



PUBLIC WORKS DEPARTMENT

CITY HALL

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CITY COUNCIL STAFF REPORT

Meeting: April 2, 2019

Subject

Update regarding transportation project funding discussions with Apple, Inc.

Recommended Actions

Receive update and provide comment.

Background

At the Council meeting of July 3, 2018 a proposal to amend Cupertino's basic business license tax from a tax based on square footage to a tax based on employee count was discussed. Transportation related capital projects accounted for a large portion of the projects under consideration that could be funded with revenue from a tax based on employee count. On July 30, 2018 the City received a letter from Apple asking that they partner with the City to achieve both long-term and short-term transportation solutions. This letter is attached as Attachment A.

At the Council meeting of July 31, 2018 Council directed staff to place a proposal on the next general election in November 3, 2020, and to work with constituents and Apple, Inc. to develop a transportation funding plan in the interim.

Below is a brief timeline of Council meetings held to discuss this proposal:

| Date | Activity |
|----------------------|--|
| <i>June 5, 2018</i> | Study session – Council directed staff to develop models for restructuring business tax and conduct outreach. |
| <i>June 19, 2018</i> | Study session – Council directed staff to prepare sample resolution and ordinance for November 2019. |
| <i>July 31, 2018</i> | Council deferred proposed measure to the November 2020 election, directed staff to work with stakeholders to prepare transportation spending plan. |

Discussion

As a follow up to the development of a transportation funding plan, an informal group was formed comprising of Public Works and Community Development staff, Apple personnel, and Cupertino Union School District (CUSD) representatives. The group has

met bi-weekly beginning in October, 2018 to discuss a list of prioritized City transportation projects in various need of funding. Projects range from those identified in the 2016 Bicycle Transportation Plan, to ongoing annual ADA (Americans with Disabilities Act) improvements, to school safety related projects identified in 14 school walk audits conducted by Alta Planning + Design between May 2016 and June 2017.

High priority projects from the 2016 Bicycle Transportation Plan include several large and potentially costly improvements that could provide significant benefit in reducing vehicle trips associated with Apple. For example the Junipero Serra Trail project would provide an off-street bicycle and pedestrian connection between the Don Burnett Bicycle-Pedestrian Bridge and Vallco Parkway. This would provide a direct connection between Apple Park and Infinite Loop. Apple contributed \$1.8M to construct the first phase of the Stevens Creek Protected Bikeway project between Tantau Ave and Wolfe Rd.

Throughout the process, Apple has expressed interest in a variety of projects and City staff has provided as much information as possible regarding projects. This work resulted in a list of projects with cost estimates, phasing, ranking (if prioritized in respective plans and studies), and external funding source opportunities. This project list, attached as Attachment B, breaks out projects into separate categories and also separate phases such as feasibility study, design, construction, etc. A GIS map was also completed to aide in the viewing of this information spatially.

Status of Working Group Discussions

By this past mid-February, Apple indicated they had sufficient information to consider support of these local transportation projects. Apple staff met internally with their leadership on February 22, 2019 to discuss the prioritized list of projects.

As a result of those discussions Apple has indicated they intend to fund the following projects, described in a letter in Attachment C to this report and listed below:

| <u><i>Project</i></u> | <u><i>Cost</i></u> |
|--|--------------------|
| 1. McClellan Road Protected Bikeways <i>(Byrne Ave to Torre Ave including De Anza Blvd traffic signal)</i> | \$4.63M |
| 2. All school walk audit items <i>(77 total projects at 14 schools)</i> | \$1.2M |
| 3. Bubb Road Improvements <i>(Stevens Creek Boulevard to McClellan Road)</i> | \$1.98M |
| 4. Junipero Serra Trail <i>(For basic design for segments between Mary Avenue & Vallco Parkway)</i> | \$1.8M |

| | |
|---|--------------------|
| 5. Mary Ave Protected Bikeways | \$165,000 |
| <i>(Stevens Creek Boulevard to the Don Burnett Bicycle-Pedestrian Bridge)</i> | |
| Total Commitment: | \$9,775,000 |

Each of these projects, with the exception of the Mary Avenue protected bikeways, were identified in the 2016 Bicycle Pedestrian Plan. The 2016 Bicycle Pedestrian Plan ranked projects based on criteria such as safety, proximity to schools, network connectivity, feasibility, among other factors.

