



MEMORANDUM

TO: City Council

FROM: Bill Robeson, Assistant City Manager/Public Works Director
Nicole Valentine, Administrative Services Director

BY: Steve Kahn, Interim City Engineer

SUBJECT: Consideration of a Resolution for Funding Road Repair Consistent with the Road Repair and Accountability Act of 2017 (SB1) for Fiscal Year 2023-24

DATE: April 11, 2023

SUMMARY OF ACTION:

Adopting the Resolution enables the City to be eligible for Senate Bill 1 (SB1) funding for road repair projects during Fiscal Year 2023-24.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The City's allocation of SB1 funding for FY 2023-24 is projected to be \$453,246. This funding will be utilized to maintain the City's street system. With this allocation, and the City's Gas Tax funding of \$539,190, the total funding available from the State for street and road maintenance is \$992,436.

RECOMMENDATION:

1) Adopt a Resolution approving use of funding from SB1 for the 2023 Pavement Management Program in Fiscal Year 2023-24; 2) Authorize the Director of Administrative Services to submit the Resolution to the California Transportation Commission (CTC); and 3) Make findings that adopting the Resolution is not a project subject to the California Environmental Quality Act ("CEQA") because the adoption in itself has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

BACKGROUND:

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 deferred maintenance on the State highway system and the local street and road system. These additional taxes are deposited by the State Controller

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into the Road Maintenance and Rehabilitation Account (RMRA). A portion of this funding is apportioned by formula to eligible cities and counties, including Arroyo Grande, pursuant to California Streets and Highways Code (SHC) Section 2032(h) and are to be used for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

Because 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.

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 storm water capture projects in conjunction with any other allowable project
- Traffic Control Devices
- Matching funds to State or federal funds for projects under this subdivision

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 54.

The City maintains its 67.5 miles of streets through two mechanisms: The City's in-house street crew that provides daily efforts to keep the condition of streets from declining, and capital projects to provide long term maintenance. Based on the SHC, the City can use its RMRA funds for either of these services. Historically, the City has utilized its RMRA funds to augment the City's pavement management program for upcoming roadway rehabilitation projects as opposed to allocating the funds to the City's in-house street maintenance program. This has been staff's recommendation to Council due to uncertainties that would be created by a decline in RMRA revenues or a possible repeal of SB1. In these events, it would be less impactful to cut a specific project or a portion thereof than to reduce the City's in-house street maintenance program that addresses constant, immediate short- and medium-term street safety issues (e.g., debris removal, potholes, skin patching, re-striping, storm water and drainage repairs, etc.).

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In accordance with California Streets and Highway Code (SHC) Section 2036, the City must maintain its existing commitment of local funds for street purposes to remain eligible for allocations of RMRA funds. This commitment is generally referred to as Maintenance of Effort (MOE). In order to receive these RMRA funds, each year the City must expend from its General Fund for street purposes in an amount not less than the annual average of General Fund expenditures during fiscal years (FY) 2009-10, FY 2010-11 and FY 2011-12, as reported to the State Controller's Office, pursuant to SHC Section 2151. For the City of Arroyo Grande, the amount of annual expenditures that must be spent from the General Fund for street purposes is \$1,431,971. The City complies with this requirement using General Fund and Local Sales Tax Fund.

Additionally, SHC Section 2034(a)(1) details the requirement 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 project must be adopted by Resolution by the City Council at a regular public meeting;
2. A description and the location of each proposed project;
3. A proposed schedule for the project's completion; and
4. The estimated useful life of the improvement.

The State has provided an estimate for the amount of FY 2023-24 RMRA funding available to the City of Arroyo Grande as \$453,246. It is recommended these RMRA funds be used to augment the City's pavement management program. The City updated its Pavement Management Program Report and its findings in April 2022. A list of streets and recommended rehabilitation has not yet been identified for the City's next annual pavement management project. Therefore, it is recommended that the Resolution state that specific sections and limits of roadways on which treatment will be applied will be prioritized and selected during the project development phase of the project based on identified needs.

ALTERNATIVES:

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

1. Adopt a Resolution approving a project to be funded by SB1 in Fiscal Year 2023-24;
2. Do not approve a Resolution approving a project to be funded by SB1 in Fiscal Year 2023-24 and request further information;
3. Modify staff's recommendation and adopt a Resolution approving a project to be funded by SB1 in Fiscal Year 2023-24; or
4. Provide other direction to staff.

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ADVANTAGES:

Submitting an adopted resolution to the CTC will allow the City to receive RMRA funds. The funding will help to protect the City's investment in its roadway system and maintain the roadways before they deteriorate beyond routine maintenance.

DISADVANTAGES:

None identified at this time.

ENVIRONMENTAL REVIEW:

Make findings that adopting the Resolution is not a project subject to the California Environmental Quality Act ("CEQA") because the adoption in itself has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

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.

Attachment:

1. Proposed Resolution