



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT: RECOMMENDATION ON THE  
2019-2023 PROPOSED CAPITAL  
IMPROVEMENT PROGRAM**

**DATE:** May 25, 2018

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## **RECOMMENDATION**

The Planning Commission voted 6-0-1 (Vora absent) to recommend that the City Council adopt the 2019-2023 Proposed Capital Improvement Program (CIP) and accept the comments provided by Commissioners during the hearing. The specific Planning Commission comments are identified within this memorandum for City Council consideration.

## **OUTCOME**

Adoption of the 2019-2023 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.

At the previous request of the Commission, the Public Works Department and the City Manager's Budget Office focused discussion on the new projects over \$1 million and other projects that appear 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 9, 2018, the Planning Commission conducted its annual public hearing on the City's 2019-2023 Proposed CIP. The public hearing included a presentation by City staff of the budget overview, highlights of the various capital programs, and the General Fund operating and maintenance impact. As requested, the accompanying memorandum to the public hearing included a listing of 31 new projects over \$1 million appearing in the Capital Improvement Program for the first time. The new projects total approximately \$219 million over the five-year period and represent 7.1% of the \$3.1 billion program.

### **Planning Commission Comments by City Service Area**

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.

#### **Transportation and Aviation Services CSA**

*Transportation Improvements:* The Commission inquired about what safety improvements are proposed for the transportation system. Staff indicated that proposed improvements will enhance pedestrian, cyclist and vehicular safety. The City will prioritize safety improvements to corridors with traffic safety concerns, such as Tully Road, McKee Road, and Story Road. Additionally, the Commission asked whether improvements would be made to freeway overpasses to prevent individuals from jumping. Staff stated that overpasses are not included as part of the transportation safety improvement features.

The Commission requested additional information about the BART Phase II project. Staff identified that VTA and BART are responsible for obtaining regional, state, and federal funds to deliver the project. The CIP budget estimates \$1.7 million for the City to participate in planning, policy, and design review processes. Staff was also asked about plans to assist businesses impacted by BART construction. Staff replied that VTA and BART recently approved a single-bore tunnel concept to minimize surface construction activity and impacts to businesses. The City is involved throughout the process to ensure that the proposed design, construction, and operations work for the community.

*Pavement Maintenance:* The Commission inquired about deferred maintenance. Staff explained that while the backlog decreased from previous years, additional funding will still be needed. The program has an annual \$43 million deficit, needing \$93 million annually over the next 10 years to return pavement conditions to a "Good" rating. Staff noted that the Mayor's March Budget Message for Fiscal Year 2018-2019, as approved by the City Council, includes direction create a list of potential projects that could comprise a new general obligation bond program, including the reconstruction of neighborhood streets. This item was recently heard by the City Council at its meeting on May 22, 2018.

*Parking Reserves:* The Commission sought clarification on the parking reserves and its funding source. Staff clarified that revenue for the Parking Capital Program comes from revenue generated from City-operated parking facilities. Significant funding in 2017-2018 was also received due to a repayment to the City from the Successor Agency to the Redevelopment Agency to reimburse the City for past payments it had made to support the Successor Agency obligations. These funds will be used for future parking expansion to meet demands in the Diridon and SAP Center area. The current parking agreement with SAP Center management requires that the City provide 3,175 parking spaces within a quarter-mile of the SAP Center.

*Airport:* The Commission inquired whether moving walkways will be installed at the airport. Staff indicated that an interim moving walkway could be installed in the corridor of the interim Four Gate Facility. As a follow-up, it was asked what the interim Four Gate Facility will accommodate. Staff shared that the facility is intended to accommodate existing flights, new flights and larger aircrafts with larger passenger capacity.

The Commission asked whether any updates will be made to the entire Airport Master Plan. Staff stated that a full, complete, update to the Airport Master Plan is not anticipated, but the City does carry out specialized studies in focus areas based on priorities. The Commission recommended that it should be done in advance of the General Plan update so that findings from the new Airport Master Plan may be incorporated into that document.

