TO:        HONORABLE CITY COUNCIL
FROM:     CITY MANAGER  DEPARTMENT:  PLANNING AND COMMUNITY ENVIRONMENT
DATE:    FEBRUARY 13, 2006  CMR:147:06
SUBJECT: AUTHORIZATION FOR THE MAYOR TO SIGN A LETTER TO SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) RE POSITION ON PROPOSED QUARTER CENT SALES TAX BALLOT MEASURE

RECOMMENDATION

Staff recommends that the City Council:

1. Endorse the position taken by Vice Mayor Kishimoto at the Santa Clara Valley Transportation Authority (VTA) Policy Advisory Committee (PAC) meeting to “endorse and recommend the Sales Tax Scenario to the VTA Board for approval with further direction that the Board move BART back to 2018 so that other projects can move forward in the next ten years including the Bus Rapid Transit (BRT) to Sunnyvale/Cupertino and the Palo Alto Transit Center and that the Board seriously review the Caltrain East Metro alignment for the BART project.”

2. Authorize the Mayor to send a letter to the VTA Board of Directors summarizing the Council’s action on the above recommendation.

BACKGROUND

The City Council has considered the VTA’s long term capital expenditure plans for comprehensive transportation improvements and the viability of various sales tax measures on several occasions during the past two years. In each case, the Council expressed serious concerns about the financial viability of the long term capital program, the lack of regional equity and questionable cost-effectiveness.

Most recently, in March 2005, the Council reviewed the VTA 30-year Long-Term Capital Investment Program and ½ cent sales tax measure and unanimously voted to oppose the proposed new ½ cent County sales tax intended to fund the proposed Valley Transportation Authority Long-Term Capital Investment Program The Council further recommended that the Capital Investment Plan accelerate commencement of the Palo Alto Intermodal Transit Center Measure A funding from 2030 to 2015, remove the BART Extension Project from the proposed program until a cost effective, feasible, and financially sustainable alternative is developed and only then consider a suitable sales tax measure to fund the program.
**DISCUSSION**
During the past two years, the VTA Board has considered several options for a revenue and expenditure plan for the implementation of the Measure A projects and other priority transportation projects in the county. Previously, both ¼ cent and ½ cent sales tax measures had been considered, but no consensus had been reached to support them. In September 2005, the VTA Board reviewed three new proposed ¼ cent sales tax scenarios and endorsed a sales tax measure that would sunset in 30 years. The new sales tax would support Measure A projects as well as a number of new projects and programs, including funding for pavement maintenance and a people mover to the Norman Mineta Airport. The measure was expected to go before the Santa Clara County voters in November 2006.

The plan has undergone additional revisions since September in response to concerns raised by representatives of north county cities and other constituencies about the list of projects and schedule for implementation. The Modified VTA Scenario (Attachment A) was presented to the Board on December 1, 2005. This plan has been reviewed by the VTA Advisory committees and the VTA Board is scheduled to take action on the proposal on March 2. The current proposal includes a total of 25 projects, including the completion of the BART extension to San Jose by 2016, people mover to the San Jose airport by 2018, initial phase of Caltrain electrification by 2018, completion of the Dumbarton Rail by 2011, and completion of the Palo Alto Intermodal Transit Center project in 2025.

The modified VTA ¼-cent sales tax scenario was discussed by the VTA Policy Advisory Committee on January 12, 2006. (Excerpts from the minutes from this meeting are included as Attachment # B.) There was considerable debate among the committee members. Ultimately, there was a majority in support of endorsing the measure.

Council Member Kishimoto expressed reservations about the volatility of future revenues and the burden the BART extension project places on the county for bonding costs, operating subsidies, and capital costs if the project is advanced to 2016 as proposed. Therefore, she requested that the motion to endorse the VTA Scenario be amended to move the completion date of the BART extension back two years from 2016 to 2018 and use the excess revenues to fund additional projects in the next ten years, including the Palo Alto Intermodal Transit Center and the Bus Rapid Transit project in Sunnyvale/Cupertino and that the Board seriously consider the Caltrain East metro alignment for the BART project. This motion was adopted by the PAC.

The Board of Directors is scheduled to take action on this matter on March 2nd. Staff recommends that Council authorize the Mayor to inform the Board of Council’s action.

A separate sales tax measure is currently being considered by the Santa Clara County Board of Supervisors to fund county services. Options include a ½ cent sales tax exclusively for county services or a ½ cent sales tax for combined county services and the VTA expenditure plan. As of this writing, a subcommittee of the Board has endorsed the ½ cent tax measure, but no firm decisions have been made on the content of the measure. The Board of Supervisors will consider the matter on February 28, the deadline for a decision if the tax measure is to be placed on the June 2006 ballot.
POLICY IMPLICATIONS
This recommendation will amend Council’s previous stated policy with regard to the VTA sales tax measures and is consistent with Comprehensive Plan Policy T-5: support continue development and improvement of the University Avenue and California Avenue multi-modal stations; Policy T-7: support for a quiet, fast rail system that encircles the Bay, and for intra-county and transbay transit systems that link Palo Alto to the rest of Santa Clara County and adjoining counties; and Goal T-9: an Influential Role in Shaping and Implementing Regional Transportation Decisions.

ENVIRONMENTAL ASSESSMENT
This is not a project. No Palo Alto environmental review is needed for Council to take a policy position on the proposed new countywide sales tax.

ATTACHMENTS
A. VTA memorandum on Recommended VTA Sales Tax Scenario
B. Minutes of the VTA Policy Advisory Committee meeting of January 12, 2006
C. Draft Letter from Mayor Kleinberg to VTA Board Chairperson Cindy Chavez

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