Project Status & Existing Funding:

1. McClellan Road Protected Bikeways:

Phase 1 work, from Imperial to Stelling, is divided into 2 sub-phases, A & B. Phase 1A has been awarded and some limited advance work has occurred. Phase 1B has been bid and is anticipated to be awarded in April of this year. Both Phase 1A and 1B will be constructed beginning in May 2019 and finishing in August 2019. \$5.2M dollars have already been budgeted for this project and \$3.8M of that amount has been spent on design and encumbered for Phase 1A & 1B construction.

2. School walk audit items:

Some school walk audit items have already been completed and are shown in Attachment B in strikeout text. \$250k per year for a 5-year period is currently budgeted to implement school walk audit items.

3. Bubb Road Improvements:

This project has not begun and no funding is currently allocated to it.

4. Junipero Serra Trail:

A feasibility study has been adopted by City Council and no funding has been allocated.

5. Mary Avenue Protected Bikeway:

This project has not begun and no funding is currently allocated to it.

If Apple funding were to proceed on these projects, the current funding sources would become available for other capital improvement projects (CIP). On April 30th, there will be a study session on the FY19/20 CIP.

Next Steps

Estimated timeline to implement projects selected for funding:

| Project Name | Phase | Design | Award Construction | Project Complete |
|-----------------------------------|--------------|---------------|---------------------------|-------------------------|
| McClellan Road Protected Bikeways | 1A | Complete | Summer 2019 | Summer 2019 |
| | 1B | Complete | Summer 2019 | Summer 2019 |
| McClellan Road Protected Bikeways | 2 | April 2019 | March 2020 | Fall 2020 |
| | 3 | Sept. 2019 | May 2020 | Fall 2020 |
| | 4 | Feb. 2020 | March 2021 | Fall 2021 |
| All school walk audit items | * | Will vary | Will vary | Summer 2021 |
| Bubb Rd Project | * | Nov. 2020 | March 2021 | Summer 2021 |
| Junipero Serra Trail | Phase 1 | July 2021 | April 2022 | Fall 2022 |
| Mary Ave Protected Bikeway | * | Jan 2020 | April 2020 | Sep. 2020 |

**Project completed as one phase.*

The Public Works Department currently has many projects in design and construction. The projects listed can be implemented by existing staff resources and with outside consultants with the exception of the school walk audits. Implementing all school walk audits will require close collaboration with the two school districts, neighboring residents, and require frequent meetings. These activities will require a new two-year limited term Assistant Engineer level position focused on school-related infrastructure to achieve the above timeline. The expected annual cost of this position would be \$175,000 per year.

If Council decides to accept these funds from Apple, staff will include the receipt of these funds in the FY19/20 budget. Additionally, the FY19/20 CIP budget would include these Apple dollars as the funding source, thus freeing up these dollars to be used on other capital projects. The two-year limited term position would also be included in the budget.

Sustainability Impact

To the extent that revenue measures support transportation infrastructure that reduces single occupant vehicle miles traveled in Cupertino, there would be a reduction in

greenhouse gases and a positive sustainability impact. Specific impacts to sustainability would need to be evaluated in light of the specific projects being funded.

Fiscal Impact

Funding from Apple to fund individual transportation projects has a positive fiscal impact to the City, as it frees funds earmarked for projects to be used to implement other projects or services. In addition, the receipt of private funding of City projects puts the City in a better position to receive grant funds for other projects. If a new two-year limited term Assistant Engineer position is created to oversee implementation of school walk audits a cost of \$60,000 per year for two years is anticipated.

Prepared by: David Stillman, Transportation Manager

Reviewed by: Roger Lee, Acting Director of Public Works

Approved for Submission by: Timm Borden, Interim City Manager

Attachments:

A – Letter from Apple dated July 30, 2018

B - Transportation Project List

C – Letter from Apple dated March 27, 2019