#### Environmental and Utility Services CSA

*Regional Wastewater Facility (RWF):* The Commission sought clarification on the certification by City Council of annual operating and maintenance costs in the General Fund over \$100,000 and how that related to the large operating costs related to projects in the Water Pollution Control Capital Program. Staff responded that, while the City Council is made aware of these anticipated costs prior to project completion, these costs are not subject to certification as they will be paid from the San José-Santa Clara Treatment Plant Operating Fund, not the General Fund.

The Commission asked how biosolids generated from the Plant will be handled in the future. Staff shared that the operating budget includes a project manager position to address this topic and they are considering land application or composting as end-use options for biosolids. The Commission indicated that land application is controversial and that composting is more environmentally friendly. Additionally, it was asked whether 100-year flood protection improvements assume climate change. Staff confirmed that the Army Corps of Engineer's levee project by the RWF accounts for sea level rise. An interim flood protection berm has been installed within the RWF to address flood protection.

*Storm Sewer System:* The Commission asked how the operating cost of storm sewer large trash capture devices will be addressed. During the meeting, staff explained that the cost is split between storm sewer maintenance funds and maintenance assessment district funds. However, large trash capture device is funded entirely from the Storm Sewer Operating Fund.

*Sanitary Sewer System:* The Commission inquired about the purpose of the fourth interceptor. Staff stated that the fourth interceptor would come online when another interceptor is taken offline for servicing. The fourth interceptor is not related to projected population growth. Water conservation efforts have minimized system capacity needs. Increased system capacity is not necessary unless a particular area is underserved or becomes redeveloped for more intensive development.

*Clean Energy:* The Commission inquired whether San José Clean Energy has plans for any infrastructure improvements. Staff explained that electricity supply will be purchased in the first phase. Any infrastructure improvements would occur in the future and would likely be captured with the Environmental and Utility Services CSA section of the CIP.

#### Neighborhood Services CSA

*Parks:* The Commission sought clarification whether Iris Chang Park is a water well site. Staff confirmed that wells are not planned nor are being considered at this park. Additionally, clarification was sought about whether Leland's sports fields are shared, City, or school fields. Staff confirmed that Leland's four fields are shared facilities. San Jose Unified School District drives the turf replacement project. The school district completed turf replacement on two fields, and two more fields will be replaced. The City provided some funding for this project, and will provide additional funding.

*Library:* The Commission sought clarification on Martin Luther King, Jr. Library's atrium improvement. Staff shared that San Jose State University completed the project in September 2017. The Commission asked where bridge libraries will be located. Staff stated that they are pursuing City property so as to avoid the need the purchase private property. If necessary, funding for site acquisition would need to be included in a future budget process.

#### Public Safety CSA

*Fire:* The Commission sought clarification about whether Fire Station #37 will be funded and completed by 2019 or if the plan will be presented in 2019. Staff confirmed that the plan will be presented in 2019, contingent on the development of an alternative service delivery model for emergency medical services that has improved cost recovery. Additionally, the Commission asked whether the new radio frequency system will eliminate the need for emergency responder radio coverage (ERRC) systems. Staff indicated that field testing will be done to test whether radio frequency penetration through buildings are improved. The testing will occur late 2018.

#### Summary Information

*Taxes, Fees, and Charges:* The Commission sought clarification on "developer's refund." Staff clarified that this refund occurs if the City overcharges on Construction Excise Taxes and Building and Structure Taxes. These taxes are calculated at the time of building permit issuance based on the proposed use. The adjustment is made if a developer files a claim within a year if the intended building use changes or if the tax was incorrectly calculated.

*Public Art:* The Commission inquired about the public art budget, and suggested finding budgetary methods to increase the visibility of public art. Staff acknowledged the Commission's suggestion, and indicated that one percent of funds from public projects that involve new construction or facility enhancement are allocated toward 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 2019-2023 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 the City Council adopt the 2018-2019 Proposed Capital Budget and the 2019-2023 Proposed Capital Improvement Program.

### **CEQA**

Not a project, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project, PP17-004.

/s/  
ROSALYNN HUGHEY, SECRETARY  
Planning Commission

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For questions, please contact Sylvia Do with the Department of Planning, Building and Code Enforcement, at (408) 535-7907.