

REPORT TO COUNCIL

SUBJECT

Approve Road Maintenance and Rehabilitation Proposed Projects List for the Road Repair and Accountability Act of 2017 - Local Streets and Roads Funding Program

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 1 thereafter equal to the change in California Consumer Price Index (CPI).

On November 1, 2017, a percentage of this new funding was 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. The City received the first payment in January 2018.

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 SB1 funding is expected to be approximately \$2.5 million. Prior to receiving funds and before May 1, 2018 the City must submit to the California Transportation Commission (CTC) a list of streets projects proposed to receive these funds (Attachment 1) approved by the City Council at a regularly scheduled public meeting.

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 updated 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 several 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 the list will meet the requirements of the CTC for a list of proposed projects for SB1 funding. Subsequently, to meet the requirement of future years SB1 funds, this list will be updated every year for council approval.

It should be noted that part of the requirements for SB1 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. The FY 2017/18 Adopted Budget includes approximately \$12.9 million in General Fund funded eligible projects. Analysis of the General Fund contribution, based on the required MOE, is underway as part of the development of the budget, and a strategy will be brought forward as part of the FY 2018/19 Recommended Budget. This strategy will realign the City's General Fund contribution to street infrastructure, meet the requirements under SB1 and dedicate additional funding towards the City's pavement maintenance needs.

FISCAL IMPACT

The City is expected to receive \$2.5 million annually as an apportionment of SB1 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).

With the City's practice of alternating between operating and project budget years, Fiscal Year 2018/19 budget is focused on the Operating Budget. However, a select number of new projects will be included in the FY 2018/19 Recommended Budget. A new project to account for the SB1 revenue and related pavement expenditures will be included as part of the FY 2018/19 Recommended Budget.

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 Updated Proposed Projects List for the Road Repair and Accountability Act of 2017 - Local Streets and Roads Funding Program.

Prepared by: Shahid Abbas, Transportation and Traffic Manager

Reviewed by: Charles Taylor, Director, Public Works

Reviewed by: Timothy J. Kirby, Director, Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. List of Proposed Streets Projects