



Memorandum

TO: BUILDING BETTER
TRANSPORTATION COMMITTEE

FROM: James R. Helmer

SUBJECT: TRANSPORTATION NEEDS AND
FUNDING STRATEGIES

DATE: 09-01-05

Approved

Date

9/2/05

RECOMMENDATION

Accept update report on transportation system needs and recommend that the City Council direct staff to pursue item (1) of the following transportation funding enhancement strategies; and provide feedback to staff regarding items (2), (3) and (4):

1. Advocate for Local Pavement Funding in Proposed Regional Transportation Tax Measure
2. Explore various funding source opportunities that may include partnerships with the San Jose Downtown Association, the Valley Transportation Authority, and the Downtown Parking Board to develop the concept for an enhanced Downtown Cleaning and Maintenance Pilot Program
3. Consider a City Bond Measure for Transportation, Technology and Other Infrastructure
4. Assess Feasibility of a Citywide Street Lighting Benefit Assessment District

BACKGROUND

The condition of the City of San José's transportation infrastructure is deteriorating. Current funding investments are not sufficient to adequately maintain, operate, and improve the system in accordance with City goals and community expectations.

At the May 2, 2005 meeting of the Building Better Transportation (BBT) Committee, staff presented a comprehensive report (60 pages) addressing the condition, issues, and improvement strategies related to the City's transportation system. The report is available on the City's website through the Council Committee link (05/02/05 BBT Meeting, Item A3).

The purpose of this report is to provide the Committee with current information related to recent federal, state and local funding actions, and to recommend specific near-term initiatives to pursue enhanced transportation funding.

ANALYSIS

Transportation System Overview

The City's local transportation system is comprised of various infrastructure assets that includes: 2,300 miles of paved streets, 152 bridges, 864 traffic signals, 85,000 signs, 6 million square feet of roadway markings, 57,000 street lights, 210 acres of landscaping, and 300,000 street trees. The condition of this infrastructure is in a state of decline as a result of the following issues: 1) decreased transportation investment, 2) increased costs, 3) expanding infrastructure, and 4) growing service demands. The May 2005 BBT report identified a transportation funding shortfall that totals:

- \$30 million shortfall for annual operating and maintenance costs
 - \$22 million for pavement maintenance
 - \$1.1 million for traffic signal systems
 - \$0.3 million for roadway markings and striping
 - \$1.2 million for sidewalk repair
 - \$0.4 million for street light maintenance
 - \$1.1 million for street landscaping
 - \$1.5 million for tree trimming
 - \$0.4 million for traffic signage
 - \$2.0 million for Downtown and NBD cleaning and maintenance

- \$370 million for one-time rehabilitation and capital improvement costs
 - \$209 million for pavement maintenance
 - \$20 million for street reconstruction
 - \$18 million for curb and gutter repair
 - \$31 million for new street lighting
 - \$50 million for curb ramps
 - \$26 million for median island landscaping
 - \$16 million for traffic signal system rehabilitation

Funding Update

Since the May 2005 BBT report, budget actions have been approved that affect the funding resources for operation and maintenance of the City's transportation infrastructure.

- The State Budget was approved in July and has restored the Prop 42 transportation funding program providing \$4.1 million for pavement maintenance.

- The new Federal Transportation Bill was approved in August and is expected to provide \$3.5 million annually for local pavement maintenance.

- The new City Budget was approved in June and resulted in the following transportation funding reductions: pavement maintenance (\$650,000), sidewalk repair (\$750,000), traffic signal maintenance (\$350,000), street light energy (\$320,000), Downtown cleaning (\$200,000) and landscape maintenance (\$70,000).

The recent budget actions do provide some gains in funding for pavement maintenance in the net amount of \$7 million. However, this only serves to reduce the annual funding shortfall from the previous amount of \$22 million to \$15 million. Overall, the condition of the City's transportation assets remains in a significant state of decline and the backlog of deferred maintenance continues to grow.

Improvement Strategies

The May BBT report identified several regional and local options to increase funding to enhance the condition of the transportation system. Attachment 1 includes a summary of the options and an assessment of the near-term viability. Staff recommends focusing on four of the options for further action and study at this time as described below:

1. *Advocate for Local Pavement Funding in Proposed Regional Transportation Tax Measure*

The Silicon Valley Leadership Group (SVLG) and the Valley Transportation Authority are considering a new transportation sales tax measure for the November 2006 ballot. The measure is intended to address funding shortfalls for planned transit projects (such as the Silicon Valley BART extension) that have occurred as a result of the economic downturn. The measure could also address other important transportation needs such as local pavement maintenance. The 1996 Measure A/B transportation sales tax program included pavement maintenance funding and provided San José with an average of \$4 million per year, during the 9-year term of the program.

