



## MEMORANDUM

**TO:** CITY COUNCIL

**FROM:** BILL ROBESON, PUBLIC WORKS DIRECTOR  
DEBBIE MALICOAT, ADMINISTRATIVE SERVICES DIRECTOR

**BY:** JILL MCPEEK, CAPITAL IMPROVEMENT PROJECT MANAGER

**SUBJECT:** CONSIDERATION OF A RESOLUTION TO ADOPT PROJECTS TO BE FUNDED BY THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017 (SB1) FUNDING

**DATE:** APRIL 24, 2018

### **SUMMARY OF ACTION:**

Adopting the Resolution enables the City to be eligible for Senate Bill 1 (SB1) funding.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The City's allocation of SB1 funding for FY 2018-19 is estimated to be \$294,500. This additional Gas Tax funding will be utilized to maintain the City's street system.

### **RECOMMENDATION:**

It is recommended the City Council:

1. Adopt a Resolution adopting a list of projects to be funded by SB1 in Fiscal Year 2018/19; and
2. Authorize the Director of Administrative Services to submit the list of projects to the California Transportation Commission (CTC).

### **BACKGROUND:**

The City maintains 67 miles of streets through two components: the in-house street crew that provide daily efforts to keep streets from declining and capital projects to provide long term maintenance. The street maintenance program is funded by Gas Taxes, Transportation funding, Local Sales Tax and grant funding (as available). At one time, gas tax revenues were sufficient to cover nearly all the costs of the day to day maintenance efforts; however, as shown in the following table, these revenues have been declining for several years and more Local Sales Tax funds have been required in order to provide for the City's street maintenance crew.

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Sources	2013-14	2014-15*	2015-16	2016-17	2017-18 (est)	2018-19 (est)
Gas Tax	\$ 562,452	462,429	398,042	355,841	378,200	444,400
SB 1					101,800	294,500
<b>Total</b>	<b>\$ 562,452</b>	<b>462,429</b>	<b>398,042</b>	<b>355,841</b>	<b>480,000</b>	<b>738,900</b>
<b>Uses</b>						
City staff	\$ 650,957	805,155	779,003	865,215	857,800	840,600
% of Funding from Gas Tax	86%	57%	51%	41%	56%	88%

\*Excludes new vehicles and debt financing of \$195,834

On April 28, 2017, the Governor signed SB1, known as the Road Repair and Accountability Act of 2017. SB1 increases gasoline and diesel taxes and vehicle registration fees to address basic road maintenance and rehabilitation needs on both state highways and local streets and roads.

These additional taxes will be deposited by the State Controller into a newly created Road Maintenance and Rehabilitation Account (RMRA). A portion of this funding will be apportioned by formula to eligible cities and counties, including Arroyo Grande, pursuant to California Streets and Highways Code (SHC) Section 2032(h).

Since SB1 emphasizes accountability and transparency in transportation funding, programming and use of the new funds is contingent on recipient cities and counties providing annual project reporting. Per SHC Section 2034(a)(1) prior to receiving any RMRA funding, cities and counties must submit a list of projects, adopted by Resolution, to be funded with the RMRA funds. The State has provided estimates for the amount of FY 2018/19 RMRA funding available to the City of Arroyo Grande as \$294,500.

**ANALYSIS OF ISSUES:**

SHC Section 2030(b) provides a number of example projects and uses for RMRA funding that include, but are not limited to, the following:

- Road Maintenance and Rehabilitation
- Safety Projects
- Railroad Grade Separations
- Complete Streets Components (including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and stormwater capture projects in conjunction with any other allowable project)
- Traffic Control Devices
- Matching funds to state or federal funds for projects under this subdivision

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Pursuant to SHC Section 2037, a city or county may spend its apportionment of RMRA funds on transportation priorities other than those outlined in SHC Section 2030 if the city's or county's average Pavement Condition Index (PCI) meets or exceeds 80. The City of Arroyo Grande's current PCI is estimated to be 67.

Based on the above uses, SB1 funds can be used for general street maintenance or for specific projects. In the current fiscal year, the SB1 funding is being utilized to augment Gas Tax funding in order to provide for the City's in-house street maintenance program. However, there have been efforts to repeal the gas tax increase and it is likely that some sort of initiative will be on the ballot in November 2018.

