



PUBLIC WORKS DEPARTMENT

CITY HALL

10300 TORRE AVENUE • CUPERTINO, CA 95014-3255

TELEPHONE: (408) 777-3354 www.cupertino.org

CITY COUNCIL STAFF REPORT

Meeting: March 19, 2019

Subject

Consider entering into a funding agreement with Santa Clara Valley Transportation Authority (VTA) to allow the City of Cupertino to receive 2016 Measure B funds for expenditure on street improvement projects within the City that qualify under the Measure B Local Streets and Roads Program (LS&R).

Recommended Actions

Authorize the City Manager to enter into a funding agreement with Santa Clara Valley Transportation Authority (VTA) for the 2016 Measure B Local Streets and Roads Program.

Background

On November 8, 2016, Santa Clara County voters passed 2016 Measure B ("Measure B"), a 30-year, half-cent sales tax measure funding transportation projects in the following nine program areas: Local Streets and Roads; BART Phase II; Bicycle and Pedestrian; Caltrain Grade Separation; Caltrain Corridor Capacity Improvements; Highway Interchanges; County Expressways; State Route 85 Corridor; and Transit Operations. Collection of the tax revenue began on April 1, 2017.

A lawsuit challenging the validity of Measure B was filed in 2017. However, recently the California Supreme Court refused to hear an appeal on the legal challenge. This authorized the lower court, which also ruled against the challenge, to allow VTA to disperse the tax revenue, which has been accumulating in escrow, as of January 30, 2019.

Discussion

The first of several requisite Measure B funding agreements is for the Local Streets and Roads Program. As stated in the adopted Local Streets and Roads Program Guidelines, all Santa Clara County member agencies are required to demonstrate that funds are used to enhance and not replace their current investments for road system maintenance and repair. The program also requires the member agencies to apply Complete Streets best practices in order to improve bicycle and pedestrian elements of the street system. This includes implementation of "Complete Streets" elements. Funds may be used for

planning, maintenance, reconstruction, minor enhancements and preservation of multi-modal roadway infrastructure. If a member agency has a Pavement Condition Index score of 70 or higher, it may use the funds for congestion relief projects. As the Cupertino street network pavement condition index is currently 85, Measure B funds will predominantly fund bicycle and pedestrian improvements as authorized in the capital improvement budget.

The Local Streets and Roads Program is projected to provide \$1.2 billion (in 2017 dollars) in total funds to all member agencies. Member agencies will receive funds annually on a formula-based distribution through March 31, 2047, in addition to a one-time advance equivalent to the member agencies' formula allocation of tax revenue collections made from April 1, 2017 through June 30, 2017. For the City of Cupertino, this one-time funding allocation is \$271,115. Funding allocation for each fiscal year, starting July 1, 2017, will be based upon the City's percentage share of the population or road mileage, as applicable, applied to the VTA Board of Directors Adopted Biennial Budget for the LS&R category. VTA provided the set amount of funding that will be received for the period of July 1, 2017 through June 30, 2018 and for FY18/19. For the City of Cupertino, these amounts will be \$1,137,397 per year and will be eligible for work performed within those fiscal years. Additionally, any unused funds may be banked to be used for the following fiscal year. More detail of the funding formula can be found in Section 5 of the funding agreement.

Sustainability Impact

Maintaining and preserving the City's local streets and roads system in good condition will reduce drive times and traffic congestion, improve bicycle safety, and make the pedestrian experience safer and more appealing, which leads to reduced vehicle emissions helping the City achieve its air quality and greenhouse gas emissions reduction goals.

Fiscal Impact

Upon execution of the funding agreement, the City will receive a one-time advance of \$271,115 for April 1, 2017 through June 30, 2017 and formulaic funds annually through March 31, 2047 that will be available on a reimbursement basis. This will include reimbursement of \$1,137,397 for FY17/18 and FY18/19, respectively.

Prepared by: Jennifer Chu, Associate Civil Engineer

Reviewed by: Roger Lee, Acting Director of Public Works

Approved for Submission by: Timm Borden, Interim City Manager

Attachments:

A – Draft Funding Agreement

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