



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT: RECOMMENDATION ON THE  
2018-2022 PROPOSED CAPITAL  
IMPROVEMENT PROGRAM**

**DATE:** May 22, 2017

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## **RECOMMENDATION**

The Planning Commission voted 5-0-2 (Abelita and Pham absent) to recommend that the City Council adopt the 2018-2022 Proposed Capital Improvement Program (CIP). The specific Planning Commission comments are identified within this memorandum for City Council consideration.

## **OUTCOME**

Adoption of the 2018-2022 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 other projects that are appearing in the Capital Improvement Program for the first time. 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 10, 2017, the Planning Commission conducted its annual public hearing on the City's 2018-2022 Proposed CIP. The public hearing included a presentation by staff of the budget overview, highlights of the various capital programs, and General Fund operating and maintenance impact. As requested, the summary spreadsheet included 34 new projects over \$1 million appearing in the Capital Improvement Program for the first time. The new projects total approximately \$308 million over the five-year period and represent 10% of the \$3.1 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**

*Sanitary Sewer:* The Planning Commission sought clarification regarding the proposed 60-inch brick interceptor located in North San José and whether it was for ultimate build out as per City General Plan. Staff clarified that yes, it was per the modeled build out of the General Plan. The Planning Commission also asked whether the sanitary sewer improvements in Rincon and Westmont and Harriot add capacity and, if so, why capacity improvements were being added at the edge of town. Staff clarified that these improvements are in accordance with the General Plan, are based on current modeling that shows the need for increased capacity, and that these systems also provide conveyance for other adjoining agencies who will reimburse the City for a portion of the cost (80% for Westmont and 50% for Harriot).

*Water Pollution Control Plant:* Regarding the Digester and Thickener Facilities Upgrade project, the Planning Commission inquired about what happens to the sludge once the water has been extracted. Staff clarified that the treated sludge can be used in different methods such as fertilizer. Staff noted that they will be looking at additional options for use of the treated sludge. The Planning Commission also asked if staff was familiar with the co-composting Los Angeles County. Staff clarified that they were familiar with the facility. The Planning Commission stated that they hoped the City would look for a higher uses other than land applications. Staff noted that they were looking at different options.

*Storm Sewer System:* The Planning Commission sought and received clarification regarding Limited Impact Design (LID) and its application for streets and where the green elements would be provided such as in a park or public facility. Staff clarified that these are new requirements from the Regional Stormwater Permit requiring treatment of stormwater for new development and more recently for new and improved streets and new City structures. The Planning Commission inquired where the LID treatment would be on Chynoweth Avenue and staff noted that treatment will be roadside bioswales. Staff further clarified that the City utilizes a variety of stormwater treatment measures, depending on the roadway configuration and constraints of the

right of way, including large underground storage devices, bioswales, pervious concrete and pavers.

The Planning Commission inquired about the Large Capture Trash Devices and how many will be installed in the City. Staff clarified that currently the City has fifteen (15) and there are an additional seven (7) proposed in areas where trash accumulation is identified that will bring the total in the City to twenty-two (22). Staff noted that the installation of any additional devices would depend on the City's goals and the requirements of the Regional Stormwater Permit.

*Water Utility System:* The Planning Commission sought clarification regarding the Indirect Potable Reuse of Purified Water referenced on page 18 of the proposed CIP Budget. Staff noted that the City is working with the Santa Clara Valley Water District, which is taking the lead, to reuse purified waste water for drinking water purposes. Staff clarified that indirect reuse would place the purified potable water into the ground water basin. The Proposed CIP includes a project to install a new well to improve water supplies in the North San José and Alviso areas, which, in the future, could include indirect potable reuse.

