

COUNCIL AGENDA: 03-29-05
ITEM: 6.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer

SUBJECT: VTA LONG TERM TRANSIT
CAPITAL INVESTMENT PROGRAM

DATE: 03-23-05

Approved

Date

3/24/05

Council District: Citywide

RECOMMENDATION

Accept report on the draft Santa Clara Valley Transportation Authority (VTA) Long Term Transit Capital Investment Program and the potential additional ½ cent sales tax measure for transit operations and maintenance, and local street maintenance and improvements.

BACKGROUND

Attachment A is a message from VTA Board Chair Joe Pirzynski, which describes the challenges facing VTA, and the Board's desire to receive feedback on the program plan and a potential ½ cent sales tax measure. To provide the appropriate context for any potential revenue measure, a detailed analysis of transit operations and maintenance needs have been developed and are included in VTA's Long Term Transit Capital Investment Program (Attachment B).

ANALYSIS

The VTA developed the program plan to accomplish the following goals:

- Deliver all 2000 Measure A projects, including the BART extension, Downtown East Valley transit corridor, Airport People Mover, and Caltrain service improvements
- Maintain transit service levels
- Fund necessary equipment upgrades and maintenance for the VTA transit system.

The funding scenario presented in the program plan considers an additional, permanent ½-cent sales tax, of which 75% would be allocated to VTA for transit operations and maintenance and 25% would be allocated to the 15 cities in the county and the County of Santa Clara for pavement maintenance and other transportation related purposes. If the measure were to be approved, the estimated annual allocation in current dollars for San José would be approximately \$15 million.

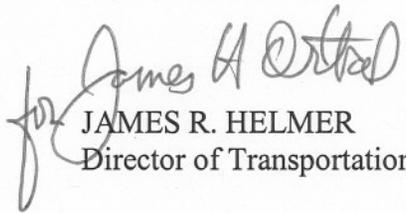
The City is facing a severe shortfall in funding for street maintenance and other local transportation needs. As previously reported to the Building Better Transportation (BBT) Committee, staff is developing a comprehensive report on the condition and backlog of needs for the City's transportation system, as well as potential alternative funding solutions. As an example of the current need, the City's street system requires a \$30 million annual investment to maintain streets in a "fair or better" condition. Current commitments for funding total only \$9 million (a \$21 million shortfall). At the current funding level, 30% of the City's streets are projected to be in "poor" condition in five years.

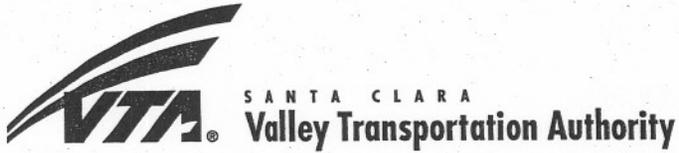
The VTA Board of Directors will hold a workshop on April 22, 2005 to discuss comments on the draft investment plan. To prepare for the workshop, the VTA has requested the opportunity to discuss the program in advance with each city and the County. Staff initiated this discussion at the March 7, 2005 meeting of the BBT Committee. This meeting included a brief presentation on the topic. VTA staff would now like to take the opportunity to discuss the program plan in greater detail with the entire City Council.

Further, DOT will continue discussions about the City's local transportation needs and potential funding alternatives at a meeting of the BBT Committee in May 2005. Staff will provide a comprehensive written report on the conditions and needs related to the City's transportation system, as well as a discussion of other potential funding strategies.

COORDINATION

This item has been coordinated with the Santa Clara Valley Transportation Authority.


JAMES R. HELMER
Director of Transportation



February 16, 2005

Mayor Ron Gonzales
City of San Jose
801 North First Street, Room 600
San Jose, CA 95110-1704

Dear Mayor ^{Ron}Gonzales:

Attached is the draft version of VTA's Long-Term Transit Capital Investment Program. This program outlines VTA's plan to fund transit services and various transit capital improvements over the next thirty years. The VTA Board of Directors is circulating the document for public comment and input.

VTA recognized with the approval of the 2000 Measure A sales tax in November 2000 that another revenue stream would be necessary to operate 2000 Measure A projects as well as maintain existing operating and capital needs. A new revenue stream has become of most critical importance with the downturn of the economy in most recent years. Even though VTA has achieved financial stability in the near term, estimates of future sales tax revenues to fund transit capital improvements and maintain transit services have been lowered significantly.

Following discussions at two workshops on October 1 and November 5, 2004, the VTA Board of Directors approved a preliminary revenue and expenditure plan that included a potential additional ½-cent sales tax to begin in fiscal year 2007 for transportation purposes. This approved funding scenario, which is outlined in the Long-Term Transit Capital Investment Program, enables VTA to (1) deliver all 2000 Measure A projects, (2) maintain transit service levels, and (3) fund necessary equipment upgrades and maintenance for VTA's transit-related assets. The funding scenario assumes that the potential new ½ -cent sales tax would be divided with VTA receiving 75 percent for transit operations and improvements and the County of Santa Clara and the 15 cities receiving the remaining 25 percent for roadway maintenance and operations.

The VTA Board of Directors will hold a workshop on April 22, 2005 to discuss comments on the draft investment plan. I am requesting that each city and the County provide VTA staff an opportunity to meet with you and your fellow council members to receive feedback on the plan prior to our workshop in April. If you would like to receive a presentation on the plan, either during a city council meeting or at a special working session, please contact VTA's Chief Development Officer, Carolyn Gonot, at 408.321.5623 to schedule a meeting.

Sincerely,



Joe Pirzynski, Chairperson
VTA Board of Directors

C: VTA Board of Directors
VTA Policy Advisory Committee Member
VTA Technical Advisory Committee Member