



City of San Leandro

Meeting Date: April 16, 2018

Staff Report

File Number: 18-135 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.D.

TO: City Council

FROM: Jeff Kay
Interim City Manager

BY: Debbie Pollart
Public Works Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for a Resolution to Approve 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.

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

Analysis

First apportionments to local jurisdictions were received starting in February 2018. Similar to the Highway Users Tax Account (HUTA), the Road Maintenance and Rehabilitation Account (RMRA) is continuously appropriated, and apportioned to local jurisdictions 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 local jurisdictions:

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

50% 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, local jurisdictions must annually submit a list of projects proposed to be funded with RMRA funds to the CTC. May 1, 2018 is the due date for reporting planned projects in fiscal year 2019. 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

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 conduct an 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 on the following page outlines proposed work through June 30, 2019 (end of next fiscal year).

Previous Actions

The process established by the State requires annual action by the City Council to approve the proposed project list by resolution. For the State's current fiscal year, this action was taken on October 2, 2017 via Resolution 2017-137. As SB1 was not enacted until April 2017, the timing for approvals in this first year were out of normal cycle.

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In-House Streets Maintenance - FY 2019

- *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 additional 4-5 years. (Note: This work was rolled over from the FY 18 list).
- *Coburn Court (Residential; PCI 24)* - Between parking lot to end of cul-de-sac, remove and replace all distressed pavement and crack seal surface. Work anticipated to increase PCI to 100, extending life additional 20+ years.
- *Sherry Court (Residential; PCI 25)* - Between Benedict Dr. to end of cul-de-sac, remove and replace all distressed pavement and crack seal surface. Work anticipated to increase PCI to 90, extending life additional 20+ years.
- *Hillside Drive (Residential; PCI 26)* - Between Daily Dr. to Montrose Dr., remove and replace all distressed pavement and crack seal surface. Work anticipated to increase PCI to 100, extending life additional 20+ years.
- *Sylvia Way (Residential; PCI 85)* - Between Dilletta Ave. to Sidney Ave., crack seal surface from end to end. Work anticipated to increase PCI to 94, extending life additional 4-5 years.
- *Fairway Drive (Collector/Arterial; PCI 90)* - Between Doolittle Dr. to 880 Overpass, crack seal surface from end to end. Work anticipated to increase PCI to 96, extending life additional 4-5 years.
- *Andover Street (Residential; PCI 95)* - Between Lewelling Blvd. to Burkhart Ave., crack seal surface from end to end. Work anticipated to increase PCI to 96, extending life additional 4-5 years.
- *Duzmal Avenue (Residential; PCI 85)* - From Faris St. to cul-de-sac of Kramer St., crack seal surface from end to end. Work anticipated to increase PCI to 94, extending life additional 4-5 years.
- *Foothill Blvd. (Collector; PCI 86)* - Between Durant Ave. to Macarthur Blvd., crack seal surface from end to end. Work anticipated to increase PCI to 95, extending life additional 4-5 years.
- *Bigge Street (Residential; PCI 99)* - Between Adams Ave. to end of cul-de-sac, crack seal surface from end to end. Work anticipated to increase PCI to 100, extending life additional 4-5 years.

Budget Authority

The City's MOE, as established by the State Controller's Office (SCO) 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 proposed Street Maintenance budget for FY 2019 is \$3,035,992. The amount of RMRA monies anticipated to be received by the City for FY 2019 is \$1,465,882. 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



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Resolution - Council

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TITLE: RESOLUTION Approving 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

WHEREAS, in order for the City to receive future anticipated Road Maintenance and Rehabilitation Account funds from the State pursuant to SB 1, the City must annually submit a list of proposed projects, a copy of which is indicated in the staff report and was presented to this City Council; and

WHEREAS, the City Council is familiar with the staff report thereof; and

WHEREAS, the City Manager recommends approval of said projects list.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That said list of proposed streets maintenance projects is approved.
2. The City Manager (or his designee) is authorized to make all approvals and take all actions necessary or appropriate to carry out and implement the intent of this Resolution.