



Memorandum

TO: BUILDING BETTER
TRANSPORTATION COMMITTEE

FROM: James R. Helmer

SUBJECT: TRANSPORTATION FUNDING
AND PROJECT PRIORITIES

DATE: 09-01-06

Approved

Date

RECOMMENDATION

- A. Accept status report on State and Regional transportation funding opportunities.
- B. Approve update to City's list of priority projects for regional funding.

BACKGROUND

In previous reports to the Building Better Transportation Committee (BBT), it has been noted that State and Regional transportation funding investments have not been sufficient to adequately maintain, operate, and improve the local transportation system in accordance with City goals and community expectations. Importantly, there has been significant movement in the State Legislature to develop and adopt a package of Statewide Infrastructure Improvement Bonds, which have been placed on the ballot for approval in November 2006. Included in this year's Bond Package is a \$19.9 billion Transportation Infrastructure Improvement Bond. The City Council recommended support for these Bonds at its August 29, 2006 meeting.

This report addresses the potential benefits of passage of these bonds to the City of San José. In addition, this report discusses Department of Transportation (DOT) staff's regional efforts to increase funding for local streets and roads. Finally, the report reviews the status of the City's current regional project priorities and recommends updating the list to reflect adopted City plans for economic development in the Downtown, North San José and Edenvale areas.

ANALYSIS

State Infrastructure Bond Measures

The State of California has for several years experienced funding shortfalls in dealing with statewide infrastructure improvements. The limited funding has created impacts in transportation infrastructure, housing, disaster preparedness and flood prevention, and in public

education facilities. In an effort to begin to address some of the infrastructure needs within California, a series of bond measures have been placed on the November 2006 ballot. Propositions 1A and 1B specifically relate to bonding for the improvement of transportation infrastructure.

Proposition 1A, if passed by a majority of the voters, will place tighter restrictions on the ability of the Governor and the Legislature to suspend Proposition 42 funds and to use them for non-transportation purposes. Proposition 42, approved in March 2002, dedicated the California portion of sales tax on gasoline and diesel fuel sales to transportation purposes. The suspension of Proposition 42 has resulted in a loss of approximately \$3.4 billion in transportation funding statewide. The passage of Proposition 1A ensures that San José and VTA would regularly receive State Proposition 42 transportation funds as previously approved by the voters.

Proposition 1B would provide \$19.9 billion for local streets and roads, highway corridors, public transportation, intercity rail, air quality, and other transportation infrastructure improvements. The passage of Proposition 1B will provide new funding to address critical transportation needs statewide over a ten-year period.

In a recent staff report recommending support for the Infrastructure Bond package, DOT staff addressed the potential benefits for San José from passage of the State Transportation Bond Measures. These benefits include:

- Preservation of funding to the City of San José for local street pavement maintenance in the amount of \$8 million annually.
- Preservation of funding to the Santa Clara Valley Transportation Authority (VTA) for discretionary transportation projects in the amount of \$15 million annually.
- New funding to the City of San José for local street improvements, including pavement maintenance, in the amount of \$30 million, to be distributed over a 10-year period.
- New funding to VTA for discretionary transportation projects in the amount of \$63 million.
- Potential new funding to VTA in the order of \$500 million based on a statewide competitive process that could fund projects such as BART to Silicon Valley, Bus System Enhancements, Blossom Hill/Monterey Pedestrian Railroad Crossing, Route 101/Trimble Interchange Upgrade, and Route 101/Tully/Capital/Yerba Buena Corridor Upgrade, and the Route 101/Mabury Interchange.

Local Pavement Maintenance Funding Status

If State voters approve Propositions 1A and 1B, San José would be guaranteed allocations for local street pavement maintenance, thereby reducing the City's funding shortfall. Approval of

Proposition 1A would assure annual funding in the amount of \$8 million starting in 2008-09, and approval of Proposition 1B would provide approximately \$3 million annually starting in 2007-08. Further, it is noted that as part of the recent State Budget approval, the State has now repaid Proposition 42 funds previously withheld from cities. In August, the City received payments from the State totaling \$6.85 million. Attachment A provides a summary of the City's pavement maintenance funding needs that includes the Proposition 42 payback and assumes proposed funding from the State Transportation Bond Measure. The net result is a reduction in the annual funding shortfall to an amount that ranges between \$9.7 million to \$13.5 million.

