



COUNCIL AGENDA: 05-31-11
ITEM: 2.1

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: 05-25-11

**SUBJECT: ACA 4 (BLUMENFIELD) – LOCAL GOVERNMENT FINANCING:
VOTER APPROVAL**

RECOMMENDATION

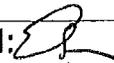
As recommended by the Rules and Open Government Committee on May 25, 2011 and outlined in the attached memo previously submitted to the Rules and Open Government Committee, approve a support position for ACA 4 (Blumenfield) – Local Government Financing: Voter Approval.

Subject: ACA 4 (Blumenfield)
Local Government Financing: Voter
Approval
Recommend Position: Support

RULES COMMITTEE: 5-25-11
ITEM: D.1.b



City Council Action Request

Department: Transportation	CEQA: N/A	Coordination: City Manager/City Attorney/Legis. Rep in Sacramento	CMO Approval:  Dept. Approval: /s/ Hans F. Larsen 05-12-11
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RECOMMENDED ACTION:

1. Pursuant to the City's streamlined bill process for responding quickly to legislative proposals, approve support for ACA 4 (Blumenfield).
2. Recommend a one-week turnaround to the City Council so that the City's legislative staff can advocate the City's support of ACA 4.

BILL SYNOPSIS:

This bill, if approved by 2/3rds of both the Assembly and the Senate and signed by the Governor, would place before the voters of the State of California a measure to lower to 55 percent the voter-approval threshold for a city, county, city and county or special district to fund the construction, reconstruction, rehabilitation, or replacement of:

- Public improvements including transportation infrastructure, streets, highways, sewer systems, water systems, wastewater systems, and park and recreation facilities
- Facilities used to provide sheriff, police, or fire protection services to the public, including the furnishing and equipping of those facilities or buildings.

IMPACTS TO CITY OF SAN JOSE:

The City's Deferred Infrastructure and Maintenance Backlog is estimated at \$754 million (\$474 million in the General Fund) in one-time costs and \$114 million (\$105 million in the General Fund) in annual needs, based upon funding levels in the Proposed 2011-12 Budget. Much of the City's infrastructure and facilities that would be eligible to incur bonded indebtedness to make improvements under ACA 4 already have bond funds or revenue streams dedicated to support their development and improvement.

The transportation system constitutes the largest portion of the City's deferred maintenance backlog; and it does not have the funding mechanisms in place to stop the further decline in its overall condition. With the release of the 2011-12 Proposed Budget, the City has a one-time backlog of unfunded transportation infrastructure needs of \$417.9 million and an annual unfunded need of \$94.4 million. The City's street pavement network of 2,365 miles is the largest component of transportation infrastructure. The accumulated backlog of deferred unfunded pavement maintenance is \$277 million. The funding need to eliminate the one-time backlog, and to improve the street pavement network to good condition (e.g. pavement condition index from 63 "fair/at risk" to 70 "good"), is approximately \$100 million annually. With projected average annual funding over the next five years of \$14 million, an annual shortfall of \$86 million is estimated, which will

result in the continued decline of the street pavement network and increase the backlog.

ACA 4, if approved by the Legislature, signed by the Governor, and passed by the voters of California, would provide local agencies the ability to pass measures to fund specific public infrastructure and facilities for transportation, sewer, water, parks, and public safety with the support of 55% of local voters as compared to the 2/3rds requirement today. A similar measure for school facilities was passed in November 2000.

POLICY ALIGNMENT:

Included in the Council approved 2011 Legislative Guiding Principles and Priorities is language to advocate for legislation that maximizes transportation funding and to support the change of the voter threshold to pass local transportation measures to less than a two-thirds majority.

SUPPORTERS/OPPONENTS:

There are no registered Supporters or Opponents as of the writing of this memo.

STATUS OF BILL:

Assembly Committee on Local Government – hearing 6/15/11

FOR QUESTIONS CONTACT: Hans Larsen – (408)535-3830