



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Planning Commission

**SUBJECT: RECOMMENDATION ON THE
2017-2021 PROPOSED CAPITAL
IMPROVEMENT PROGRAM**

DATE: May 13, 2016

RECOMMENDATION

The Planning Commission voted 6-0-1 (Pham absent) to recommend that the City Council adopt the 2017-2021 Proposed Capital Improvement Program (CIP). The specific Planning Commission comments are identified within this memorandum for City Council consideration.

OUTCOME

Adoption of the 2017-2021 Proposed CIP will provide funding for programs and investments the City Council has established as priorities. The CIP guides the planning, scheduling, and budgeting of capital improvement projects during the next five-year period.

BACKGROUND

The San José City Charter prescribes that the Planning Commission consider the City's Proposed CIP and submit its findings and recommendations to the City Council at least ten (10) days prior to the public hearing of the City Council on the CIP. The CIP implements the goals and policies of the Envision San José 2040 General Plan, and determination of General Plan consistency is an important criterion in the Commission's review of the document.

The City Manager's Budget Office and supporting departments focused discussion on the new projects over \$1 million and any significant program-related issues, such as the growing pavement maintenance backlog. Even with this focus, the Commission acknowledged that the Charter requires a statement of the entire CIP's consistency with the General Plan. The Planning Commission agreed that an overall finding would still be discussed and determined, and that specific comments to the City Council would focus on the new projects to ensure that those investments furthered the goals and policies of the General Plan.

ANALYSIS

On May 4, 2016, the Planning Commission conducted its annual public hearing on the City's 2017-2021 Proposed CIP. Staff presented an overview of the budget, highlights of the various capital programs, and General Fund operating and maintenance impact. As requested, the summary spreadsheet included 21 new projects over \$1 million appearing in the Capital Improvement Program for the first time. The new projects total approximately \$86.6 million over the five-year period and represent 3.8% of the \$2.3 billion program.

City Service Area Planning Commission Comments

The Planning Commission considered various City Service Area (CSAs) and Capital Programs of the CIP. The Planning Commission's major discussions with respect to these CSAs are identified below. There was no public comment during the hearing.

Environmental and Utility Services

Green Infrastructure Planning: The Planning Commission sought and received clarification that infrastructure is being designed for fiscal sustainability, is consistent with General Plan policies, and that funding for maintenance of green infrastructure will also be identified to avoid growth in the maintenance backlog. Staff noted that Green Infrastructure is an element of the Municipal Regional Stormwater Permit that went into effect in January 2016, requiring the development of a plan for regional infrastructure. Studies are underway to develop a plan, and a pilot project (Green Alley in Council District 3) has been completed under this effort to demonstrate feasibility. Staff further noted that Green Infrastructure Planning strategies and techniques will be incorporated with the General Plan, Urban Village planning efforts, and/or existing Specific Plans.

Lagoon/Drying Bed Retirement: The Capital Improvement Program identified the near-term plan of retiring lagoons and drying beds associated with the Water Pollution Control Plant, and exploring alternate future disposition options for the bio-solids that are currently sent as alternate daily cover to the Newby Island Landfill. The Planning Commission questioned if this practice was in-line with General Plan policies of operating landfills. Staff noted the project will include analysis of disposition options, and the exact locations of future disposition have not yet been determined.

Traffic Capital Program

Vision Zero San José (VZSJ) Plan: In reference to the VZSJ Plan, a street safety policy and plan that strives for the elimination of traffic fatalities for all modes of transportation, the Planning Commission asked staff to elaborate on the total cost to achieve plan goals and how the current CIP helps fund projects. While a cost estimate for total completion of plan goals is not available given its broad scope, it was noted that a number of strategies around education, enforcement, engineering, assessment of current systems, implementation techniques, and construction are under development and included in the CIP. Staff stated that the CIP includes funding of \$66

million for projects that are directly related to the primary objective of the VZSJ Plan and improving traffic safety, such as improvements of pedestrian/bicycle facilities, traffic signals, and LED streetlights.

Traffic Calming Measures: The Planning Commission asked how the CIP is proactively addressing sidewalk improvements to enhance walkability and safety and gaps in the sidewalk network. Staff noted that the CIP does not address the completion of the sidewalk network in the City. Development of a complete sidewalk network is costly and has not received grant dollars in the past to help bridge funding gaps. However, staff did note that it has and continues to leverage other resources to address sidewalk improvements in targeted areas. Moreover, it was noted that the CIP includes funding of \$5.75 million for sidewalk accessibility improvements.