Metropolitan Transportation Commission Local Streets & Roads Strategic Plan

In an effort to stimulate discussion among regional officials towards a comprehensive and coordinated plan of action, Metropolitan Transportation Commission's (MTC) Local Streets and Roads Committee (LS&R) has begun to craft the *Strategic Plan for Roadway Infrastructure Maintenance*. The LS&R Committee consists of Public Works and Transportation officials from throughout the Bay Area and serves as an advisory group to the MTC's Bay Area Partnership Board. City of San José Department of Transportation staff currently Chair the committee and sit on the Partnership Board.

This broad constituency of 109 individual cities and nine counties came together with the purpose of better estimating regional funding shortfalls that exist for local street and road maintenance and then to lobby decision-makers for better representation and a fair share of regional transportation dollars.

The intent of the Strategic Plan is to lay the groundwork to support future local and regional initiatives and how those investments would translate into specific programs and projects. The plan will develop new ideas on how MTC, together with the Bay Area public and policymakers at the local, state and federal levels, can take these projects and programs to the next level by identifying new funding sources. In addition to new funding, the Plan will emphasize to stakeholders the importance of effectively maintaining their local street and road network by adopting preventive maintenance programs that are cost-effective and extend the serviceability of their roadway infrastructure.

It is the hope of the LS&R Committee that its Strategic Plan will generate ideas and options that will allow local jurisdictions an opportunity to seek increased revenues to meet the needs of the entire transportation system. The LS&R Committee will have the final version of the Strategic Plan available for MTC adoption by the fall of 2006. Some elements of the plan include the following:

- **Increase/Index gas tax** - Remedy the eroding gas tax base by increasing the gas tax periodically, indexing the gas tax automatically to adjust for inflation, and/or shifting to a more direct user fee based on miles traveled to provide equity in revenue collection from all motor vehicles regardless of fuel efficiency and fuel source.

- **Enact Vehicle Registration Surcharge** - Support legislation, which will authorize local congestion management agencies (CMA) or Boards of Supervisors, if there is not a CMA, to enact up to a \$25 vehicle registration surcharge to be devoted to transportation improvements.
- **Pursue Local Sales Tax Measures** - Support the renewal of countywide sales tax measures in all Bay Area counties, and particularly the inclusion of funding for local pavement maintenance.
- **Pursue Local Bond Measures** - Support local efforts establishing local bond measures. Recently, cities have successfully gained voter approval of bond measures to improve park, library, police, and fire facilities. Similar efforts could be initiated for improving a local jurisdiction's transportation infrastructure.

Regional Project Priorities

In 2003, the City Council adopted a set of priority projects for regional transportation funding as part of the VTA's 30-year transportation master plan, known as Valley Transportation Plan (VTP) 2030. The City's priority list reflects projects desired for near-term implementation, generally a 10-year timeframe. The priority list helps guide the City's funding investments and advocacy to help secure regional funding grants.

Significant progress has been made with regards to securing regional funding for City priorities. The City obtained funding grants in excess of \$50 million from the Federal transportation bill approved in 2005. Also, many of the City's transit priorities have been approved for near-term implementation as part of the VTA's Transit Expenditure Plan approved in June 2006. Attachment B includes the City's list of 30 priority projects for regional funding and their current funding status.

At this time, staff is recommending an update to the City's Regional Transportation Project Priority List to reflect identified projects needed to support recently adopted development plans for Downtown, North San José and Edenvale. In June 2005, the City Council adopted new transportation and land use plans for these areas. Specifically, the following six projects are recommended as priorities for regional funding:

- **Downtown San José Freeway Management System** – Provides changeable message signs to direct Downtown area traffic during special events, commute periods, and incidents.
- **Route 101/ Trimble Road Interchange Upgrade** – Widen Trimble Road bridge and upgrade ramps to improve safety and access for North San José and Mineta San José International Airport.

- **Route 101/ Zanker/Skyport/Fourth Interchange** – Provide new freeway overcrossing and interchange ramp connections to improve traffic circulation for North San José and Mineta San José International Airport.
- **Route 101/ Oakland Road Interchange Upgrade** - Widen Oakland Road bridge and upgrade ramps to improve safety and access for North San José and Berryessa areas.
- **Route 101/ Mabury Road Interchange** – Provide new interchange to improve traffic access to planned Berryessa BART station area.
- **Route 101/ Blossom Hill Road Interchange Upgrade** - Widen Blossom Hill Road bridge and upgrade ramps to improve safety and access for Edenvale industrial area.

