

Repair needs taxing San Jose

LEADERS CONSIDER WAYS TO COVER COSTS

By John Woolfolk
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Repairing San Jose's roads, curbs and medians will run \$455 million. Fixing up the city's sewer system figures to cost about \$250 million. Parks and pools need almost \$30 million in upkeep. Roofing and other building renovations, more than \$22 million.

All told, the bill for San Jose's backlog of infrastructure maintenance is now expected to top \$900 million, a new city study says. And that's just to catch up. It would cost an additional \$35 million a year to keep things from getting worse.

So just where is a city projecting budget deficits well into the future going to come up with all that extra money? City officials are looking at your wallet.

"These are very significant needs that cannot be met through internal budgeting strategies," says a draft report on the maintenance backlog that the city council's transportation and environment committee will consider today.

"It is imperative for the city to look at the possibility of new funding sources."

Those new funding sources, top city officials say, could include a new parcel tax, which would require voter approval, increases in existing taxes or hikes in fees.

The city's repair needs are wide-ranging. Mackey Avenue in the Willow Glen neighborhood, for example, is so riddled with cracks and potholes that it needs to be totally reconstructed. The water pollution control plant needs to rehabilitate more than a fourth of its digester tanks, the place where bacteria break down raw sewage.

The idea of asking voters for more money surfaced a few weeks ago when a city subcommittee studying park maintenance broached the idea of a measure like the successful 2004 library parcel tax. City officials said they wanted to assess all the city's maintenance needs before recommending any tax measure.

Mayor Chuck Reed, who in March called reducing the maintenance backlog one of the city's top five priorities, has already said he won't support a new tax before the city eliminates its budget deficits.

Reed says voters won't trust the city with more money while there's a budget imbalance, and he doubts any tax measure would pass right now.

Still, city management is preparing council members to decide by the end of the year whether to seek some sort of tax increase next year to cover part of the maintenance bill.

Councilman Forrest Williams, who chairs the transportation and environment committee, says he's not ruling out a possible tax measure. He believes that if city officials present a solid case for the need, voters will trust them with money for maintenance, as they have before with money for libraries, parks and police and fire stations.

"It is a monumental problem, and we just don't have the money right now," Williams said. "The community is going to have to help us get this done."

San Jose fell behind on infrastructure maintenance after city revenues plunged with the technology industry crash in 2001. The city council this year closed its sixth consecutive deficit, cutting \$16 million in spending largely by eliminating vacant jobs to balance its \$896 million operating budget. City officials expect more deficits in coming years because expenses, driven chiefly by personnel costs, are rising faster than revenues.

The city already has begun asking residents to dig deeper by raising fees for specific infrastructure needs. For instance, the city has added new downtown parking fees. But those are raising money for added security and cleaning and building new garages - not paring down the maintenance backlog.

The latest maintenance tally offered some sprinkles of relief. City

officials expected the bill for fixing up the water pollution control plant would approach \$1 billion. But a harder look showed the most critical unfunded needs over the next five years total much less, \$83 million.

Reed says it's possible the city might "get lucky" if the state pursues more bond measures to provide money for infrastructure needs. But recently approved measures haven't made much of a dent.

The city expects just \$20 million for pavement maintenance from last year's \$19.9 billion Proposition 1B state transportation bond measure. With a deferred road maintenance bill totaling \$455 million, Transportation Director Jim Helmer said, "It just doesn't really begin to address the problem."

Vice Mayor Dave Cortese thinks there's another option for the city to tap. He believes the solution lies in a development strategy he recommended for his Evergreen district, which the council rejected earlier this year.

The Evergreen plan involved a deal in which developers agreed to pay almost \$200 million for roads, parks and other infrastructure needs in the district in exchange for zoning changes to build nearly 5,000 homes. The council shot down the deal out of concern the land might be needed in the future for tax-producing industrial job growth.

Cortese believes the city should use its leverage over land-use approval to extract commitments from developers to pay for infrastructure needs throughout the city.

"Voters would rather not be taxed," Cortese said. "What most people would like to see is a situation where new growth, if it's going to be allowed, pays for existing infrastructure needs. The council should adopt a policy that says to developers, 'Here's a list of our unfunded infrastructure needs - tell us how much of this you're willing to supply.'"

IF YOU'RE INTERESTED

San Jose City Council's transportation and environment committee will consider the status of unfunded maintenance in a special meeting at 9 a.m. today in City Hall room W118-119.

Contact John Woolfolk at jwoolfolk@mercurynews.com or (408) 975-9346.