# San José Diridon Station

**August 30, 2023**

# Advocacy and Major Projects Committee Business Case Update

# Agenda

1. Business Case Update

2. Governance Analysis Update

# Business Case Update

Overview

Schedule

Vision and Goals

# Business Case Update

**Overview**

Schedule

Vision and Goals

# Business Case – What it does and doesn't do

**The Business Case will:**

- ☑ **Define the program** of projects
- ☑ **Confirm feasibility**
- ☑ **Identify options** per the project's goals and objectives
- ☑ **Identify value or benefit** of options
- ☑ **Enable informed decision-making** with evidence and data
- ☑ **Recommend preferred alternatives** and a **governance structure**
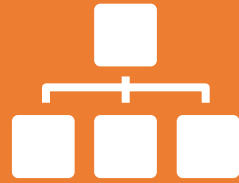
**The Business Case will not:**

- ☒ Make decisions for the Partners

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**Strategic**

What is the reason for doing something?

**Economic**

What are the economic costs and benefits?

**Financial**

What is the likelihood of receiving funding?

**Deliverability & Operations**
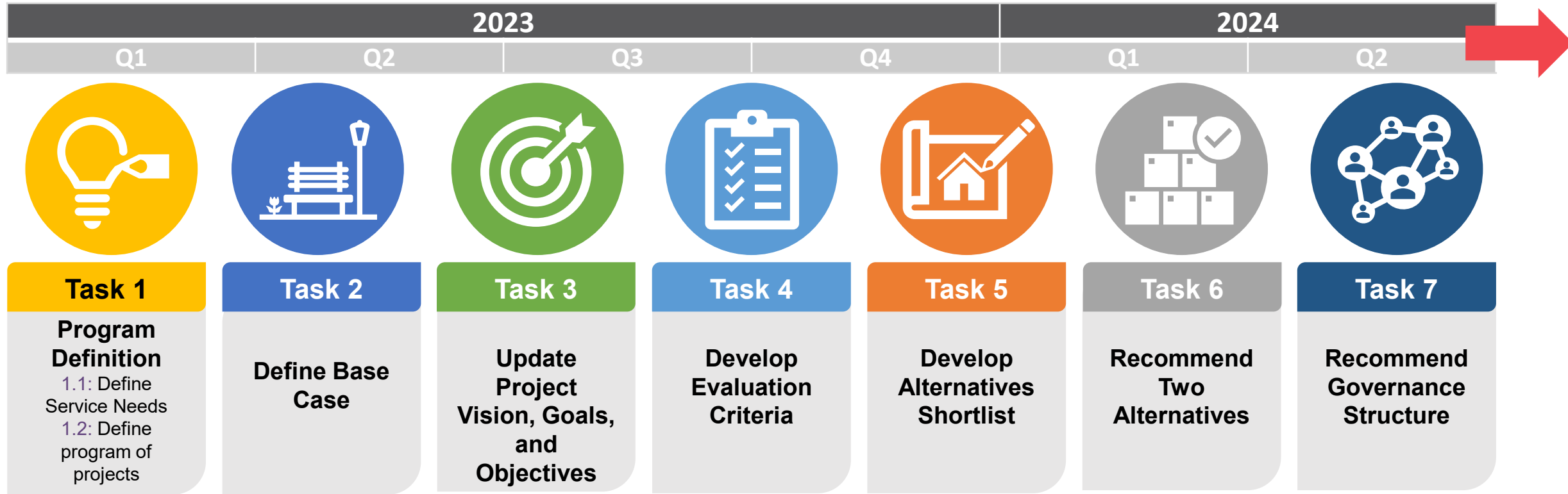
What is required to deliver and operate the project?

