



Date: June 8, 2005
 Committee Meeting Date: N/A
 Board Meeting Date: June 16, 2005
 ACTION X DISCUSSION INFO

BOARD MEMORANDUM

TO: Joe Pirzynski – Chair
 Cindy Chavez – Vice Chair

CC: Santa Clara Valley Transportation Authority
 Board of Directors

FROM: Boardmember Ron Gonzales

SUBJECT: Long-Term Capital Expenditure Plan

RECOMMENDATION

I recommend that the Board be asked to direct staff to develop a long-term capital expenditure plan based on a series of *draft* parameters approved by the Board. In addition, I suggest that all city groupings should be encouraged to review opportunities for savings or additional revenues related to Measure A projects, particularly those projects that will be located in their jurisdictions.

By giving staff a set of assumptions and draft parameters, the Board would be committing *only to discuss the resulting draft plan* and then provide further direction to staff. However, I hope the new plan that emerges from these draft parameters I am proposing will create opportunities to identify as many “wins” as possible, as soon as possible, for as many of our region’s jurisdictions as possible. If that objective can be achieved, it should lead to the adoption of a long-term expenditure plan the Board and our communities can support and work hard to implement.

Staff should bring a draft plan to the Board for its consideration and further direction at our meeting on September 1, 2005.

DISCUSSION

For several months the Board has had the opportunity to review and discuss several potential scenarios for long-term capital expenditures. I believe it is now time to propose specific ideas that will facilitate this discussion and help staff to develop a long-term capital plan, based on a ¼-cent sales tax increase, which will accomplish these goals:

1. Maintain and expand current bus, light rail, paratransit, pothole repair and road maintenance services; and

2. Construct and operate as many of the Measure A projects, including the full BART project, as soon as possible.

The draft plan should also look at opportunities to advance the construction timelines for as many Measure A projects as possible so that residents throughout the entire region see benefits of additional transportation infrastructure and capacity sooner rather than later.

To achieve these objectives, I recommend that the Board adopt a series of *draft* parameters to guide staff's efforts. I believe the draft parameters should be based on three primary factors:

1. The 71 percent voter approval of Measure A in 2000;
2. ~~Comments VTA staff received from the cities and the County during staff's recent presentations of a long-term expenditure term plan; and~~
3. The results of the recent survey conducted by Jim Moore of Moore Methods that showed continuing strong public support for the Measure A program. The survey was commissioned by the Silicon Valley Leadership Group, South Bay AFL-CIO Labor Council, San José/Silicon Valley Chamber of Commerce, Santa Clara and San Benito Counties Building and Construction Trades Council, Association of General Contractors, California Alliance for Jobs and the Consulting Engineers and Land Surveyors of California.

In addition, all city groupings and the County should be asked to help staff achieve the objectives by reviewing opportunities for savings or revenue enhancements in Measure A projects, particularly those projects that will be located in their jurisdictions.

I also recommend that the Board *not* develop a long-term capital expenditure plan based on a "no new sales tax" scenario at this time. Staff has made it very clear that VTA needs some increase in revenues to maintain current services and to implement the Measure A program. I believe there will be ample time for the Board to develop a plan based on a no-new-sales-tax scenario if and when voters make that option more apparently necessary than is currently the case.

My hope is to encourage the development of a plan that the Board can support. As we head towards 2006, I believe now is the time for the Board to work toward a consensus for a long-term expenditure plan so we can begin to focus on working together to implement that plan.

The Board should ask staff to bring a draft plan back for Board consideration and further discussion at its September 1, 2005 Board meeting.

Assumptions and Draft Parameters

In developing the expenditure plan, staff should be asked to apply a series of assumptions and *draft* parameters approved by the Board. These draft parameters are my current best guess on guidelines that staff could use to develop a draft plan that may lead to Board consensus. With this direction, the Board is committed *only* to discuss the draft plan that returns. It is my hope,

however, that the new plan will lead to the adoption of a long-term expenditure plan the Board can support and implement later this year.