Due to the possible repeal of SB1, staff is recommending that SB1 funds be used for specific projects as opposed to subsidizing the City's street maintenance program. If the repeal is successful, it would be less impactful to cut a specific future project than to reduce the City's street maintenance program mid-year. This will result in the use of additional contributions from the City's Local Sales Tax Fund (Measure O-06) to provide for the street program; however, staff is recommending that the FY 2018/19 pavement management program budget be augmented with the FY 2018/19 RMRA funds.

SHC 2034(a)(1) details the requirements that cities and counties must comply with when submitting its list of proposed projects to the CTC to be funded with RMRA funds each fiscal year. The requirements include:

1. The proposed projects must be adopted by Resolution by the City Council at a regular public meeting
2. A description and the location of the work
3. A proposed schedule for completion
4. The estimated useful life of the improvement

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Approve staff's recommendations;
2. Do not approve staff's recommendations and request further information;
3. Modify staff's recommendation and approve; or
4. Provide direction to staff.

**ADVANTAGES:**

Submitting a list of projects will allow the City to receive RMRA funds. The street repairs will provide a stable surface to facilitate the application of an overlay in the future fiscal years on James Way, a major collector street which has been identified as one of the worst streets in the City.

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**DISADVANTAGES:**

There will be traffic inconveniences to the traveling public during construction. Staff will monitor the traffic control to conform to the requirements of the Municipal Uniform Traffic Control Devices manual (MUTCD) to mitigate any negative effects. City inspectors will be at the site during all phases of the operations to make adjustments for isolated instances (driveway access, etc.).

**ENVIRONMENTAL REVIEW:**

The filing of the project list for the RMRA funds is not a project under the California Environmental Quality Act (CEQA) as it causes no change to the environment. The pavement rehabilitation projects that use the RMRA funds will undergo environmental review for conformance to CEQA as part of its project development.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

## RESOLUTION NO.

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2018-19 FUNDED BY SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

**WHEREAS**, Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB1 includes accountability and transparency provisions that will ensure the residents of the City are aware of the projects proposed for funding in the community and which projects have been completed each fiscal year; and

**WHEREAS**, the City must adopt a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB1 by Resolution, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City will receive an estimated \$294,500 in RMRA funding in Fiscal Year 2018-19 from SB1; and

**WHEREAS**, this is the second year in which the City is receiving SB1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB1; and

**WHEREAS**, the City has undergone a public process to ensure public input into the City's project list; and

**WHEREAS**, the City used its Pavement Management System's Critical Point Management methodology to develop the SB1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

**WHEREAS**, the funding from SB1 will help the City maintain and rehabilitate approximately two miles of roadway within the City this year and similar projects into the future; and

**WHEREAS**, the City's 2016 Pavement Management Plan Update found that the City's streets and roads are overall in an at risk condition and this revenue will help maintain the overall quality of the road system and over the next decade will keep streets and roads from falling into a poor condition; and

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**WHEREAS**, the SB1 project list and overall investment in local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Arroyo Grande hereby:

1. Finds that the foregoing recitals are true and correct.
2. The fiscal year 2018-19 list of projects planned to be funded with Road Maintenance and Rehabilitation Account revenues include:

**FY 2018-19 List of Projects**

<b>Project Title:</b>	<b>James Way Repairs</b>
Project Location:	James Way from Oak Park Boulevard to Tally Ho Road
Estimated Useful Project Life:	10 Years
Proposed Schedule for Completion:	FY 2018-19
Project Description:	Pavement repairs consisting of digouts on James Way prior to overlay

On motion of Council Member\_\_\_\_\_, seconded by Council Member\_\_\_\_\_ , and on the following roll call vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**

The foregoing Resolution was passed and adopted this 24<sup>th</sup> day of April, 2018.

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**JIM HILL, MAYOR**

**ATTEST:**

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**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

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**JAMES A. BERGMAN, CITY MANAGER**

**APPROVED AS TO FORM:**

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**HEATHER K. WHITHAM, CITY ATTORNEY**

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