



# City of Sunnyvale

## Agenda Item

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**23-0114**

**Agenda Date: 2/16/2023**

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### **2023 COUNCIL STUDY ISSUE**

#### **NUMBER**

FIN 22-01

**TITLE** Explore a General Election Ballot Measure to Fund Bicycle and Pedestrian Infrastructure Projects

#### **BACKGROUND**

**Lead Department:** Department of Finance

**Support Departments:** Office of the City Manager  
Office of the City Attorney  
Department of Public Works

**Sponsor(s):** Bicycle and Pedestrian Advisory Commission

**History:** 1 year ago: Deferred by Bicycle and Pedestrian Advisory Commission  
2 years ago: N/A

#### **SCOPE OF THE STUDY**

##### **What precipitated this Study?**

The Bicycle and Pedestrian Advisory Commission has advised that there is insufficient funding for Bicycle and Pedestrian infrastructure projects. These projects compete for limited funding with other infrastructure projects and capital improvements. New and existing revenue sources should be periodically evaluated. One option to consider is the adoption of a special tax that the City can use to pay bond debt service to fund improvements.

##### **What are the key elements of the Study?**

The Study will include consideration of dedicated financing options for bicycle and pedestrian improvements. Given the City's constrained financial position, a new revenue source is likely needed to fund the projects. The Study will review options to establish a funding source, most likely a new tax, to generate revenue needed to pay debt service on new bonds issued for the purposes of constructing projects.

The process to establish a new tax will be outlined, the amount of revenue various tax levels would generate, the size of capital funding that could be obtained against each of those levels, and fund public polling to determine the likelihood of passage of a new tax by the voters if the City Council directed staff to move forward with an initiative. As this would be a special purpose tax, it requires two-thirds voter approval for passage.

As part of the Study, staff will also explore the availability of federal grants or low interest loans (through the Transportation Infrastructure Financing and Innovation Act). The Study will recommend

a path forward to potentially provide funding through new revenues.

If a new tax ballot measure is selected by City Council, the Study will also include funding for polling on the tax. Prior to polling, staff will return to Council to request feedback on different options and narrow down what tax scenarios to poll on. Upon completion of polling, a decision would be presented to Council about whether or not to move forward with a ballot measure. At that time an additional appropriation may be required for public education and the election costs to place a measure on the ballot.

**Estimated years to complete study:** 1 year

### **FISCAL IMPACT**

#### **Cost to Conduct Study**

Level of staff effort required (opportunity cost):	Moderate
Funding Required for Non-Budgeted Costs:	\$100,000
Funding Source:	Will seek budget supplement

The cost will be for a consultant to conduct the analysis and conduct polling. If no action is taken to move forward with polling, the total cost will be less.

#### **Cost to Implement Study Results**

Unknown. The Study would include assessment of potential project costs, including capital and operating, as well as revenue/savings. If the result of the Study is to carry a measure to the ballot, approximately \$150,000 in additional funding would be required to place the measure on the ballot. Additionally, approximately \$50,000 in public education funding will be required.

### **EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION**

Council-Approved Work Plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: Bicycle and Pedestrian Advisory Commission

### **STAFF RECOMMENDATION**

Drop. This policy issue does not merit discussion at a Study Issues Workshop.

The City has several on-going and upcoming capital improvement projects that could be bond funded or will require bond funding. These include funding for the construction of the fire stations within the Fire Station Master Plan, Civic Center Phase 2 - Main Library, and Corporation Yard facilities. In addition, the Mary Avenue Overcrossing project and the Caltrain Grade Separation project at Sunnyvale Avenue and Mary Avenue are planning improvements where the City needs to start identifying a funding mechanism to design and construct them.

Furthermore, Council Fiscal Policy 7.1 C.2.1 states that “[g]overnmental capital improvements should be funded on a “pay-as-you-go” basis in most cases. Alternate financing strategies may be considered in light of the specific project and the consequences of each financing strategy.”

To implement bicycle and pedestrian improvements within the City, staff will continue to look for grant funding opportunities and utilize Traffic Impact Fee revenue as matching funds. In addition, as land

use development projects get approved, staff will require developers to implement bicycle and pedestrian improvements along their project frontage or to pay their fair share contribution for the improvement costs.

Prepared by: Tim Kirby, Director, Department of Finance

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Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager