



PUBLIC WORKS DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3354 • FAX: (408) 777-3333
CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

Meeting: June 17, 2025

Subject

Amendment to the Grant Agreement with Apple Inc. (Apple) to include the Interstate 280/Wolfe Road Interchange Project as an eligible project in the agreement, reallocate donated funds to the Interchange Project, and accept the grant funds; and, Amendment to the Funding Agreement with the Santa Clara Valley Transportation Authority (VTA) for the Interchange Project to extend the term to December 31, 2029.

Recommended Action

That the City Council:

- 1) Authorize the City Manager to Execute an Amendment to the June 18, 2019, Grant Agreement between the City of Cupertino and Apple Inc. to:
 - a) Include the I-280/Wolfe Road Interchange Project as an eligible Grant Project; and
 - b) Reallocate \$1,400,000 in donated grant funds from the 2019 Grant Agreement to support the I-280/Wolfe Road Interchange Project (100-88-844 900-964); and
 - c) Accept up to \$2,600,000 in Additional Grant Funds from Apple Inc. to address the funding gap for the I-280/Wolfe Road Interchange Project; and
 - d) Adopt Resolution No. 25 - ____ approving Budget Modification #2425-396 to transfer out \$333,333.33 from fund 420 and transfer into fund 100, and budget grant revenue of \$3,666,666.67 into fund 100 with an expense of \$4,000,000.
- 2) Approve the Fifth Amendment to the January 25, 2016, Funding Agreement with the Santa Clara Valley Transportation Authority for I-280/Wolfe Road Interchange Improvements Project to extend the term of the agreement to December 31, 2029.

Executive Summary

The Interstate 280/Wolfe Road Interchange Improvement Project, managed by VTA with the City of Cupertino as an active partner (Interchange Project), has a \$4M funding shortfall. In February 2025, VTA notified the City of Cupertino of the need to secure a commitment of funding to address the shortfall by July 1, 2025, or the project would not be able to be advertised for construction bids and the project would be at risk of being placed on hold indefinitely. Both the City and VTA exhausted state and federal grant

fund opportunities. City staff approached Apple requesting support to help cover the funding gap. Apple agrees with the City's assessment that this is a valuable project for the community, and, though not obligated to do so, Apple has voluntarily agreed to provide the necessary funding. Acceptance of the additional funding will be formalized through an amendment to the existing 2019 Grant Agreement (Grant Amendment) between the City and Apple. The Grant Amendment will also add the Interchange Project as a funded project and will reallocate \$1.4M in funds from the Original Agreement to the Interchange Project to offset the additional funding needed to address the funding gap.

Additionally, the existing Funding Agreement with VTA expires on June 30, 2025. Now that funding has been secured to continue the project, the City and VTA need to amend the Funding Agreement to extend the term and memorialize the additional funding. The term will be extended to December 31, 2029.

Background

I-280/Wolfe Road Interchange

For nearly ten years the City of Cupertino, in partnership with VTA and Caltrans, have been preparing construction documents and environmental clearance on the Interchange Project. The purpose of the Interchange Project is to improve traffic operations and facilities for multimodal transportation including vehicles, bicycles, pedestrians, and high-occupancy vehicle use. All design and permitting is complete, and the project is ready to bid for construction. The project is funded primarily through 2016 Santa Clara County Measure B sales tax, with additional funding from State, local, and private contributions. However, there remains a \$4 million shortfall in funding for the \$124 million project. This shortfall precludes advertising for construction bids and risks this regional project being shelved indefinitely.

Originally constructed in the 1960's, the existing interchange is nearing the end of its useful life. The interchange is congested with significant delays, which are projected to worsen due to planned growth in the area, including the upcoming Rise project at the former Vallco Mall property. The existing overcrossing does not provide adequate through-traffic capacity for northbound and southbound traffic or provide adequate storage capacity at the ramp terminal intersections to serve vehicular volume demand during the morning and evening peak periods. These impacts to the public will be improved with the proposed project.

Sidewalks and bike lanes on the existing overcrossing are narrow and cross high-speed vehicle on-ramp connections, which compromises safety and discourages bicyclists and pedestrians. The project will significantly improve safety and comfort for bicyclists and pedestrians by constructing separated bike lanes and widened sidewalks.

2019 Grant Agreement

On June 18, 2019, the City entered into a Grant Agreement with Apple to fund various local transportation infrastructure projects. The City has worked diligently to complete numerous projects on the list. Certain projects, however, were deemed infeasible due to the City's inability to secure property rights or other technical matters. These projects include McClellan Road Protected Bikeway improvements between Byrne Avenue and Imperial Avenue, as well as various School Walk & Safety Projects. The estimated cost of these projects totals \$1.4M (of which \$333,333.33 has already been collected under the original grant agreement).

The 2019 Grant Agreement does not include the Interchange Project as one of the approved projects for fund allocation.

VTA Funding Agreement

On January 25, 2016, VTA and the City entered into a Funding Agreement to allow for collaboration and the completion of design of the Interchange Project. As design and environmental clearance of the Interchange Project progressed, four (4) amendments to the original agreement have been executed to either adjust the City's funding total or to extend the term of the agreement. In parallel with the design effort, VTA and the City applied for various grant funding opportunities. Those efforts have resulted in the Interchange Project being funded \$117M towards completion of the project, which includes grant funding, developer contributions and City general fund allocations. The current budget to complete the project (including expenses to date) is \$124M. Based on expenses to date, the currently awarded grant funding, and the estimated project total, there is a \$4M funding gap.

In February 2025, VTA notified the City of the funding gap and of the need for the City to contribute the funds in order for the project to continue.

Reasons for Recommendation and Available Options

Upon being notified of the financial need to contribute \$4M in funds to ensure the Interchange Project is able to continue, staff explored various funding options but were unsuccessful in identifying viable options. The Apple Park Campus development agreement contained language, in regard to the Interchange Project, that the City and Apple "...shall cooperate in good faith to determine... mechanisms to fund implementation of the selected improvements and/or programs", and therefore staff initiated discussions with Apple requesting assistance regarding the funding. As a result of those discussions, Apple voluntarily agreed to donate additional grant funding through an amendment to the 2019 Grant Agreement to close the Interchange Project's \$4M financial gap.

The proposed amendment to the 2019 Grant Agreement will formalize the Interchange Project as a qualifying project to receive grant funds and will allow for the reallocation of \$1.4M in underutilized or surplus funds from other projects designated within the 2019 Grant Agreement. The proposed amendment includes an additional amount of up

to \$2.6 million in grant funds from Apple and reallocates \$1.4 million in unused funds from prior projects, together covering the \$4 million funding gap.

In parallel, the City's Funding Agreement with VTA, which supports project delivery, needs to be amended to recognize the additional \$4M contribution towards the Interchange Project. Additionally, the Funding Agreement term will be extended to December 31, 2029, to accommodate the project construction.

Next Steps

Upon Council authorization to proceed with the amendments, staff will work with VTA and Apple to ensure the project is advertised for construction.

Should Council not authorize the amendments, staff will work with VTA to see if there are any further options available prior to the project being placed on hold.

Sustainability Impact

No sustainability impact.

Fiscal Impact

The proposed actions will transfer \$333,333.33 from the Capital Improvement Fund (Fund 420) to the General Fund and secure \$3,666,666.67 in grant funding (\$1,066,666.67 from commitment in original grant agreement and \$2,600,000 in new grant funding) from Apple Inc. These combined resources will exclusively fund the \$4,000,000 I-280/Wolfe Road Interchange Project (100-88-844 900-964), which will be budgeted within the General Fund. This results in a net-zero impact to the City's General Fund.

City Work Program (CWP) Item/Description

None

City Council Goal

Fiscal Strategy, Transportation

California Environmental Quality Act

No California Environmental Quality Act impact.

Prepared by: Chad Mosley, Director of Public Works

Reviewed by: Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, Acting City Manager

Attachments:

A – Amendment to Grant Agreement with Apple

B – Grant Agreement with Apple - 6/18/2019

C – Funding Agreement with VTA - 1/25/2016

D – Draft Resolution