# Business Case Update

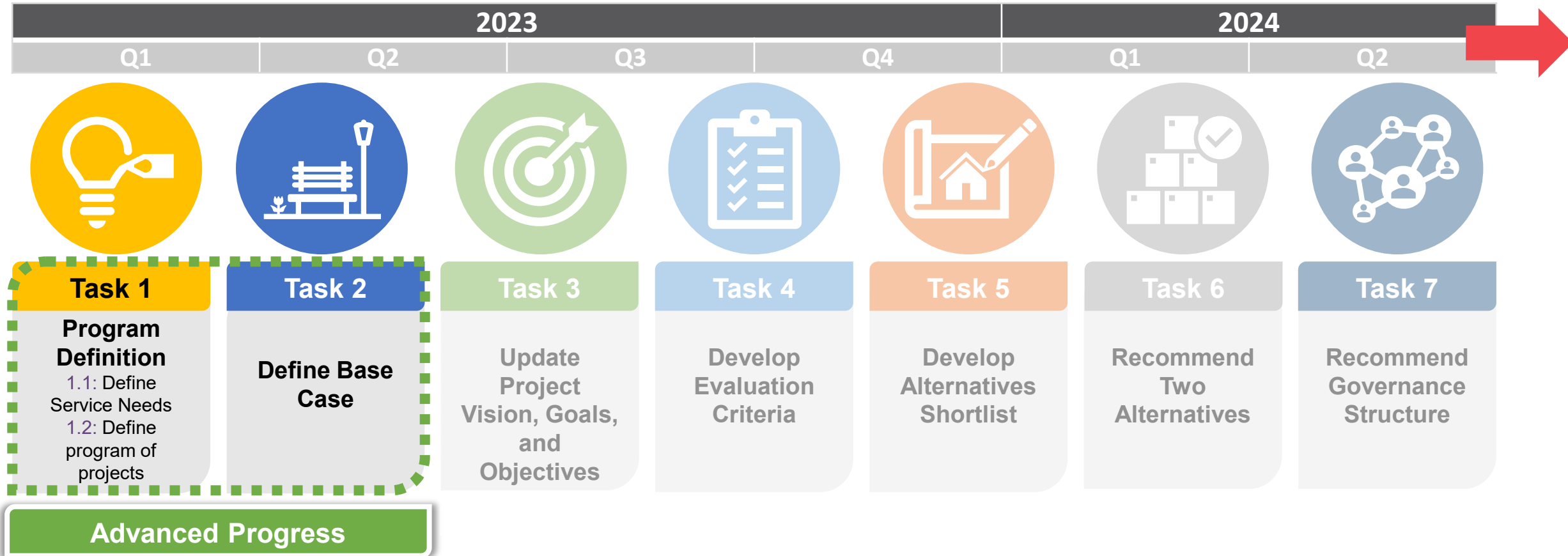Overview

**Schedule**

Vision and Goals

# Business Case Schedule

| 2023 | | | | 2024 | |
|------|------|------|------|------|------|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |

**Task 1**

**Program Definition**
1.1: Define Service Needs
1.2: Define program of projects

**Task 2**

**Define Base Case**

**Task 3**

**Update Project Vision, Goals, and Objectives**

**Task 4**

**Develop Evaluation Criteria**

**Task 5**

**Develop Alternatives Shortlist**

**Task 6**

**Recommend Two Alternatives**

**Task 7**

**Recommend Governance Structure**

*Tasks will not be sequential, but will generally fall in these time frames*

# Business Case Schedule

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1.1: Define Service Needs
1.2: Define program of projects

**Advanced Progress**

**Task 2**

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**Task 4**
Develop Evaluation Criteria

**We Are Here!**

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**Analyzing Governance Structures to Make Recommendation**

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# Business Case Schedule



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**Analyzing Governance Structures to Make Recommendation**

**Ongoing Partner and Stakeholder Engagement**

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# Business Case Update

Overview

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**Vision and Goals**

# Partner-Approved Vision Statement

*Diridon Station will be one of the nation's leading transportation hubs, bringing together Caltrain, Capitol Corridor, ACE, Amtrak, BART, California High-Speed Rail, VTA light rail, and local and regional bus services. Diridon Station will make San José one of the most easily accessible places in the state -* **safely and seamlessly integrating transit with active modes of travel** *and improving the efficiency and capacity of rail operations.*

*Acting as a gateway to Downtown San José and surrounding neighborhoods, Diridon Station will* **connect people, businesses, and communities**, *providing easy access to other regional and statewide population and employment centers. Through a thoughtful and considered approach to phasing, the redevelopment process will seek to maintain efficient operations and a positive passenger experience.*

*Diridon Station will* **promote economic prosperity and social equity locally and regionally**.
*This project will produce a future-proof, adaptive, and innovative station that is a vibrant destination and complements other economic and social development initiatives.*

# Business Case Goals

| Focus | | Goal |
|---|---|---|
| *The passenger experience* | **1** | A **connected, multi-modal,** and **passenger-friendly** station |
| *Transit operators and operations* | **2** | Facilitating **safe, integrated,** and **reliable** transit operations |
| *The station building* | **3** | A **sustainable, future-proof,** and **resilient** station |
| *Partners and key stakeholders* | **4** | Achieving **strategic aims** and **optimizing benefits** for Partners and key stakeholders |
| *The surrounding community* | **5** | An anchor for **economic** and **community development** |

# Governance Analysis Update

- Process
- Goals / Objectives
- Capacities Needed and Partner Agency Capacity
- Potential Entity Types
- Summary and Next Steps

