



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, APPROVING THE EXPENDITURE OF FUNDS FOR PREVENTIVE MAINTENANCE OF THE CITY'S TRANSIT FLEET TO QUALIFY FOR STATE OF GOOD REPAIR FUNDING AND ALLOCATING SENATE BILL 1: STATE OF GOOD REPAIR FUNDING FOR FISCAL YEAR 2025-2026 FOR SAID PROJECT(S)

MEETING DATE: August 26, 2025

RECOMMENDATION:

Adopt Resolution: approving the project list eligible to qualify for State of Good Repair funding; allocating Senate Bill 1 State of Good Repair 2025-2026 funding to be used towards the said project, in the form of preventative maintenance and spare parts, within the City's transit fleet; and authorizing the Director of Transportation to execute related agreements, forms, and documents.

BACKGROUND:

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the "State of Good Repair" program ("SGR"). This program provides approximately \$105 million annually to the State Transit Assistance (STA) Account. These funds will be available for eligible transit maintenance, rehabilitation, and capital projects. SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, potential agencies must comply with various reporting requirements to be eligible for State of Good Repair funding. The State of Good Repair Guidelines will describe the general policies and procedures for carrying out the reporting requirements and other statutory objectives of the Road Repair and Accountability Act of 2017.

ANALYSIS:

The SGR Program is funded from a portion of a new Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. A portion of the fee will be transferred to the State Controller's Office (SCO) for the SGR program.

The SCO will allocate SGR funds under the State Transit Assistance Program formula to eligible agencies pursuant to Public Utilities Code (PUC) Section 99312.1. Half of the funds will be allocated according to population under PUC Section 99313, and half will be allocated according to transit operator revenues under PUC Section 99314. PUC section 99313 allocations are based on the latest available annual population estimates from the Department of Finance. PUC section 99314 allocations are based on the revenue amount for each STA-eligible operator, determined from annual reports submitted to the Controller pursuant to Section 99243. Pursuant to PUC section 99314.3, each Transportation Planning Agency (TPA) is required to allocate funds to the STA-eligible operators in its jurisdiction.

The criteria for SGR-eligible projects fall into three major areas:

1. Replacement or rehabilitation of:
 - Rolling stock
 - Passenger stations and terminals
 - Security equipment and systems
 - Maintenance facilities and equipment
 - Ferry vessels
 - Rail
2. Preventive maintenance
3. New facilities or maintenance equipment for the transit fleet

After reviewing the eligible project guidelines, staff have determined that the most effective use of these funds is to upgrade the security systems and equipment for the City's transit bus fleet.

ALTERNATIVES:

1. Approve staff recommendation.
2. Reject staff recommendation.
3. Provide staff with further direction.

FISCAL IMPACT:

Based on the SGR funding estimate released by the State Controller's Office on January 31, 2025, the City of Commerce Transit will be eligible to receive \$39,229 in SGR funds for FY 2025-2026.

These funds were already included in the FY 2025-26 budget as revenue in Fund 57 and allocated to the appropriate cost centers. This action provides the required resolution, which will enable the Transportation Director to submit the project details to the state.

RELATIONSHIP TO 2016 STRATEGIC GOALS:

This agenda item relates to the 2016 strategic planning goal of "reviewing and updating services and activities to increase efficiency," as this state-of-good-repair subsidy will assist in mitigating the city's transportation operating and capital costs.

Recommended by: Claude McFerguson, Director of Transportation
Fiscal impact reviewed by: Alvaro Castellon, Director of Finance
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Ernie Hernandez, City Manager