



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 17-0749, Version: 1

REPORT TO COUNCIL

SUBJECT

Approve Road Maintenance and Rehabilitation Projects for the Road Repair and Accountability Act of 2017 - Local Streets and Roads Funding Program and Approve Budget Modification No. 11

BACKGROUND

On April 28, 2017, the Governor signed Senate Bill (SB) 1, which is known as the Road Repair and Accountability Act of 2017. To address basic road maintenance, rehabilitation and critical safety needs on both the state highway and local streets and road system, SB 1 increases fuel excise taxes, diesel fuel sale taxes, and vehicle registration fees as appended below:

- An additional 12 cents per gallon increase to the gasoline excise tax effective November 1, 2017.
- An additional 20 cents per gallon increase to the diesel fuel excise tax effective November 1, 2017.
- An additional vehicle registration tax called the "Transportation Improvement Fee" with rates based on the value of the motor vehicle effective January 1, 2018.
- An additional \$100 vehicle registration fee on zero emissions (ZEV) vehicles model year 2020 or later effective July 1, 2020.
- Annual rate increase to these taxes beginning on July 1, 2020 (July 1, 2021 for ZEV fee) and every July 1st thereafter equal to the change in California Consumer Price Index (CPI).

Beginning November 1, 2017, a percentage of this new funding will be apportioned to the cities and counties by the formula that is currently used for distribution of Highway User Tax Account (HUTA), which is based on the proportion of the population, number of registered vehicles, and number of miles of maintained roadways.

EXISTING POLICY

General Plan Chapter 3, Land Use and Transportation Element:

- **Goal A:** Protect the quality of life, the natural environment, and property investment, preserve home rule, secure fair share funding, and provide leadership in the region.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

A city receiving an apportionment of SB1 funds is required to sustain a maintenance of effort by

spending at least the annual average of its general fund expenditures for its streets during the 2009/10, 2010/11, and 2011/12 fiscal years. A city may spend its apportionment of SB 1 funds on transportation priorities other than road maintenance and rehabilitation if the city's average Pavement Condition Index (PCI) meets or exceeds 80. The City's current PCI is 76.

The City's annual apportionment for SB 1 funding is expected to be about \$2.5 million, with \$838,000 anticipated in FY 2017/18. The first apportionment of approximately \$140,000 is scheduled to be disbursed to the City in January 2018 from the Road Maintenance and Rehabilitation Account (RMRA). Once the Road Repair and Accountability Act is fully implemented, the City will be paid approximately \$210,000 every month with no sunset date. Prior to receiving funds and before October 2017 the City must submit to the California Transportation Commission (CTC) a list of streets projects proposed to receive these funds (Attachment 1). The proposed streets projects must be included in the City adopted project budget or approved by the City Council at a regularly scheduled public meeting. The five-year funding plan for these street segments can be seen in Attachment 2.

The attached list identifies most of the streets in Sunnyvale that currently have a PCI less than 80, based upon a recently conducted survey of the pavement condition in the City. This list represents the street segments in the City that will be considered for improvements funded by SB1 over the next few years. Specific projects will be identified and selected for construction depending upon a number of variables, including: severity, utility conflicts, new development, preservation or restoration process selected, proximity and coordination with other projects. Target improvement of the PCI for each segment is included based upon conceptual treatment considerations. Specific treatments may differ, depending upon specific detailed field and design consideration. Approval of this report and list will meet the requirements of the CTC for a list of proposed projects for the SB1 funding. Subsequently, this list will be updated every two years through the capital project budget process.

It should be noted that part of the requirements for SB 1 funding requires cities to maintain a maintenance of effort (MOE) funding level of General Fund dollars. This MOE amount totals \$8.9 million, the average of funds spent in the General Fund between the FY 2009/10 through FY 2011/12. Upon further analysis, and with the infusion of County Measure B funds, it has been determined that the FY 2017/18 Adopted Budget includes approximately \$12.9 million in General Fund funded eligible projects. A realignment to the General Fund contribution, based on the required MOE, is available and a strategy will be brought forward as part of the FY 2018/19 Recommended Budget. This strategy will consider and balance the need to identify General Fund fiscal strategies while dedicating funding toward the City's pavement maintenance needs.

FISCAL IMPACT

The City is expected to receive \$2.5 million annually as an apportionment of SB 1 funds to support its pavement maintenance and rehabilitation efforts. The City can also spend these funds on its other transportation initiatives and priorities after reaching the program goal of PCI 80. Receiving \$2.5 million annually is a net positive affect to the City's existing Capital Improvement Program (CIP). Revenues from this source in future years will be programmed in the Projects Budget as part of the regular budget process.

Budget Modification No. 11 has been prepared to appropriate the additional revenue anticipated in FY 2017/18 to the City's Pavement Rehabilitation project.

**Budget Modification No. 11
FY 2017/18**

	Current	Increase/ (Decrease)	Revised
Gas Tax Fund / RMRA Sub-Fund (New)			
<u>Revenue</u>			
Road Maintenance and Rehabilitation Funding	\$0	\$838,000	\$838,000
 <u>Transfer Out</u>			
Transfer To 825290 - Pavement Rehabilitation	\$0	\$838,000	\$838,000
 Infrastructure Renovation and Replacement Fund			
<u>Transfer In</u>			
Transfer From Gas Tax Fund / RMRA Sub-Fund	\$0	\$838,000	\$838,000
<u>Expenditures</u>			
825290 - Pavement Rehabilitation	\$3,060,000	\$838,000	\$3,898,000

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Approve Road Maintenance and Rehabilitation Proposed Projects List for the Road Repair and Accountability Act of 2017 - Local Streets and Roads Funding Program and Approve Budget Modification No. 11 in the amount of \$838,000.

Prepared by: Shahid Abbas, Transportation and Traffic Manager

Reviewed by: Manuel Pineda, Director, Public Works

Reviewed by: Timothy J. Kirby, Director, Finance

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. List of Proposed Streets Projects
2. Five Year Funding Plan