# Governance Analysis Update

**Process**

Goals / Objectives

Capacities Needed and Partner Agency Capacity

Potential Entity Types

Summary and Next Steps

# Process to Define Governance

**We Are Here!**

**Define Goals**

**Review Existing Conditions**

**Compare Existing Conditions to Project Needs**
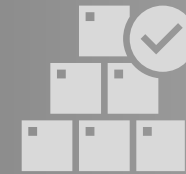
**Develop Alternatives**

**Iterate on Solutions**

# Governance Analysis Update

Process

**Goals / Objectives**

Capacities Needed and Partner Agency Capacity

Potential Entity Types

Summary and Next Steps

# Governance Goals

**1** **Achieve defined Vision** for integrated program.

**2** Deliver business case program **on time and budget.**

**3** Strengthen ability to deliver program with **collaboration, accountability** and the appropriate **resources.**

**4** Maintain public & elected officials' **confidence.**

**5** Define roles & responsibilities for **operation and maintenance** needs, in line with business case program.

**6** Maintain **continuity of transit operations** through construction.

# Governance Objectives

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**Increase funding** with expertise to enable critical path planning, approvals and delivery of program of projects.

**Establish clear focus by lead entity** to deliver benefits, minimize risk, and manage program funding through delivery & operations.

**Optimize timeline** towards environmental approval, construction and operations of program of projects.

**Provide formalized coordination and communication** to timely deliver an integrated program of projects.

**Enhance decision-making framework** to ensure fairness and provide partners with a voice, consistent with their interests and authorities.

**Evolve governance as necessary** to align decision-making frameworks with project needs through delivery and operations.

# Governance Analysis Update

Process

Goals / Objectives

**Capacities Needed and Partner Agency Capacity**

Potential Entity Types

Summary and Next Steps

# Capacities Necessary
## *(Authorities, People, Funding)*

| Planning/ Environmental |
| --- |
| CEQA/NEPA |
| Preliminary engineering and design |
| Coordinate related projects |
| Develop funding and financing strategy |
| Early property acquisition |

# Capacities Necessary
*(Authorities, People, Funding)*

| Planning/ Environmental | Pre-Development |
|---|---|
| CEQA/NEPA | Property acquisition |
| Preliminary engineering and design | Design refinement and detailed engineering |
| Coordinate related projects | Zoning and land use authority |
| Develop funding and financing strategy | Secure financing tools |
| Early property acquisition | Pursue state and federal funding |
| | Establish new funding sources |

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# Capacities Necessary
*(Authorities, People, Funding)*

| Planning/ Environmental | Pre-Development | Development & Delivery |
|---|---|---|
| CEQA/NEPA | Property acquisition | Procure construction packages |
| Preliminary engineering and design | Design refinement and detailed engineering | Station delivery |
| Coordinate related projects | Zoning and land use authority | Multimodal infrastructure delivery |
| Develop funding and financing strategy | Secure financing tools | Define operational funding sources |
| Early property acquisition | Pursue state and federal funding | Execute partnerships for station operations |
| | Establish new funding sources | |

