



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: Amended Cooperative
Agreement for the Diridon
Station Project

DATE: September 16, 2024

Approved

Date:

9/27/24

COUNCIL DISTRICTS: 3, 6

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute a Cooperative Agreement between Peninsula Corridor Joint Powers Board, City of San José, Metropolitan Transportation Commission, California High Speed Rail Authority, and Santa Clara Valley Transportation Authority on the pre-environmental and environmental phases of the Diridon Station Redevelopment Project.

SUMMARY AND OUTCOME

The City of San José has been working collaboratively with other public agencies (collectively the Partner Agencies) since 2018 on plans for an expanded and reconfigured Diridon Station. The station must be rebuilt in anticipation of an increase in trains and passengers in the coming decades. In order to advance the Diridon Station Project (Project), the Partner Agencies recommend short-term and long-term changes to the current Project organization. The short-term changes are outlined in the cooperative agreement.

The cooperative agreement calls for the establishment of a new Interim Integrated Project Team, which includes the following:

- Transforming the existing Diridon Joint Policy Advisory Board into a Diridon Station Steering Committee with voting authority and decision-making power;
- Identifying areas of lead responsibility for each Partner Agency;
- Set up the Interim Integrated Project Team with appropriate levels of staff, including a dedicated project director and subject matter consultants that enable thorough deliberation, quality work products, and efficient conflict resolution; and,

- The establishment of a San José downtown project office.

In terms of long-term changes, the cooperative agreement also calls for developing an optimal long-term organizational and governance structure that will carry the Project forward from environmental review into construction and delivery. This long-term governance work will progress in parallel with the activities of the Interim Integrated Project Team.

This agreement will cover up to four years, starting fall 2024.

BACKGROUND

The City of San José is working together with Caltrain, the Santa Clara Valley Transportation Authority, the Metropolitan Transportation Commission, and the California High-Speed Rail Authority on the Diridon Station Business Case to plan for the transformation of San José's downtown transit hub. Currently, Caltrain, Capitol Corridor, Altamont Corridor Express, and Amtrak passenger rail, as well as the Santa Clara Valley Transportation Authority light rail and bus services, all serve Diridon Station. Diridon Station must also accommodate planned and expanded services in the region, including new California High Speed Rail and Bay Area Rapid Transit service, as well as expanded service for Caltrain, Capitol Corridor, and Altamont Corridor Express. To effectively accommodate planned activity and future service needs, the station must be reconfigured, expanded, and upgraded to provide adequate capacity, functionality, and interconnectivity for passengers.

Since 2018, the City, Caltrain, California High Speed Rail Authority, and the Santa Clara Valley Transportation Authority have worked together under a cooperative agreement that outlines the basic goals of the project and ways in which the partners will collaborate. In 2020, the Metropolitan Transportation Commission joined the partnership. While the Partner Agencies have worked together collaboratively and in good faith, they also recognize that a stronger organizational and governance approach will be necessary to deliver a project of this magnitude and complexity.

ANALYSIS

As noted above, the Partner Agencies have been working together closely on the Diridon Station Project since 2018. The current structure has allowed for steady progress on the Project in the planning phase of work. However, as the Project enters the environmental review stage and beyond, the Partner Agencies believe that changes are necessary to advance the Project more quickly.

The way in which the Partner Agencies work together currently has the following weaknesses.

- There is no single entity in charge with dedicated focus and staff to move the Project forward.
- The Project does not have a governing body with the authority to make decisions, whether on major project elements, personnel, or other matters.
- Staff working on the Project are dispersed across multiple agencies; they do not share common space or resources with staff from other agencies who are working on the Project, and most must balance work on Diridon Station with other projects. A Project this large and complicated requires singular focus and dedicated resources.

The approach outlined in the new cooperative agreement seeks to address these weaknesses by bringing greater focus and clearer decision-making authority to the Project, both in the immediate term and the longer-term. Failing to change the current Project organization will result in slower progress on the Project, which will also mean higher costs due to inflation and a longer project delivery timeline. This could ultimately put the Project at risk.

The Partner Agencies will pursue improvements to the current structure under the following paths to enable the project to advance quickly, while also laying the foundation for successful project delivery:

- 1) In the immediate term, a significantly **strengthened cooperative agreement**, with clear roles and responsibilities for each partner agency, a project director position, and an enhanced steering committee of elected official representatives to guide the Project; and,
- 2) Over the medium term, a **dedicated new entity** with the focus, resources, and capacity to deliver the Project.

