



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

SUBJECT: MEASURE B – VTA'S LOCAL
TRANSPORTATION INVESTMENT
FUND

FROM: Hans F. Larsen
Betsy Shotwell

DATE: 09-15-10

Approved

Date 9/13/10

RECOMMENDATION

It is recommended that:

1. The City Council support Measure B, the Local Transportation Investment Fund, on the November 2, 2010 General Election ballot.
2. The Committee to provide a one-week turnaround for Mayor and City Council review.

BACKGROUND

Enabling Legislation

Last year, SB 83 (Hancock) was signed into law and became effective on January 1, 2010. The legislation added California Government Code Section 65089.20 and California Vehicle Code Section 9250.4 authorizing countywide transportation agencies to place a ballot measure before the voters of the county to authorize an increase annual fee of up to \$10 on motor vehicles registered within the county for transportation programs and projects. The bill requires a simple majority voter approval of the ballot measure. If approved by the electorate, the Department of Motor Vehicles (DMV) will collect the additional fee and distribute the net revenues to the agency, after deduction of specified costs. The implementing agency's administrative costs are limited to not more than five percent of the distributed fee revenues.

The bill requires that the fees collected be used only to pay for programs and projects bearing a relationship or benefit to the owners of motor vehicles paying the fee. The programs and projects must be consistent with the regional transportation plan and requires the agency's board to make a specified finding of fact in that regard. Finally, the governing board of the agency must adopt an expenditure plan that details the programs and projects that would result from the increased vehicle registration fee.

Measure B – VTA’s Local Transportation Investment Fund

On June 3, 2010, the VTA Board of Directors adopted a resolution to place a ballot measure before the voters of Santa Clara County in November 2010 to authorize a \$10 increase in the fees of motor vehicle registration for transportation-related projects and adopted an expenditure plan allocating the revenue to transportation related programs.

The ballot measure is now referred to as “Measure B” and reads as follows: “To repair potholes, repave and maintain local streets, improve traffic flow on local roads; increase Santa Clara County’s share of state/federal matching funds; improve safety; and pay for other congestion and pollution mitigation projects; shall the motor vehicle registration fee be increased \$10 for each vehicle registered in Santa Clara County; thereby relieving traffic congestion, improving streets and reducing polluted, toxic roadway runoff which contaminates water supplies, with all revenues to remain in Santa Clara County?”

San Jose Transportation Infrastructure Needs

The City of San José currently has an estimated \$250 million one-time backlog of deferred street pavement maintenance needs. As reported to the Council in January 2010, the backlog includes approximately 404 miles of roads in poor or failed condition (below 50 PCI) requiring resurfacing and 794 miles in acceptable or better condition that have not been preventively treated within the City’s prescribed maintenance cycles. Not included in the \$250 million estimate is the \$144 million that would be needed to eliminate the backlog of non-pavement items such as curb ramps, sidewalks, streetlights, signals, signs and markings, trees, and landscaping.

A City Council Study Session on transportation infrastructure needs with a focus on pavement maintenance is scheduled for October 12, 2010.

ANALYSIS

The estimation is that a \$10 annual fee per vehicle would generate an approximately \$14 million annually in Santa Clara County. SB 83 requires that transportation agencies adopt an expenditure plan for the distribution of the generated revenues. The statute requires that the fees collected be used only to pay for programs and projects bearing a relationship or benefit to the owners of the motor vehicles paying the fees.

In early May, VTA contracted with Fairbank, Maslin, Maullin, Metz & Associates (FM3) to conduct polling of 800 Santa Clara County voters likely to vote in the November 2010 general election. According to VTA’s Board memo dated May 21st, the survey results indicated a broad spectrum of voter support for road repairs and for transportation improvements in Santa Clara County. The survey indicated that 77 percent of the respondents identified “repairing potholes” as “extremely” or “very important”. Also registering as top priorities were repaving and

maintaining local streets and roads as well as relieving traffic congestion. These priorities are reflected in VTA's proposed expenditure plan.

The following expenditure plan is included in the ballot language of Measure B:

- Local Road Improvement and Repair Program – 80 percent of fee revenues will be returned to the cities within the county based on population and to the County of Santa Clara based on miles of roadway. Revenue estimate for this program is \$11.2 million (FY 2011)
 - Pavement Rehabilitation/Reconstruction
 - Traffic Control Signals, Traveler Information & Safety
 - Curb & Gutter Rehabilitation/Reconstruction
 - Roadway-related Facilities to Improve Safety
 - Automobile-related Environmental Mitigation including Roadway Sweeping & Litter Control

- Countywide Program – 15 percent – Revenue estimates \$2.1 million (FY 2011)
 - Matching funds for Federal/State/Regional transportation grants applied to any roadway transportation projects included in the adopted Valley Transportation Plan
 - Intelligent Transportation System Technologies
 - Countywide Environmental Mitigation related to pollution caused by autos and trucks

- Program Administration – Up to 5 percent – Revenue estimates \$700,000 (FY 2011)
 - Expenses related to administration, oversight, programming, reporting, surveys, initial election ballot and auditing/accounting of the program
 - Annual public report of expenditures

If approved by the voters of Santa Clara County Measure B would provide an ongoing revenue source for specific transportation improvements. The ballot language for Measure B does not include a sunset date. Local road funding is return to source and would be distributed through a formula based on population for cities and lane miles for the County. It is estimated that San José would receive more than \$5.3 million a year or 47.8 percent of the funding through the Measure B Local Road Improvement and Repair Program. Along with the local road funding in the Measure, the City would have the opportunity to apply for funds through the Countywide Program to fund transportation-related technology projects including traffic control signals, safety and traveler information systems.

At the time of the writing of this memo, formal support and opposition for Measure B has not been released. Ballot arguments have been filed with the Santa Clara County Registrar of Voters, but have not been publically released. Measure B will appear on the November 2, 2010 General Election Ballot.

It is recommended that the City Council support Measure B as it provides needed funding to address the City's backlog of transportation infrastructure needs and especially pavement maintenance.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This document will be posted on the City's website for the Rules and Open Government Committee where Council and the public will have the opportunity to comment.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.



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