# Capacities Necessary
*(Authorities, People, Funding)*

## Planning/ Environmental

CEQA/NEPA

Preliminary engineering and design

Coordinate related projects

Develop funding and financing strategy

Early property acquisition

## Pre-Development

Property acquisition

Design refinement and detailed engineering

Zoning and land use authority

Secure financing tools

Pursue state and federal funding

Establish new funding sources

## Development & Delivery

Procure construction packages

Station delivery

Multimodal infrastructure delivery

Define operational funding sources

Execute partnerships for station operations

## Operations & Maintenance*

Station environment operations & possible programming

Capital maintenance & renewal
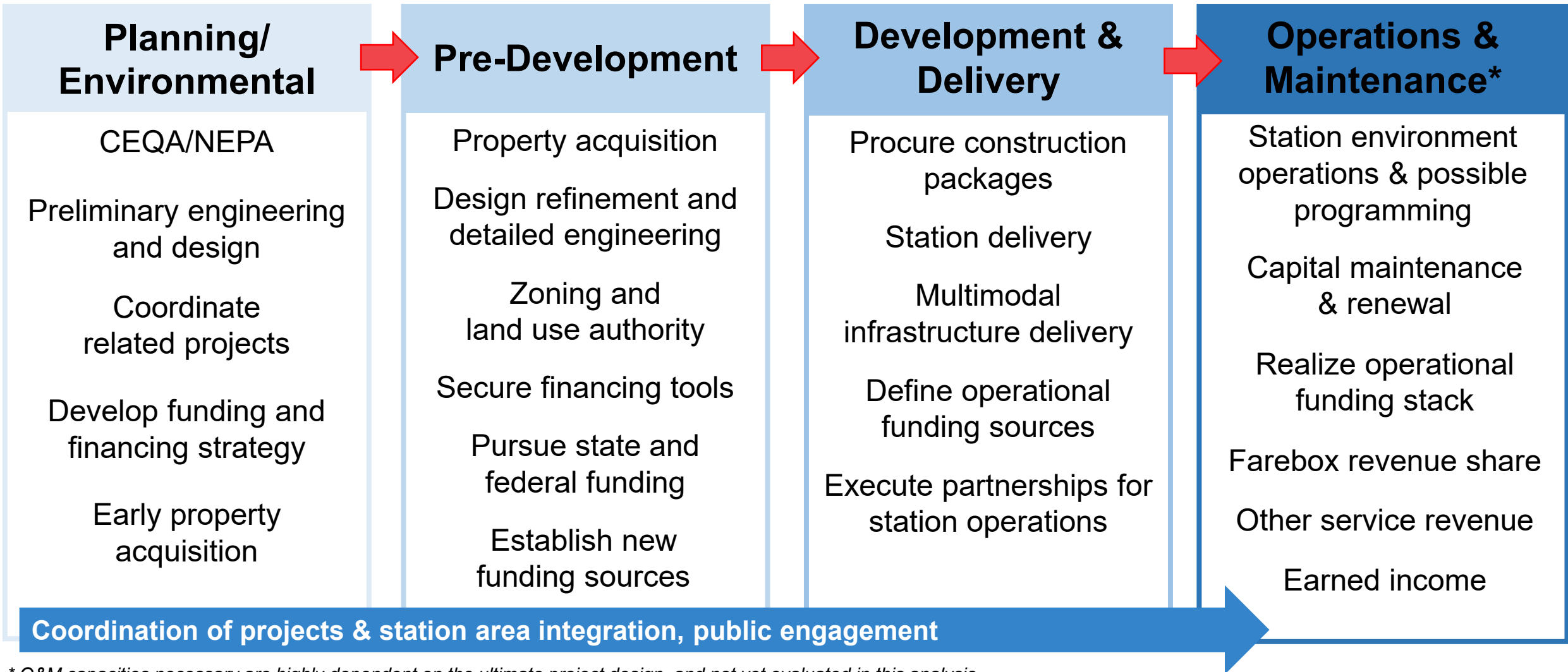
Realize operational funding stack

Farebox revenue share

Other service revenue

Earned income

*\* O&M capacities necessary are highly dependent on the ultimate project design, and not yet evaluated in this analysis.*
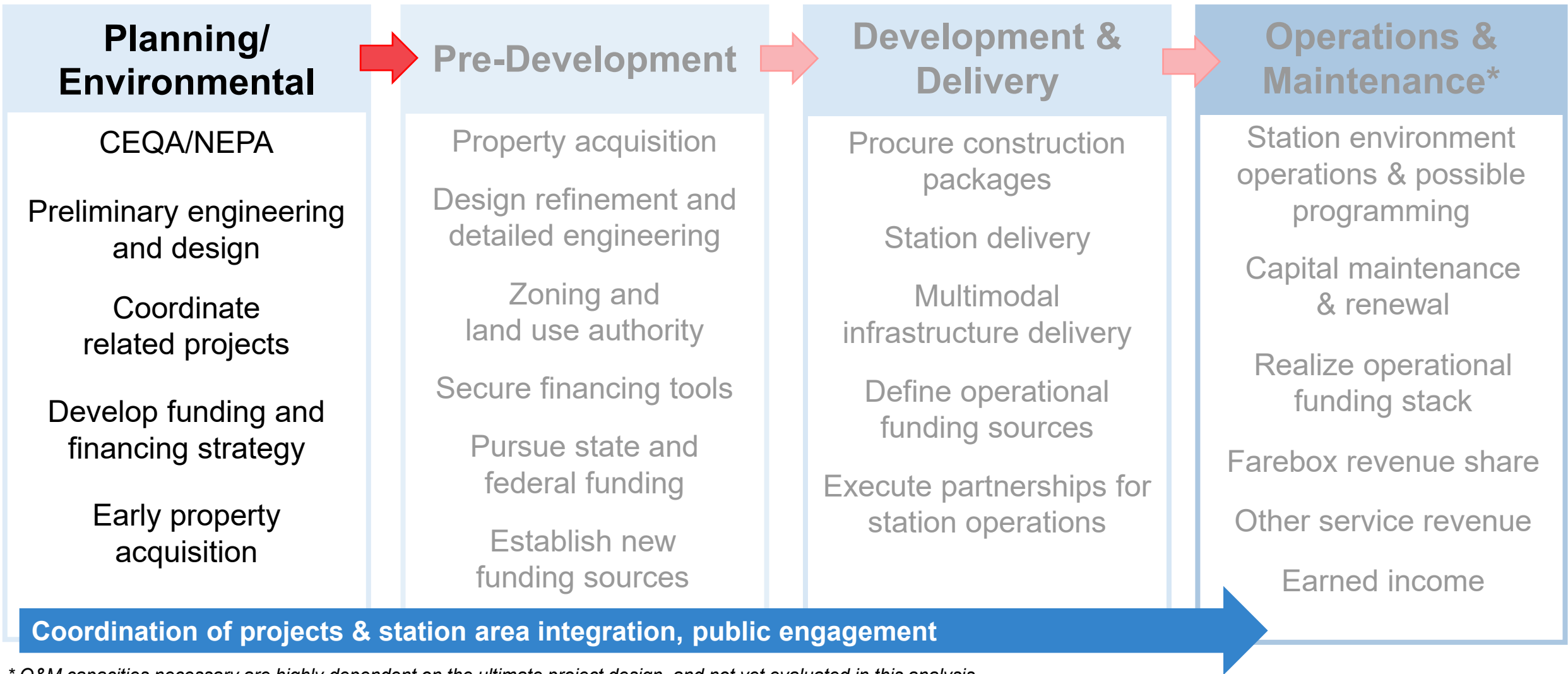
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| Develop funding and financing strategy | Secure financing tools | Define operational funding sources | Farebox revenue share |
| Early property acquisition | Pursue state and federal funding | Execute partnerships for station operations | Other service revenue |
| | Establish new funding sources | | Earned income |