#### Traffic Capital Program

*Pavement Maintenance:* As in previous CIP reviews, the Planning Commission continued to emphasize the importance of addressing deferred pavement maintenance, noting also that this is the capital program that most residents inquire about. The Planning Commission sought clarification regarding the pavement maintenance VTA Measure B sales tax funding of \$24 million in 2017-2018 and \$19 million in 2018-2019. Staff clarified that in 2017-2018 the City will be getting a base of approximately \$19 million plus one quarter's worth of proceeds from the previous year in the amount of \$4.7 million from Measure B for a total of \$24 million; in subsequent years the City will receive a base of \$19 million. The Planning Commission also asked for clarification regarding what the annual increase in funding has been for pavement and stated that Measure B has improved funding levels. Staff noted that the City has \$35 million for improvements for this summer, \$70 million for each of the next two summers, and \$50 million annually through 2021-2022. These funds are supplied by VTA Measure B, State of California Senate Bill 1 – providing approximately \$17 million annually for pavement maintenance – State Gas Tax, Construction Excise Tax proceeds, and other sources. The Planning Commission inquired about the \$3.7 million for the State Route Relinquishment project. Staff clarified that this is related to the transfer of responsibility for the maintenance of State Routes 130 and 82 to the City. The remaining funding of \$3.7 million will be reallocated to other paving projects in 2017-2018. Staff clarified that, on an ongoing basis, the \$50 million annual budget includes \$30 million dedicated for Other Major Streets outside the Priority Street Network, with some additional funding available for neighborhood streets. Even with the increased investment, funding still falls short of the total annual pavement maintenance need of \$108 million.

*LED Streetlight Conversion:* The Planning Commission sought clarification regarding the limited funding proposed in the budget. Staff noted that the City has held off on additional funds pending conclusion of an RFP for a provider to convert lights for free in an exchange of some other proposal such as using light poles for telecommunication facilities. Staff further clarified that, should the RFP process not advance, the City will look at some other method to continue

the LED conversion process forward. Of note, there are over 60,000 streetlights in the City: 40,000 are low sodium and 25,000 are now LED.

### Strategic Support

*Municipal Capital Improvements:* The Planning Commission noted that they were happy see funding for the City Hall Network and improvements for the lighting in the Council Chambers.

*Unmet Infrastructure and Maintenance Needs:* The Planning Commission sought clarification on how the CIP addresses the deferred maintenance and infrastructure backlog. Staff clarified that the deferred maintenance infrastructure backlog is one of the main factors influencing CIP development, and noted that the most recent accounting of the backlog is included as an appendix to the Proposed CIP.

### Neighborhood Services

*Libraries:* The Planning Commission inquired about what Bridge Libraries are. Staff explained that Bridge Libraries are small libraries located in existing school or City buildings and generally aimed at underserved areas. Staff noted that \$650,000 has been budgeted for Bridge Libraries and, since they are a new concept, the exact details of staffing and services have not been finalized. The Planning Commission inquired if the locations were based on a geographic or demographic need. Staff noted that the two tentative locations are sited in underserved areas and near transit options, Caesar Chavez Elementary School and a facility off Evans Lane.

### Summary Information

*Taxes, Fees and Charges:* The Planning Commission sought clarification regarding the projections for the next few years and why the same revenue projection was used in the out years of the CIP. Staff clarified that revenue estimates are based both on new development projects in the planning pipeline and general market conditions. After two years, reliance on the pace of individual development projects becomes less certain and staff generally takes a more conservative approach based on estimated market conditions in the out years to minimize the potential impact on the capital programs that depend upon construction-related taxes. The Planning Commission appreciated staff's conservative approach.

### Art in Public Places

The Planning Commission stated that the funding for the FOGwaste Storm/Sanitary Awareness project that includes the production of graphic arts and literature seems more like marketing than public art.

## **COORDINATION**

This memorandum was coordinated with the City's Manager Budget Office, the City Attorney's Office, the Environmental Services Department, the Library Department, the Public Works Department, and the Transportation Department.

## **CONCLUSION**

Based on information contained in the 2018-2022 Proposed Capital Improvement Program and discussed 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 and 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 2018-2022 Proposed Capital Improvement Program.

## **CEQA**

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

/s/  
HARRY FREITAS, SECRETARY  
Planning Commission

For questions, please contact Shaunn Mendrin with the Department of Planning, Building and Code Enforcement, at (408) 535-3885.