



Legislation Details (With Text)

File #: 17-552 **Version:** 1 **Name:** Streets Maintenance Appropriation (SR)
Type: Staff Report **Status:** Filed
In control: City Council
On agenda: 10/2/2017 **Final action:** 10/2/2017
Enactment date: **Enactment #:**
Title: Approval of Proposed Projects Anticipated to be Paid for by the State's Road Maintenance and Rehabilitation Account to City's Gas Tax Fund (140-31-056) for Streets Maintenance

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
10/2/2017	1	City Council	Received and Filed	Pass

Approval of Proposed Projects Anticipated to be Paid for by the State's Road Maintenance and Rehabilitation Account to City's Gas Tax Fund (140-31-056) for Streets Maintenance

SUMMARY AND RECOMMENDATIONS

In order to receive funding from the State's Road Maintenance and Rehabilitation Account, the City must annually submit to the State a list of streets maintenance projects anticipated to be completed.

BACKGROUND

Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

Senate Bill (SB) 1, signed by Governor Brown in April 2017, created the Road Maintenance and Rehabilitation Program (RMRP) to address deferred maintenance on the state highway system and the local street and road system. The bill requires the California Transportation Commission (CTC) to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program.

SB 1 provides for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account (RMRA), which SB 1 created in the State Transportation Fund, including the following:

- Revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment;

- 50% of a \$0.20 per gallon increase in the diesel excise tax, with an inflation adjustment;
- A portion of a new transportation improvement fee imposed under the Vehicle License Fee Law with a varying fee between \$25 and \$175 based on vehicle value and with an inflation adjustment; and
- A new \$100 annual vehicle registration fee applicable only to zero-emission vehicles model year 2020 and later, with an inflation adjustment.

SB 1 provides that the fuel excise tax increases take effect on November 1, 2017, the transportation improvement fee takes effect on January 1, 2018, and the zero-emission vehicle registration fee takes effect on July 1, 2020.

Analysis

First apportionments to locals are expected to begin in January/February 2018. Similar to the Highway Users Tax Account (HUTA), the Road Maintenance and Rehabilitation Account (RMRA) is continuously appropriated, and apportioned to locals on a monthly basis. There is not a set monthly amount as it is use-base; and it is not reimbursement based.

The following revenues will flow to locals:

- New Gas Tax
- Transportation Improvement Fee
- Portion of Diesel Excise Tax

Fifty percent of revenue goes to the state, and 50% to local jurisdictions, with the local share split evenly between cities and counties. City revenues are allocated per capita; County revenues are allocated 75% by registered vehicles, and 25% by road mileage.

Eligible projects “shall be prioritized for expenditure on basic road maintenance and road rehabilitation projects, and on critical safety projects” (*Streets and Highways Code Section 2030(a)*). There is no use-it-or-lose-it requirement in SB 1, so multi-year projects are eligible.

Eligible projects include, but are not limited to:

- Road maintenance and rehabilitation
- Safety projects
- Railroad grade separations
- Complete streets components, including active transportation, bike/ped, transit facilities, and stormwater capture projects
- Traffic control devices
- Match for state/federal funds for eligible projects

Per implementation guidelines, basic maintenance and safety projects should be prioritized, and to the extent possible, include complete streets components and advanced technologies.

Prior to receiving funds, locals must annually submit a list of projects proposed to be funded with RMRA funds to the CTC. October 16, 2017 is the due date for reporting planned expenditures in fiscal year 2018 (which runs from November 1, 2017 through October 31, 2018). Although the CTC is not an ‘approving’ body, project lists will be reviewed to ensure they include statutorily required information to establish eligibility for funding. Failure to submit a project list to the CTC and establish

annual eligibility will result in forfeiture of monthly apportionments. Currently, there is no process to recoup lost apportionments, which would be distributed to eligible agencies.

SB 1 requires the project list to include four components:

- Project Description
- The location of each proposed project ('citywide' is not an option)
- Schedule for completion
- Estimated useful life of improvement

California Streets and Highways Code, Section 2034 (a)(1) stipulates that the list must be pursuant to an adopted budget (or budget amendment), approved at a public meeting, and that all projects proposed to receive funding shall be included in the city's budget.

The list cannot limit flexible use of funds, provided that funds are only used for eligible projects, meaning that a city can fund projects in a given year *not* on the project list, or not fund projects that were on the project list. At the end of the fiscal year, the City will report back to the CTC on the locations of work performed. Per established guidelines, any listed projects not started/completed can be moved to the next year's list. Changes to the list do not require going back to the CTC for an amendment.

In order to receive RMRA funding, a city or county must annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the fiscal years 2009-2010, 2010-2011, and 2011-2012 (Streets and Highways Code Section 2036(b)). This is referred to as the 'Maintenance of Effort', or MOE. If a city or county fails to meet the MOE in a fiscal year, it can be made up in the following fiscal year. The CTC can audit to determine that the MOE was met and non-compliant agencies may have to reimburse the state.

Included in the MOE are unrestricted, discretionary funds including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street, road, and highway purposes. One-time allocations expended for street and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond Law of 1994, are *excluded*. Additionally, HUTA funds are not part of the MOE calculation.

The information below outlines proposed work through October 31, 2017 (end of State's fiscal year).

City of San Leandro
In-House Streets Maintenance - 2018

- *Adason Drive (Residential; PCI 7)* - Between Halcyon Dr. to Hesperian Blvd., placement of thin overlay of travel lane and crack-seal surface. Work anticipated to increase PCI by 30-45 points, extending life 4-5 years.

- *150th Avenue (Arterial; PCI 49)* - Between Hesperian Blvd. to City Limits, remove and replace distressed pavement sections and crack-seal surface. Work anticipated to increase PCI by 25-30 points, extending life 5-6 years.
- *Durant Avenue (Collector; PCI 23)* - South side of road between E. 14th St. to Bancroft Ave., remove and replace distressed pavement and crack-seal surface. Work anticipated to increase PCI by 35-40 points, extending life 5-6 years.
- *Lafayette Avenue (Residential; PCI 25)* - Between Lorraine Blvd. to California Ave., remove and replace distressed pavement and crack-seal surface. Work anticipated to increase PCI by 35-40 points, extending life 5-6 years.
- *Miller Street (Local; PCI 45)* - Between Fairway Dr. and Factor Ave., remove and replace distressed pavement and crack-seal surface. Work anticipated to increase PCI by 35-40 points, extending life 5-6 years.
- *Factor Avenue (Local; PCI 68)* - End to end, remove and replace distressed pavement and crack-seal surface. Work anticipated to increase PCI by 35-40 points, extending life 5-6 years.

Budget Authority

The City's MOE, as established by the State Controller's Office (SCO) for the State's 2018 fiscal year (November 1, 2017 - October 31, 2018) is \$3,127,163. As indicated previously, this amount is the average reported general fund expenditures for fiscal years 2010, 2011, and 2012. The City's adopted Street Maintenance budget (140-31-056) for FY 2018 is \$2,628,545. Given that State monies will not be allocated for a full fiscal year, adequate funds exist in the City's Gas Tax account to accommodate the required MOE. No budgetary actions are required.

ATTACHMENT(S)

None.

PREPARED BY: Debbie Pollart, Director, Public Works Department