deteriorated (2008)
- Entered New Starts Preliminary Engineering (Sept. ’02)
- Withdrew from New Starts Program (Dec. ’05)
Phase I Silicon Valley
Berryessa Extension History

2007
VTA Board of Directors determines BART Silicon Valley Priority Project (Dec. ’08)

2008
Passage of Measure B Sales Tax (Nov. ’08)

2009
VTA Board of Directors commits to building project with phased implementation (Feb. ’09)
Re-entry into New Starts (Oct. ’09)

2010
Received Federal clearance (NEPA) (2010)

2011
Awarded C700 Contract (Dec. ’11)

2012
Received Full Funding Grant Agreement for Phase I Project (Apr. ’12)
Phase II Project Development Considerations

- Financial conditions
  - Two economic downturns since Measure A passage

- Transportation funding programs
  - Federal Surface Transportation Program, currently known as Moving Ahead for Progress in the 21st Century (MAP-21) set new parameters for federal funding programs

- Transit Environment
  - Bus Rapid Transit initiated
  - System Comprehensive Operations Analysis
  - Caltrain Modernization
  - High Speed Rail development

- Land-use Planning
  - Recently adopted Diridon Station Area Plan
Phase II Project Definition Objectives

• Capitalize and compliment existing and future VTA services
• Support future land use and transportation projects
• Be considered a strong candidate for FTA funding
• Have a sound financial strategy
• Benefit the community by providing regional connectivity
Financial Update
History of Measure A Sales Tax Revenues

• Voters approval of Measure A in 2000
  – 4.5% sales tax growth rate forecasted
  – $14 billion projected over the 30-year measure

• Recessions in 2001 and 2008
  – Reduced sales tax revenues below initial projections
  – Forecasts reduced growth rate projections

• Current Measure A projections
  – 3.2% growth rate forecasted
  – $7.4 billion projected over 30-year measure
  – $1.3 billion collected to date, $6.1 billion of future collections
Measure A Sales Tax Revenue - Cumulative Forecast Projections

- 2001: $14.3B
- 2005: $9.9B
- 2007: $8.7B
- 2009: $6.6B
- 2014: $7.4B
Average but steady long-term growth

- Region’s leading tech firms and educated workforce nurture and attract other tech firms
- Growing tech sector = growing employment
- Growing employment = growing population
- Results in spinoff growth for other industries
  - Hospitality and leisure
  - Construction, especially office and housing
- Downside: Higher than average cost of doing business in region
Measure A Annual Sales Tax Revenues
Current Projection

- Current Projection: $0.00
- Optimistic Range
- Pessimistic Range
- Baseline Projection
- Historic Revenue


Revenues in millions of dollars:
- $0.00
- $100.00
- $200.00
- $300.00
- $400.00
- $500.00
- $600.00
- $700.00
- $800.00
- $900.00

Graph shows projected annual sales tax revenues from 2006 to 2036, with different ranges and historical data points.
Measure A ½-Cent Sales Tax
Uses of Funds FY2006-FY2036

- Operating Cost of Debt
- SVRT Phase 1
- Other Projects

Uses

Millions of Year-of-Expenditure Dollars

1,000
2,000
3,000
4,000
5,000
6,000
7,000
8,000

Uses

Cost of Debt
Operating
SVRT Phase 1
Other Projects

In incurred Thru 6/14

$1.5B
Measure A ½-Cent Sales Tax
Uses of Funds FY2006-FY2036

- Cost of Debt
- SVRT Phase 1
- Other Projects
- Operating

Millions of Year-of-Expenditure Dollars

Project Commitments
$3.0B

In incurred Thru 6/14
$1.5B
Measure A ½-Cent Sales Tax
Uses of Funds FY2006-FY2036

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- Incurred Thru 6/14: $1.5B
- Remaining Measure A Funds Available: $2.9B
- Project Commitments: $3.0B
Financial Summary

• Remaining Measure A funds available is projected at $2.9 billion.

• Additional funding will be required to build remaining projects in the Measure A program, including SVRT Phase II.

• SVRT Phase II project cost in Year of Expenditure dollars is $4.7 billion.

• VTA staff recommends VTA seek New Starts Funding for SVRT Phase II.
MAP-21 Federal New Starts Program
Phase II New Starts Considerations

• Enter Phase II into New Starts Program by end of 2014
  – Future availability of Federal Program is uncertain
  – Inflation increases project costs with delay of project
  – Build on momentum of Phase I construction
  – Resurgence of Downtown San Jose development and approval of Diridon Station Area Plan.
New Starts Program (MAP-21)

- Acceptance into Project Development based on review of application submittal of project information.

- Environmental clearance needs to be completed within two years of entering Project Development phase.

- New Starts ratings criteria focused in two areas: Project Justification and Local Financial Commitment.
New Starts Project Evaluation Rating
Under MAP-21

Individual Criteria Ratings

- Mobility Improvements (16.66%)
- Environmental Benefits (16.66%)
- Congestion Relief (16.66%)
- Cost-Effectiveness (16.66%)
- Economic Development (16.66%)
- Land Use (16.66%)
- Current Condition (25%)
- Commitment of Funds (25%)
- Reliability/Capacity (50%)

Summary Ratings
(Interim Approach*)

- Project Justification
  (50% of Overall Rating)
  Must be at least “Medium” for project to get “Medium” or better Overall Rating

- Local Financial Commitment
  (50% of Overall Rating)
  Must be at least “Medium” for project to get “Medium” or better Overall Rating

Overall Rating

Source for table: FTA

*50% weighting subject to change in pending/future rule making
Project Development & Environmental Evaluation

- Environmental process includes the update of state and federal environmental documents for the 6-mile, 4-station Phase II Extension.

- Scoping process identifies additional options for study.

- New Starts rating assessment defines specific option as the New Starts alternative.

- Federal environmental clearance requires a viable financial plan for the New Starts Candidate Project.
Upcoming Activities

- Evaluate the Project Definition that best qualifies for New Starts funding and meets the project definition objectives, and is financially feasible

- Return to Board of Directors in November and present a project that best meets MAP-21 criteria, and is most competitive amongst projects nationwide

- Request entry into New Starts Project Development

- Begin environmental Scoping and Option design development

- Develop Phase II Delivery Strategy
End