Pavement Maintenance: As in previous CIP reviews, the Planning Commission continued to emphasize the importance of addressing deferred pavement maintenance. The Planning Commission highlighted the sales tax measure on the June 2016 ballot and asked how this measure could help address the pavement maintenance backlog. Staff noted that the pavement condition index (PCI) rating for the system is currently 64 on a scale of 100, which means a system at risk and/or on the decline. Approximately \$100 million a year would be necessary to maintain the system at a 70 PCI rating, or a good condition. The CIP has identified an annual average funding of \$13 million for pavement maintenance, and by previous City Council direction, this amount will fund pothole repair and a portion of the priority street network. Staff noted that the Mayor's March Budget Message for Fiscal Year 2016-2017 directed staff to develop a provisional budget that would allocate the anticipated \$30 million in revenue in 2016-2017 in the event that the sales tax measure passes, prioritizing public safety services and funding for other critical services (i.e., pothole repair, pavement maintenance, and rapid rehousing of the homeless). This provisional budget will be released as a Manager's Budget Addendum for the City Council's consideration in adopting the 2016-2017 Proposed Operating Budget.

It was further noted that the November 2016 Santa Clara Valley Transportation Authority (VTA) Sales tax ballot initiative is currently contemplating an allocation of \$1.2 billion for local streets and roads improvements, which can be used for pavement maintenance. Staff clarified that, while the VTA is finalizing the methodology on disposition of that funding, preliminary estimates are that the City would receive approximately \$19 million a year for local streets and roads improvements from this initiative.

Lastly, the Mayor's June Budget Message for Fiscal Year 2014-2015 was also discussed. The memorandum directed staff to allocate any additional Construction Excise Tax revenues collected above the estimates used in the development of the 2015-2019 Adopted CIP for the purposes of addressing the pavement maintenance backlog. The Planning Commission requested an update as to whether or not this direction was undertaken by staff. Staff stated that the Proposed CIP continues to follow that direction, which remains active through 2018-2019. In addition, staff noted that an additional \$8 million from the General Fund was allocated as part of the 2016-2020 Adopted CIP at the direction of the Mayor's June Budget Message for Fiscal Year 2015-2016, as approved by the City Council.

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LED Lighting Conversion Project: The Planning Commission questioned whether it is time to change course from “setting an environmental leadership example” on LED conversions in order to address the pavement maintenance backlog issue. Staff noted that re-allocating funds from one project to another may not be possible as a significant portion of the funds currently allocated for LED conversions are restricted funds and could not be used for pavement maintenance. Furthermore, it was noted that LED conversion is a valuable energy reduction program in the CIP and is a good investment for the City (i.e., safety enhancement at public facilities such as parking structures and overall traffic safety improvements).

Other Programs

Trail System: The Planning Commission noted the City’s goal to build out the trail system is impressive, however, asked how much of the CIP is assigned to identified and environmentally cleared near-term improvements. Staff stated approximately \$15 million has been identified in the CIP including reserves. It was further clarified that even though identified, it is still a long and expensive process from conceptual design to construction, and that “construction-ready” trail miles are typically built through grant funding. Two trail projects (Bart to Downtown and Three Creek Trail) were examples shared by staff to highlight the success of using grant funding.

Airport Competitiveness: The growth in passengers at the airport was discussed, and the Planning Commission further asked if the growth numbers were generalized or took into account the successes of securing additional international flights. Staff noted that it is a combination of annual growth expectations (39 consecutive months of growth) and international flights. Staff further noted it is analyzing the redevelopment potential of currently under utilized lands for airline ancillary uses to ensure that the airport remains competitive.

Public Safety: The Planning Commission questioned staff as to the ability or capacity of public safety agencies to serve the City’s population growth. Staff noted it has been challenging to proportionally grow resources with the population to meet service needs. However, recently completed infrastructure projects and continued focus on enhanced technology has helped to minimize impacts.

COORDINATION

This memorandum was coordinated with the City’s Manager Budget Office, City Attorney’s Office, Environmental Services Department, and Department of Transportation.

CONCLUSION

Based on information contained in the 2017-2021 Proposed Capital Improvement Program and the discussion at the study session, the Planning Commission found the CIP is consistent with the Envision San José 2040 General Plan as follows:

1. The CIP focuses infrastructure and investment to increase the capacity for economic development in the City;
2. The CIP focuses investment and strategic support for the City Service Area, specifically communication systems;
3. The CIP focuses investments for complete streets, green infrastructure initiatives, and improvements along transit corridors;
4. The CIP focuses investments for pedestrian and multi-modal improvements such as trails, parks, and bicycle paths; and
5. The CIP focuses investments on maintaining a world-class airport.

The Planning Commission recommends that City Council adopt the 2017-2021 Proposed Capital Improvement Program.

CEQA

Not a project, City Organizational & Activities, PP10-069.

/s/

HARRY FREITAS, SECRETARY
Planning Commission

For questions please contact Jason Rogers at (408) 793-5543.