



Council Agenda Report

From: Dick McKinley, Public Works Director
Subject: Senate Bill 1 Funding For Paso Robles Streets
Date: May 2, 2017

Facts

1. The City currently receives transportation funding from the State of California typically in the form of grants, or direct allocation of the Motor Vehicle Fuel Tax (Gas Tax), through the Highway Users Tax Account (HUTA). HUTA funds are broken into several smaller pieces, each of which has designated uses (such as a small part that has to be used for design). The HUTA system is complicated, but additional explanatory information is available by request.
2. The State Legislative and Executive branches have been working over the last two years to put together a transportation funding package based on the significant needs for the State highway system, and the even greater need for local streets. There are more miles of local roads than State highways. California has the second highest miles of roads in the nation, with 394,608 lane miles (second only to Texas).
3. Senate Bill 1 (the Road Repair and Accountability Act of 2017) creates a new account for much of the new funding known as the Road Maintenance and Rehabilitation Account (RMRA). Some of the new funding will be used to retire existing debt over a three-year period. The bill directs the RMRA funds to be split 50/50 between the State and cities/counties. This split happens after a number of other items are taken out, including:
 - a. Administrative costs.
 - b. \$200 million for the State-Local-Partnership Program for existing and aspiring self-help jurisdictions.
 - c. \$100 million annually for the Active Transportation Program for the purpose of encouraging increased use of active modes of transportation, such as biking and walking.
 - d. \$400 million for state bridge and culvert maintenance and rehabilitation.
 - e. \$25 million for the state's Freeway Service Patrol program.
 - f. \$5 million for five years through FY 2021-22 for pre-apprenticeship training programs of the California Workforce Development Board.
 - g. \$25 million for local planning grants to encourage local and regional planning.
 - h. \$7 million for transportation research and transportation-related workforce education, training, and development including \$5 million to the University of California and \$2 million to the California State University.
4. RMRA local streets and roads allocations must be used for projects "that include, but are not limited to," the following:
 - a. Road maintenance and rehabilitation
 - b. Safety projects
 - c. Railroad grade separations
 - d. Traffic control devices
 - e. 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."
 - f. RMRA funds may also be used to satisfy a match requirement in order to obtain state or federal funds for eligible projects.

5. 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 roads 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 average of 2009–10, 2010–11, and 2011–12 years.
6. 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.
7. After the debt has been retired, the City of Paso Robles should expect to receive about \$718,000 per year in RMRA funds. There may be opportunities to apply for grant funding through regional funding programs. The City currently receives about \$550,000 in Gas Tax (although this has not been consistent in the past) and about \$4.5 million per year in Supplemental Sales Tax.

Options

1. Do nothing;
2. Receive and File the information but provide no direction at this time;
3. Provide direction to staff as to how the future funding should be allocated.

Analysis and Conclusions

Option 1 is the default in that this is largely an information and discussion item. We have time to plan how to use the funding before we receive the first dollar.

Option 2 is more definitive in that the information is received and discussed, and while the Council doesn't yet provide direction as to how the new funding should be allocated, the Council can discuss and decide on a path forward for when and how those allocations will be made (such as after the Council reviews the results of the Pavement Condition Index update).

Option 3 reviews and discusses the new funding source, and provides direction to staff as to how to allocate those funds in the coming budgets (something like using \$450,000 per year to add to the "Annual" projects like slurry seal, crack seal, sidewalk repairs, and the remaining \$268,000 per year to add to the Street Maintenance budget for more materials and small contract work).

Fiscal Impact

Additional funding for street maintenance or road construction projects is badly needed. Our pavement is deteriorating faster than we have funding for repairs and reconstruction. An additional \$718,000 per year will not solve all of our issues, but can be put to good use. As a frame of reference, it cost about \$600,000 to reconstruct the section of Airport Road from Propeller to Tower.

Recommendation

Receive and file the information after discussion, and provide direction to staff on the process to make a future decision (Option 2).