



DATE: September 26, 2017

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Amend Adopted Fiscal Year 2017-18 Budget with Respect to Senate Bill 1 (SB 1) – Road Repair and Accountability Act of 2017**

RECOMMENDATION

1. Amend the Adopted Fiscal Year 2017-18 Capital Improvement Program Budget to amend the scope of Project 18-01 to include the specific locations listed in Attachment 1.
2. Appropriate and transfer \$449,300 in the Gas Tax Fund to Project 18-01, Street Resurfacing and Slurry Seal Program, from the State Controller Road Maintenance and Rehabilitation Account (RMRA). (Five votes required)

BACKGROUND

On April 28, 2017, the Governor signed Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), which is known as the Road Repair and Accountability Act of 2017. To address basic road maintenance, rehabilitation, and critical safety needs on both State and local roads, SB 1: increases per-gallon fuel excise taxes; diesel fuel sales taxes and vehicle registration fees; and provides for inflationary adjustments to tax rates in future years.

Beginning November 1, 2017, the State Controller (Controller) will deposit various portions of this new funding into the newly created Road Maintenance and Rehabilitation Account (RMRA). A percentage of this new RMRA funding will be apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code (SHC) Section 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

In order to be eligible for RMRA funding, statute requires cities and counties to provide basic annual RMRA project reporting to the California Transportation Commission (Commission). Prior to receiving an apportionment of RMRA funds from the Controller in a fiscal year, the City must submit to the Commission a list of projects proposed for funding. All projects proposed to receive funding must be included in the

City budget that is adopted by the applicable city council at a regular public meeting. The list of projects must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The City must also report on Maintenance of Effort (MOE) compliance to document that the SB1 funds are increasing the City's expenditure on road maintenance rather than supplanting City funds.

ANALYSIS

The City expects to receive an allocation of \$449,300 in Fiscal Year 2017-18 that can be used for pavement maintenance. Staff recommends using the RMRA funds for the Annual Street Resurfacing and Slurry Seal Program, Project 18-01. Because the guidelines for SB 1 funding were not published in time, the City's adopted Fiscal Year 2017-18 Operating Budget and Capital Improvement Program (CIP) do not contain the project description and other information required for use of RMRA funding. The recommended actions would amend the Budget and CIP to meet SB 1 requirements.

To comply with SB 1 guidelines, staff recommends that the CIP and Budget be amended to include a list of proposed streets that will be resurfaced as part of Project 18-01 and that \$449,300 of RMRA funds be allocated to the project. The list of streets is included as Attachment 1.

In future years, staff will evaluate the anticipated revenue and make recommendations as part of the annual funding for the CIP and develop a plan to meet the new MOE requirements to remain eligible for this new funding source.

FISCAL IMPACT

SB 1 funds, specifically the Road Maintenance and Rehabilitation funds expected to be available to the City, are \$449,300 for the current fiscal year.

Staff recommends amending CIP 18-01 to allocate the additional \$449,300 RMRA funds for this purpose when the funds are received from the State. This would be in addition to the existing \$1,569,000 currently funded for this project.

ALTERNATIVES

1. Do not approve recommendation to amend adopted budget.
2. Provide additional direction to staff.

PUBLIC NOTICING – Agenda posting.

Prepared by:

Jacqueline Andrews Solomon
Assistant Public Works Director/City
Engineer

Michael A. Fuller
Public Works Director

JAS-MAF/TS/7/CAM
912-09-26-17CR-E

Approved by:

Audrey Seymour Ramberg
Assistant City Manager

Attachment: 1. Proposed Project List for RMRA funds

cc: APWD – Cameron, PCE – Au, PCE – Macaraeg, PCE – Fakhry, AAI – Doan,
AFASD, AM – Zheng, PFA – Ansted, TP – Kim, F/c