



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCILMEMBERS

FROM: Councilmember Johnny Khamis

SUBJECT: PAVEMENT MAINTENANCE
FUNDING STRATEGIES

DATE: March 1, 2013

APPROVED:

DATE:

3/1/2012

RECOMMENDATION

Approve Transportation and Environment Committee's recommendation to accept the Staff Report for the City's Pavement Maintenance Funding Strategy, including the concurrent elements (a), (b), and (c), and omitting element (d) that would "Support State legislation allowing ballot measures to increase tax revenues for local transportation purposes to be approved 55% voter approval [sic] instead of the current 2/3rds threshold."

BACKGROUND

The Staff report on Pavement Maintenance Funding Strategies, as approved by the Council's Transportation and Environment Committee, provides the recommendation to coordinate with the VTA to include "major street sealing and rehabilitation" within the scope of any countywide transportation sales tax program, to pursue funding for pavement maintenance from any potential general revenue tax measure, and to pursue a potential ballot measure for a street repair bond program. Each of these is an acceptable strategy worthy of Council support, and over which voters will have the ultimate say. Element (d), however, attempts to influence the State Legislature to change the long-established 2/3rds voter approval for special taxes, created by voter-approved Proposition 62, to a lower threshold of 55%, and should be rejected by the Council as a solution in search of a problem.

The voters of San José and of Santa Clara County have, time and again, provided broad-based support for special tax measures that they felt were justified. A few examples of special taxes that passed with more than 2/3rds (or 66.67%) of the vote are as follows:

Ballot Date	Measure	Description	Approval %
Nov. 2012	B	Santa Clara Valley Water District parcel tax	73.7
Nov. 2008	B	Santa Clara VTA sales tax for BART	66.8
Nov. 2008	A	Santa Clara Valley Medical Center earthquake retrofit	78.1
Nov. 2000	A	Santa Clara County Transit Improvement Program	70.3

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A Solution in Search of a Problem

Over half of all special revenue and bond measures requiring a 2/3rds vote that were on the November 2012 ballot, state-wide, were approved. Local governments have had little problem passing special tax and bond measures with the 2/3rds threshold in place. In 2012 not a single ballot measure in Santa Clara County requiring supermajority approval was defeated. Of a total of 32 bond and tax measures on the ballot in Santa Clara County in 2010 and 2011, only six (18.8%) were defeated. The other 26 (81.2%) were passed by the voters. Our experience locally clearly disproves the notions that the 2/3rds threshold is insurmountable or that it somehow prevents worthwhile objectives from being achieved.

Broad-based Community Support

Support for any measure that has long-term implications for our city's financial well-being or for increasing the city's bonded indebtedness would do well to face the added public scrutiny and achieve the broad-based support that is required by the 2/3rds vote requirement of Proposition 62. Whether a special tax assessment for transportation or for committing the city to substantial new debt, the 2/3rds vote requirement ensures that a diverse number of constituencies are represented in the vote and provides a solid infrastructure of community support for the new tax or bond obligation that is both broad and deep.

Governments have too often made commitments without substantial voter support for projects that fell far short of their anticipated results and that have ultimately done substantial collateral damage to their ability to deliver services to their constituents. Examples from San José include the city-subsidized Los Lagos Golf Course and the Hayes Mansion Hotel and Conference Center. Governments have also relied on temporary, cyclical increases in revenue as the basis for incurring long-term obligations, such as the unsustainable pay and benefit enhancements for City employees that were granted in the 1990s and early 2000s.

The 2/3rds vote requirement makes it far less likely that obligations are entered into lightly, without sober consideration of all relevant facts and a serious analysis of the assumptions upon which a special tax or bond measure relies.

CONCLUSION

Given the benefits of the 2/3rds vote for special taxes and bond measures and the fact that the 2/3rds approval threshold has not proved to be an unreasonable impediment to progress toward the city's goals, it is in the best interests of the City of San José and its residents and taxpayers for the state legislature to maintain the 2/3rds vote requirement.

Therefore, I respectfully request that my colleagues support the deletion of element (d) from the Pavement Maintenance Funding Strategies proposal recommended by the Transportation and Environment Committee, oppose the lowering of the 2/3rds voter threshold for special taxes, and approve the balance of the recommendations.