With that major caveat, I recommend the Board authorize staff to use the following assumptions and draft parameters in developing a new draft expenditure plan:

1. Assume a ¼-cent increase in the sales tax revenue.
2. Continue to move the BART project forward as the priority project on an optimum schedule for construction and operations.
3. Reduce the number of BART stations in downtown San José by one station by combining the Civic Center and Market Street stations (estimated potential savings: \$100 million).
4. Continue to look for additional construction cost savings on the BART project.
5. Upon completion of the ridership modeling studies, consult with BART staff to consider phasing in rolling stock for BART operations as ridership increases. This would mean potentially buying additional rolling stock as ridership demand grows. In the meantime, any identified capital and/or operating savings in the early years of service should be used to build or operate other Measure A projects (estimated potential savings: unknown).
6. Bring both light rail and bus rapid transit options forward for consideration in the EIR of the Downtown East Valley (DTEV) project. Both full and partial light rail options need to be brought forward for consideration. If there are cost savings in the project, they should be used to advance the construction and/or operation of projects in other areas of the region (estimated potential possible savings: \$50-200 million). However, if there are any savings after a mode option is selected, San José will need to have assurances that adequate capital funding will be retained to construct the selected mode option before those savings are re-allocated to other projects.
7. Defer constructing and operating the Airport people mover until at least 2020 unless other funding is identified outside Measure A.
8. Provide an ongoing level of funding for Caltrain capital and service upgrades from the beginning of the Measure A 30-year program.
9. Begin Caltrain electrification once San Francisco and San Mateo counties can demonstrate they have secured and committed their shares of the project's funding. If they have not secured their shares of the projected costs by 2016 (ten years after the beginning of the Measure A program), this funding should be re-allocated to other Measure A projects ready for construction except BART (possible estimated potential savings: \$300 million).
10. Assume VTA will meet its commitment to the Dumbarton rail corridor.
11. Assume there will be only (instead of *at least*) two new Light Rail Transit extensions as promised to voters in Measure A (estimated potential savings: \$100-400 million).

12. Consider Bus Rapid Transit in proposed LRT extension corridors where appropriate.
13. Assume extension of light rail only to Eastridge in the DTEV project. Consider any future extension to Nieman and beyond for separate funding as a potential new LRT extension.
14. Use any identified Measure A savings to the extent possible to advance the timeline for constructing as many Measure A projects as possible (except BART).
15. Continue and expand scrutiny of current VTA operations to identify opportunities to better serve Measure A program objectives.
16. Allow any revenues generated by local land development opportunities that can add value to VTA properties to remain within the generating jurisdiction to be applied to transportation improvements within that jurisdiction as a reward for transit-oriented "smart growth" development.

Using these draft parameters, I believe we may be able to re-allocate between \$250 million and \$1 billion, and perhaps more, of available resources to get higher priority projects constructed and in service sooner. A more detailed look by staff should yield a more accurate estimate. I recommend that the Board direct staff to prepare a practical expenditure plan using these assumptions and draft parameters and bring the resulting plan forward for Board discussion at its August 5 Board meeting.

Building Board consensus on a long term expenditure plan for the region will require a big picture, long-term perspective, and an open mind to possible solutions we might not have previously considered. This proposal requires equitable sacrifices throughout the region to achieve as many benefits as possible for as many jurisdictions as possible as soon as possible.

As can be seen from the proposed parameters contained in this memo, San José will be prepared to do its part to facilitate regional consensus on an expenditure plan. However, we cannot be the only jurisdiction willing to consider re-allocating resources for the region's benefit. Other jurisdictions will also have to be prepared to make real contributions to reach the regional consensus we will need to deliver as much as we can to the voters as soon as we can.

I am asking the Board to engage in a discussion process with the singular goal of producing an expenditure plan the Board can support that will serve the wide range of transportation interests throughout our region.