**Coordination of projects & station area integration, public engagement**

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# Immediate Priority: Advancing Planning/Environmental

## Planning/ Environmental

CEQA/NEPA

Preliminary engineering and design

Coordinate related projects

Develop funding and financing strategy

Early property acquisition

## Pre-Development

Property acquisition

Design refinement and detailed engineering

Zoning and land use authority

Secure financing tools

Pursue state and federal funding

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# Partner Agency Summary
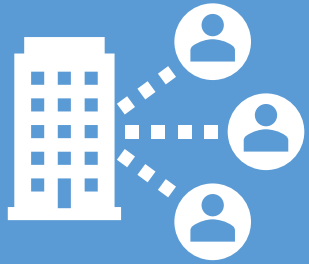
**Partner Agencies**

Have legal **authority**, **capacity**, and the **experience** necessary for core planning tasks.

# Partner Agency Summary
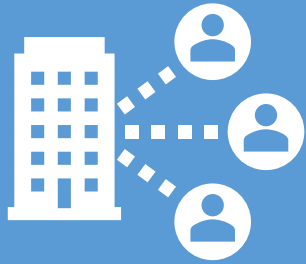
## Partner Agencies

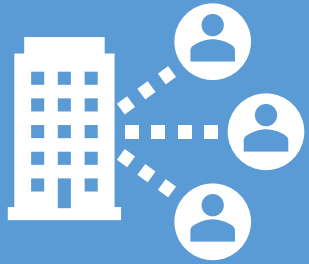Have legal **authority**, **capacity**, and the **experience** necessary for core planning tasks.
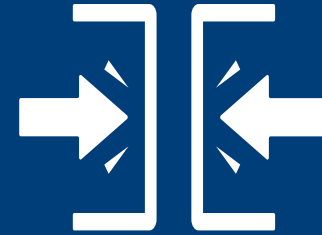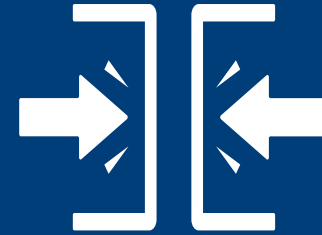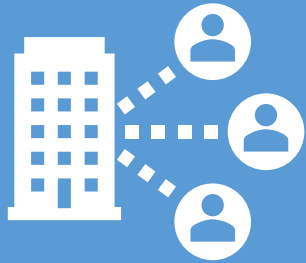
## Major Challenges

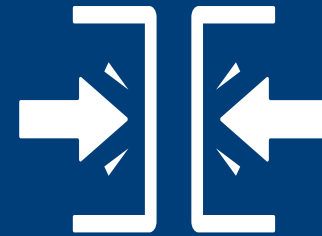**No lead agency** accountable for program advancement

# Partner Agency Summary

## Partner Agencies

Have legal **authority**, **capacity**, and the **experience** necessary for core planning tasks.

## Major Challenges

**No lead agency** accountable for program advancement

Additional funding to increase **staff capacity** needed

# Partner Agency Summary

**Partner Agencies**

Have legal **authority**, **capacity**, and the **experience** necessary for core planning tasks.

## Major Challenges

**No lead agency** accountable for program advancement

Additional funding to increase **staff capacity** needed

Stable, sustainable **funding source(s)** needed

# Governance Analysis Update
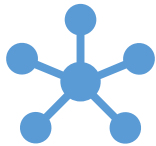
Process

Goals / Objectives

Capacities Needed and Partner Agency Capacity

**Potential Entity Types**

Summary and Next Steps

# Potential Entity Types

- Research identified **four additional entity** types historically used and potentially suitable to support the program.