The strengthened cooperative agreement will provide greater clarity and accountability for individual partners. The City will be responsible for leading community and stakeholder engagement, as well as coordination with surrounding development, in keeping with the adopted Diridon Station Area Plan. Roles and responsibilities for all Partner Agencies are depicted in the below **figure**.

Over the past year, the partners and their consultants have delved into potential models for long-term governance capable of successfully delivering a project of this magnitude. Preliminary estimates are that this new entity would be established during the environmental phase of work.

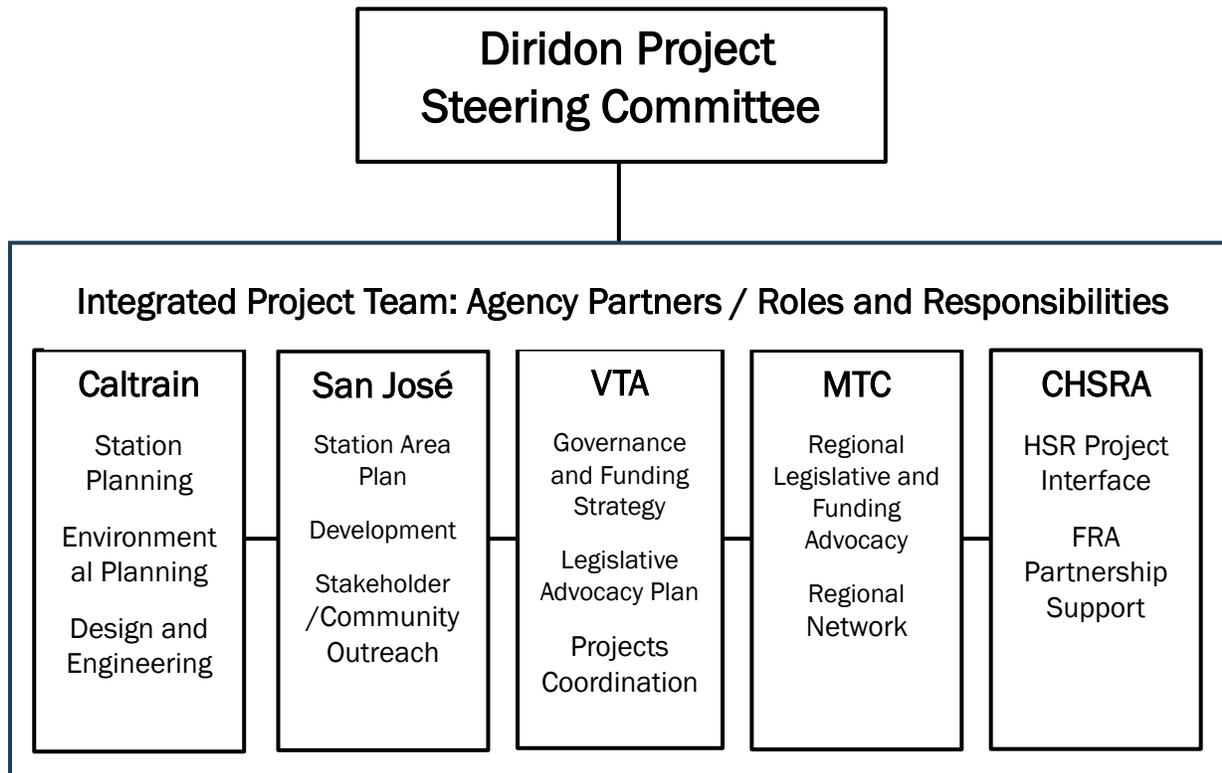


Figure: Interim Integrated Project Team and Steering Committee

EVALUATION AND FOLLOW-UP

The Partner Agencies will bring items related to the Project to City Council for the duration of the Interim Integrated Project Team, as needed. In 2025, City Council will be asked to approve the selection of a single preferred station alternative. This preferred station alternative will be carried through the environmental process, which is expected to last three years. In this same timeframe, the Partner Agencies will also take steps to implement the dedicated new entity to deliver Diridon Station, including legislative action.

The Partner Agencies will continue to provide regular updates to City Council for the duration of the Interim Integrated Project Team, as well as seek formal approval for items over which the steering committee does not have formal authority per the cooperative agreement.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 8, 2024 City Council meeting.

Over the coming months, the City and its partners will engage our community members on the two station alternatives. The Partner Agencies will explain the similarities and differences between the two alternatives and ask for public feedback, particularly regarding the quality of the passenger experience, the integration of the station with the surrounding area, as well as the basic architectural concept.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
John Ristow
Director of Transportation

For questions, please contact the Department of Transportation, Eric Eidlin, Senior Transportation Specialist, at eric.eidlin@sanjoseca.gov or (408) 643-5147.