



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.** _____

FROM: City Manager

SUBJECT FY 2023/24 Street Rehabilitation Project List Under the Road Repair and Accountability Act of 2017 (SB1 Beall)

MEETING DATE: May 30, 2023

RECOMMENDATION:

The City Council will consider adopting a Resolution approving a list of projects for FY 2023/24 funded by SB1: The Road Repair and Accountability Act of 2017.

BACKGROUND:

On April 28, 2017, California's Governor Newsom signed Senate Bill (SB) 1 (Beall, Chapter 5, Statute 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 the state highway and local streets and road system. SB1 increases per gallon fuel excise taxes, increases 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 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 road systems. Pursuant to Streets and Highways Code Section 2030, RMRA local streets and roads allocations must be used for projects "that include, but are not limited to," the following:

- Road maintenance and rehabilitation
- Safety projects
- Railroad grade separations
- Traffic control devices

- Complete street components, "including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm-water capture projects in conjunction with any other allowable project."

Maintenance of Effort: RMRA

The Road Repair and Accountability Act contains a local agency maintenance of effort (MOE) requirement that applies to funds allocated through the RMRA. The Act states that the MOE requirement is to ensure that these new road funds do not supplant existing levels of city and county general revenue spending on streets and roads. The MOE for the receipt of RMRA funds state that a city or county must maintain general fund spending for street, road, and highway purposes at no less than the average of three years. In making this calculation an agency may exclude one-time funds. A city or county that fails to comply in a particular year may make it up with additional expenditures in the following year. The Act provides that the State Controller may perform audits to ensure compliance with these MOE rules. If the State Controller determines that a city or county has not met its MOE, the agency will be required to reimburse the state for the funds it received during that fiscal year. However, a city or county that fails to comply in a particular fiscal year may expend during that fiscal year and the following fiscal year a total amount that is sufficient to comply. Any funds withheld or returned as a result of a failure to comply will be reapportioned to the other counties and cities whose expenditures are in compliance.

Spending Plans and Reports: RMRA

The Road Repair and Accountability Act stipulates that, prior to receiving RMRA funds in a fiscal year, a city or county must submit to the California Transportation Commission (CTC) a project list pursuant to an adopted budget. The list must include for each project: description, location, schedule, useful life. [Streets and Highways Code Sec 2034(a)] The Road Repair and Accountability Act also requires that a city or county submit to the CTC an annual report of project completion in order to receive RMRA funds. The report must include descriptions of all projects for which RMRA funds were expended including: description, location, funds expended, completion date, estimated useful life of the project.

ANALYSIS:

The City of Commerce allocation for FY 2023/24 is estimated to be \$305,987 as shown on the table below:

Local Streets and Roads - Projected FY2023-24 Revenues

Based on State Dept of Finance statewide revenue projections

Estimated January 2023

	Highway Users Tax Acct (HUTA) ⁽¹⁾ Streets & Highways Code					TOTAL HUTA	Road Mntnc Rehab Acct	TOTAL
	Sec2103 ⁽⁵⁾	Sec2105 ⁽³⁾	Sec2106 ⁽³⁾	Sec2107 ⁽³⁾	Sec2107.5 ⁽⁴⁾			
COMMERCE	122,658	81,224	50,856	97,561	3,000	355,300	305,987	661,287

The City is receiving higher allocation for FY 2023/24 than prior years. Last year's (FY 2022-23) allocation was \$268,457.

The City's required local Maintenance of Effort (MOE) amount to be applied to the project under SB1 is estimated to be \$2,136,745 as shown on the table below. This is the same amount as last year's estimate. There has been no update in the formula for the MOE at the present time.

Maintenance of Effort - General Fund for Streets & Roads - Estimated Unofficial						
<i>Road Maintenance and Rehabilitation Account per Streets & Hwys Code Sec 2036 ¹</i>						
<i>revised est: 08/07/2017</i>						
Streets and Roads Annual Report - Reported General Fund for Street Purposes						
	FY2009-10	FY2010-11	FY2011-12	Average	Adjustment	RMRA M.O.E.
COMMERCE	3,190,948	1,592,024	1,627,264	2,136,745		2,136,745

As a part of 2023/24 Pavement Rehabilitation Project the City's RMRA funds will be used on residential streets rehabilitation including asphalt coldmill & overlay and slurry seal on various streets including Bandini, Rickenbacker, Yates, Jillson, Jardine, Ransom, and Smithway.

Staff recommends approval of the attached Resolution required by the State of California.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

There is no fiscal impact to the City's General Fund. However, the City will be at risk of losing \$305,987 in SB 1 funds by not adopting the attached Resolution.

RELATIONSHIP TO STRATEGIC GOALS:

This agenda item relates to the 2016 Strategic Plan:

Fiscal Sustainability

Guiding Principle #5: Create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issues.

Respectfully submitted by: Edgar P. Cisneros, City Manager

Recommended by: Gina Nila, Department of Public Works
Reviewed by: Vilko Domic, Assistant City Manager
Approved as to form: Noel Tapia, City Attorney

ATTACHMENT:

1. Resolution