- An existing agency **OR** one of these entity types could move the program forward.

| Joint Powers Authority | State-Chartered Entity | Transit District/ Transportation Commission | Development Corporation | Existing Agency |
|---|---|---|---|---|

*New Governance Entities*

# Potential Entity Types

**Joint Powers Authority**

**State-Chartered Entity**

**Transit District/ Transportation Commission**

**Development Corporation**

Streamlined oversight

Increase formal collab

Streamlined functions

No new authority or

Streamlined oversight

May have additional

Streamlined oversight

May be more nimble

legislation

Does not create new resources

Does not ensure coordination

- Do not create new resources
- Could help *insulate Partners from risk* during construction/delivery
- May *streamline oversight, funding, procurement, and execution* of project delivery and operational partnerships

# Governance Analysis Update

Process

Goals / Objectives

Capacities Needed and Partner Agency Capacity

Potential Entity Types

**Summary and Next Steps**

**1** Existing agencies have **authority and experience** for planning-related tasks

**2** **Funding** is a significant constraint

**3** There is no **single agency** accountable for program advancement

**4** The current **decision-making structure** is not sufficiently robust

**5** Establishing a new entity requires **time** and **resources**, and does not create new funding sources

# Current Partner Agency Approach

## Initial Planning / Environmental

**Select Lead Partner Agency and Define Roles**

**Design and Analyze New Entity Feasibility**

# Current Partner Agency Approach

**Initial Planning / Environmental**
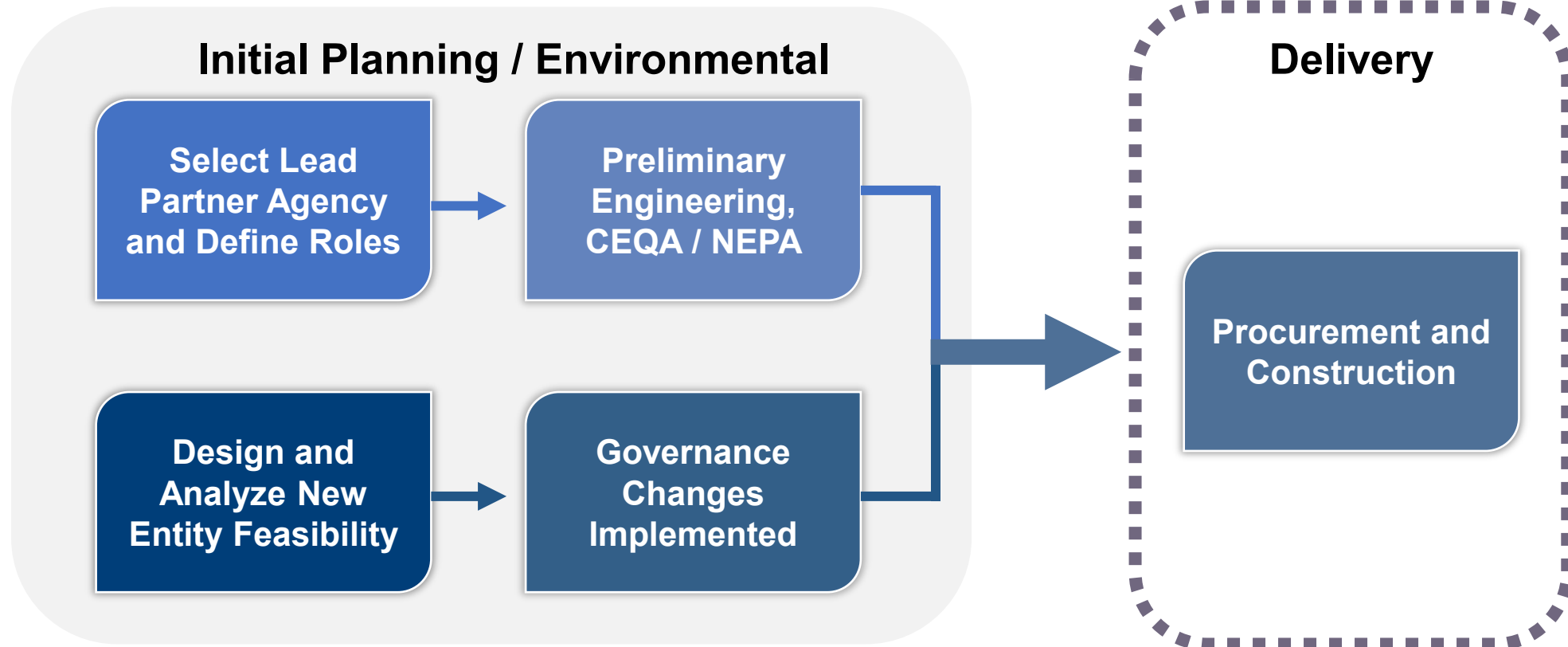
Select Lead Partner Agency and Define Roles → Preliminary Engineering, CEQA / NEPA