The above projects are important for supporting the City's economic development priorities, they are already included in VTP 2030 and, importantly, they align well with new funding opportunities possibly available through the State Transportation Bond program.

Staff will be available at the Committee meeting to support discussion of the information and recommendations in this report.

JAMES R. HELMER
Director of Transportation

Attachments

City of San Jose
Pavement Maintenance Funding Status (\$ x 1000)

	2006-07	2007-08	2008-09	2009-10	2010-11
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ANNUAL FUNDING NEED	34,000	34,000	34,000	34,000	34,000
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ESTIMATED FUNDING AVAILABLE	24,298	20,486	20,640	23,640	23,640
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CITY FUNDS

General Fund	2,940	2,940	2,940	2,940	2,940
General Fund - Backlog Reduction	3,000				
CIP - Street Maintenance	4,820	4,652	4,200	3,700	3,700
CIP - Transfer to General Fund	2,500	2,500	2,500	2,500	2,500
Subtotal City Funds	13,260	10,092	9,640	9,140	9,140

REGIONAL GRANTS

Federal - SAFETEA-LU	4,187	7,394			
Federal - Next Bill (Proposed)				3,500	3,500
State - Prop 42 Payback	6,851				
State - Prop 42			8,000	8,000	8,000
State - Transportation Bond (Proposed)		3,000	3,000	3,000	3,000
Subtotal Regional Grants	11,038	10,394	11,000	14,500	14,500

PAVEMENT FUNDING SHORTFALL	9,702	13,514	13,360	10,360	10,360
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Strategies to Address Funding Shortfall Based on City Staff Reports to BBT Committee

1. Consider a City bond measure for local transportation improvements
2. Seek increased transportation funding from Regional, State and Federal sources

August 2006

Valley Transportation Plan 2030 – Priority City Projects
(Based on City Council action from 2003; Projects are not listed in priority order)

	Project	Comments/Status
1	BART Extension to San José	In VTA Expenditure Plan for 2016 completion
2	Airport Automated People Mover	In VTA Expenditure Plan for 2018 completion
3	Capitol LRT Extension to Eastridge	In VTA Expenditure Plan for 2012 completion
4	Santa Clara/Alum Rock Transit Corridor	In VTA Expenditure Plan for 2021 completion
5	Monterey Highway Bus Rapid Transit	In VTA Expenditure Plan for 2015 completion
6	Stevens Creek/San Carlos Bus Rapid Transit	In VTA Expenditure Plan for 2015 completion
7	Guadalupe South LRT Corridor Station Retrofit	Complete
8	Transit Mall Station Retrofit	Under construction
9	Diridon Station Expansion Planning	City funding share of \$0.1M is budgeted
10	Route 101 Improvements (280 to Yerba Buena)	Partially funded by Federal grant; Environmental clearance complete
11	Route 880/Stevens Creek Interchange Upgrade	Funded by Federal grant
12	Freeway Aesthetic Enhancements	VTA implementing pilot litter project
13	Freeway Soundwalls	
14	Montague Expwy Widening	Part of North San José plan
15	Almaden Expwy Improvements (near 85)	Funded by Federal grant
16	Lawrence Expwy Improvements	
17	San Tomas Expwy Improvements	
18	Charcot Ave Overcrossing (at 880)	Part of North San José plan
19	Autumn Street Extension (St John to Coleman)	City/SJRA funding is budgeted for environmental clearance
20	Coleman Ave Widening (880 to Autumn)	City/SJRA funding is budgeted for environmental clearance
21	Downtown Couplet Conversions	Partially funded by SNI program
22	Blossom Hill/Monterey Ped Overcrossing	Partially funded by Federal grant
23	Almaden Expwy Ped Overcrossing (near Coleman)	Environmental clearance complete
24	Branham Lane Ped Overcrossing (at 101)	City funding is budgeted for planning
25	San José Traffic/Incident Management Center	Funded by Federal grant
26	San José Traffic Signal System Upgrades	LRT signal system upgrade funded by grants
27	Guadalupe River Trail (Airport to Alviso)	Funded by Federal grant
28	Los Gatos Creek Trail (Downtown Connection)	Under construction to Auzerais
29	Coyote Creek Trail (Keyes to Montague)	Partially funded by Federal grant
30	Local Street Pavement Maintenance	Partially funded by various sources