



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: RECOMMENDATION ON THE 2015-2019 PROPOSED CAPITAL IMPROVEMENT PROGRAM

DATE: May 12, 2014

RECOMMENDATION

The Planning Commission recommends (6-0-1; Yob absent) that the City Council adopt the Proposed 2015-2019 Capital Improvement Program (CIP), including a finding of consistency with the Envision San José 2040 General Plan.

OUTCOME

Adoption of the Proposed 2015-2019 Capital Improvement Program (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 Improvement Program and submit its findings and recommendations to the City Council at least ten days prior to a 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.

Based on last year's discussion of the CIP, the Commission requested that the City Manager's Budget Office and supporting departments focus their presentation in 2014 on the new projects over \$1 million. Even with this focus, the Commission acknowledged that the Charter requires a statement of the entire CIP's consistency with the General Plan. The 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 7, 2014, the Planning Commission conducted its annual public hearing on the City's 2015-2019 Capital Improvement Program (CIP). The public hearing included a presentation by staff that included a budget overview and highlights of the various capital programs. As requested, a summary spreadsheet was distributed to the Planning Commission, which included 38 new projects over \$1 million that were appearing in the Capital Improvement Program for the first time. The new projects

May 12, 2014

Subject: Recommendation on the 2015-2019 Proposed Capital Improvement Program

Page 2

total approximately \$261 million over the five-year period and represent 11% of the \$2.3 billion program.

City Service Area Planning Commission Comments

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

Transportation & Aviation

Pavement Replacement: The Planning Commission emphasized the importance of addressing deferred pavement maintenance. Pavement replacement should be considered as a priority by City Council. The current \$434 million estimated backlog will only continue to worsen and escalate costs to address issues. The Commission questioned if alternative or creative funding measures have been explored to minimize the backlog. Staff shared potential opportunities from ballot measures to a one-time funding allocation to seeking other independent funding sources to address the backlog.

Airport Competitiveness: Given the growth of the airports for both the City of Oakland and City of San Francisco, the Planning Commission questioned if the City was undertaking appropriate capital improvements to maintain a competitive airport system. It was noted that improvements focused on the terminal area were completed in 2010. However, there are projects within the CIP that focus on airport programming or aviation support facilities to maintain a competitive level.

LED Traffic Signal Lamp Replacement: The Planning Commission inquired how many years it would take to complete the upgrade of the traffic signal lamps to LED and whether or not the City is seeking grant funding to help with the conversion. Staff noted that 3,500 of the 62,000 traffic signal lamps citywide have been converted to LED. It is anticipated that another 18,000 traffic signals will be converted by the end of the calendar year. Staff further noted that it is continually investigating grant opportunities to help with the conversion.

Neighborhood Services

Park Facilities and Estimated Backlog: The Planning Commission inquired as to future development of park facilities (i.e., sports fields) and buildings under the CIP. It was clarified that two new facilities were being completed with the balance of bond funding. Staff further noted that there are negotiations currently in the process for purchasing land (Agnews Land Acquisition) that could also offer recreational opportunities. As for park buildings, staff does not anticipate the construction of many new buildings. Funding has been earmarked under a priority system to address the "high-priority" infrastructure issues: buildings, parks, and/or trails in poor condition and/or that require immediate attention.

Library and Operating Budget: The Planning Commission questioned what the operating cost would be for a new library in the Evergreen area (CIP line item: \$9 million) and what portion it accounts for in the overall budget. Staff responded that the operating cost of the new library would be \$780,000, which represents a small fraction of the \$1 billion General Fund budget. Given the existing approach to focus reinvestment in existing infrastructure/facilities in general, staff noted that operating budgets will be less of a factor in future CIPs.

May 12, 2014

Subject: Recommendation on the 2015-2019 Proposed Capital Improvement Program

Page 3

Other Programs and Budget Process Discussion

Performance Measures: The Planning Commission questioned why the City is below the targeted (85 percent) on-time/delivery goal for projects this year. Staff noted it could be a myriad of factors: (i) difficult/challenging contractors, (ii) utility challenges, (iii) unforeseen circumstances, and (iv) staff attrition.

Funding for Food Composting: Planning Commission encouraged staff to continue investigating opportunities to compost food-waste.

Public Art at Water Pollution Control Facilities: The Planning Commission continued comments from last year, stating the installation of public art at treatment facilities is an ineffective use of funds. The City should strategically fund public art in areas frequently visited by members of the public.

CONCLUSION

Based on information contained in the 2015-2019 Proposed Capital Improvement Program and discussed at the study session, the Planning Commission found the CIP is consistent with the Envision San Jose 2040 General Plan. The Planning Commission recommends that City Council adopt the 2015-2019 Capital Improvement Program.

PUBLIC OUTREACH

Notice of the Planning Commission's public hearing on the CIP was posted on the City's website, and staff was available to answer questions from the public. No members of the public chose to speak at the public hearing. The Commission's formal recommendation to the City Council on the CIP occurred as a public hearing item on the agenda of the Planning Commission's evening session on May 7, 2014. The 2015-2019 Proposed Capital Improvement Program is available for public review on the City's website at <http://sanjoseca.gov/index.aspx?nid=4278>.

COORDINATION

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

CEQA

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

/s/

HARRY FREITAS, SECRETARY
Planning Commission

For questions, please contact Steve Piasecki at (408) 535-7893