Design and Analyze New Entity Feasibility → Governance Changes Implemented

# Current Partner Agency Approach



**Initial Planning / Environmental**

- Select Lead Partner Agency and Define Roles → Preliminary Engineering, CEQA / NEPA
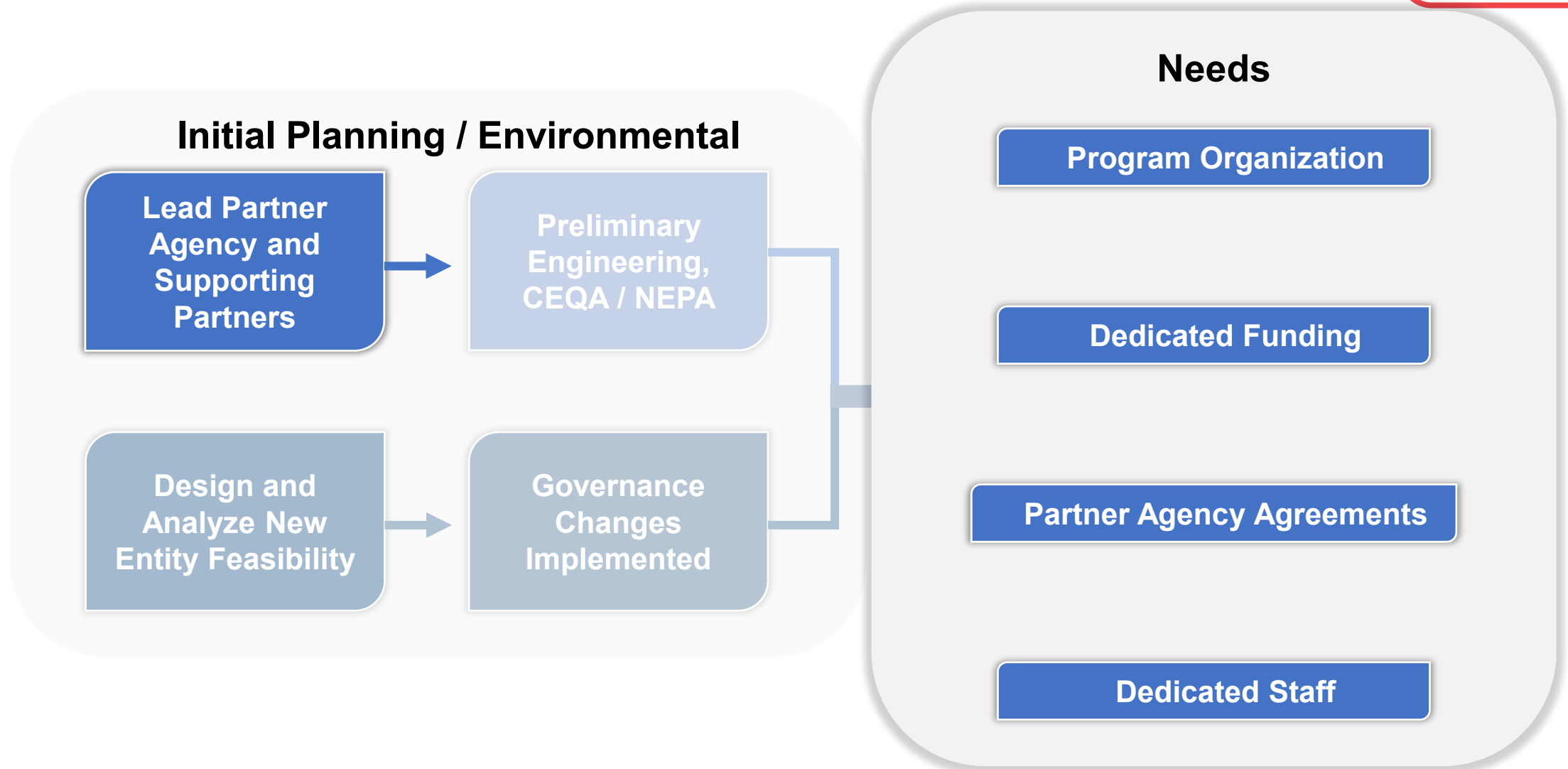- Design and Analyze New Entity Feasibility → Governance Changes Implemented

**Delivery**

- Procurement and Construction

# Current Partner Agency Approach

**Initial Planning / Environmental**

Lead Partner Agency and Supporting Partners → Preliminary Engineering, CEQA / NEPA