The SVLG has proposed that the new measure include a \$10 million annual allocation for local pavement maintenance and thereby providing a funding share of approximately \$5 million for San José. At this funding level, the City's current pavement maintenance shortfall of \$15 million annually could be reduced to \$10 million. It is suggested that City advocate for local pavement maintenance funding as part of the proposed new transportation tax measure.

2. *Explore various funding source opportunities that may include partnerships with the San Jose Downtown Association, the Valley Transportation Authority, and the Downtown Parking Board to develop the concept for an enhanced Downtown Cleaning and Maintenance Pilot Program*

The cleanliness of Downtown San José streets and sidewalks is a significant factor for attracting residents, businesses, transit ridership, visitors, and community events. As the

population and popularity of Downtown increases, the demands for cleaning services increase as well. Unfortunately, funding for Downtown cleaning has not kept pace with increased demand, and in fact funding has steadily declined as a result of ongoing budget cuts. To reverse this trend, it is suggested that staff develop the concept for an enhanced Downtown Cleaning and Maintenance Pilot Program and explore various funding source opportunities that may include partnerships with the San Jose Downtown Association, the Valley Transportation Authority, and the Downtown Parking Board. The pilot program would include performance measurements to assess the effectiveness of the future expenditures.

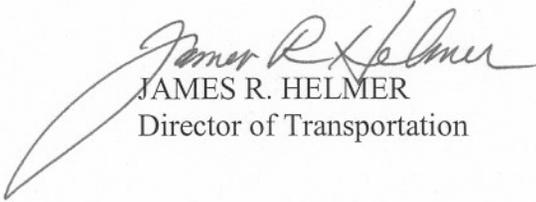
3. Consider a City Bond Measure for Transportation, Technology and Other Infrastructure

Recently, the City successfully gained voter approval of bond measures to improve park, library, and public safety facilities. These three measures have generated \$600 million in funding. A similar effort could be initiated for improving the City's transportation infrastructure. The measure could include major rehabilitation to the City's pavement infrastructure along with system enhancements like pedestrian safety improvements, ADA curb ramp installation, traffic signal upgrades for congestion relief, and street trees/ median island landscaping for aesthetic enhancements. The evaluation of such a measure for transportation would need to be weighed in the context of other community priorities, and packaged accordingly. Improving the City's technology infrastructure is one area that has been raised a growing need. It is suggested that the City develop a bond measure proposal for transportation, technology and other infrastructure.

4. Assess Feasibility of a Citywide Street Lighting Benefit Assessment District

Energy costs for the City's 57,000 street lights continue to increase -- costs have doubled over the past six years. At the same time, community demands are increasing for enhanced street lighting in neighborhoods, business districts and Downtown. This fiscal year, staff is pursuing a project to test new technologies that are more energy efficient. It is suggested that the City assess the feasibility of creating a Citywide street lighting benefit assessment district to finance ongoing operating costs and investments in new technologies and enhanced lighting levels. This work effort can be incorporated into the Street Lighting Efficiency Study that the City Council allocated funding for this fiscal year.

At the Committee meeting, staff proposes to present further information to facilitate Committee discussion of the staff recommendations.


JAMES R. HELMER
Director of Transportation

Funding Strategies for Local Transportation Needs

Strategy	Comments
1. Adopt New Federal Transportation Bill	Bill was approved in August 2005. Funding allocations are expected to provide \$3.5 million annually to San José for local pavement maintenance.
2. "Rescue" State Proposition 42	Proposition 42 funding was restored in 2005-06 State Budget. Funding allocations are expected to provide \$4.1 million to San José for local pavement maintenance.
3. Pursue New Transportation Sales Tax Measure	VTA and Silicon Valley Leadership Group are reviewing program scope and funding allocations over next 6 months. SVLG has proposed a \$10 million annual allocation for local pavement maintenance. San José share is expected to be \$5 million annually.
4. Update and Adjust Gas Tax	Due to recent increases in gas costs, gas tax increases are not likely to be politically viable in the near-term.
5. Enact Vehicle Registration Surcharge	The SB680 (Simitian) Bill is currently under review. This bill adds a \$5 vehicle registration surcharge in Santa Clara County. If approved, funding allocations are expected to provide \$1 million annually to San José for local traffic signal system improvements.
6. Establish Downtown and Business Improvement Districts	A Downtown Business Improvement District was proposed, but was not supported by Downtown business stakeholders.
7. Enact Downtown Parking Surcharge	A pilot program to use Downtown parking revenues for Downtown cleaning and maintenance is proposed for consideration.
8. Adopt Utility Trench Cut Fee	Trench cut fee proposals are controversial with utility companies and have been subject to litigation. Courts have ruled against fee programs in San Francisco and Union City.
9. Assess New Development Fees	Development fees for ongoing maintenance and operations are limited by "nexus laws"
10. Establish Citywide Assessment Districts	New assessment districts require 2/3rds voter approval. Existing districts are in place in San José and Santa Clara County for sanitary/storm sewers, library, flood control, vector control and open space.