Design and Analyze New Entity Feasibility → Governance Changes Implemented

**Needs**

- Program Organization
- Dedicated Funding
- Partner Agency Agreements
- Dedicated Staff

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# Current Partner Agency Approach

## Responsibilities

**Initial Planning / Environmental**

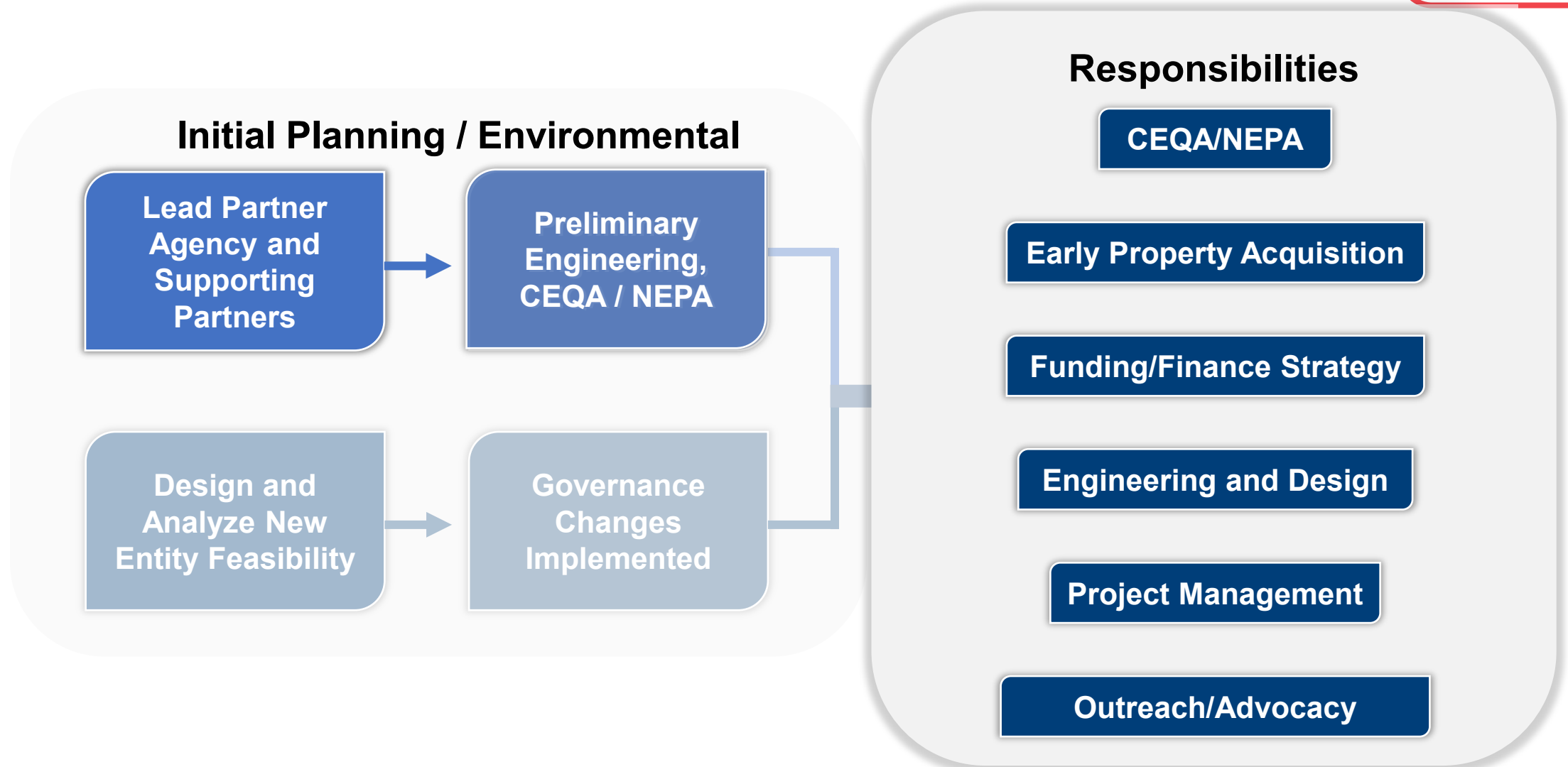| | |
|---|---|
| Lead Partner Agency and Supporting Partners | Preliminary Engineering, CEQA / NEPA |
| Design and Analyze New Entity Feasibility | Governance Changes Implemented |

- CEQA/NEPA
- Early Property Acquisition
- Funding/Finance Strategy
- Engineering and Design
- Project Management
- Outreach/Advocacy

# Next Steps

## Ongoing Analysis

- Dedicated Staff Structures
- Contractual, Oversight, and Decision-Making Frameworks
- Governance Trajectories

## September 26

General Manager Meeting

## November

JPAB Meeting
AMP Committee

# Thank You