



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 3, 2017

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: ACCEPTANCE OF THE SENATE BILL 1, ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017 FUNDS – SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$1,834,563

ISSUE:

Amend the 2017-2018 Fiscal Year budget by appropriating the projected funding by the Senate Bill 1 Road Repair and Accountability Act of 2017 into the Public Works Department Capital Improvement Budget in the amount of \$1,834,563.

RECOMMENDATIONS:

That the City Council:

1. Authorize a supplemental appropriation in the amount of \$1,834,563.00 in additional California tax funds to project account number 9900427-440237 (Road Maintenance and Rehabilitation Account) and increase the estimated revenue by the same amount in project account number 90000230-335445; and
2. Approve the 2017-2018 Project List to be completed utilizing the Road Maintenance and Rehabilitation Account Funds.

BACKGROUND:

On April 28, 2017, the California Governor signed Senate Bill 1, which is known as the Road Repair and Accountability Act of 2017 (SB-1), to address basic road maintenance, rehabilitation and critical safety needs on both the state highway and local streets networks. SB-1 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 California State Controller's Office (Controller) will deposit various portions of this new funding into the State's 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 Section 2032(h). A detailed breakdown of RMRA funding sources and the disbursement of funding are included in the SB-1 reporting guidelines (Attachment 1).

These guidelines also describe the general policies and procedures for carrying out the annual RMRA project reporting requirements and other statutory objectives. SB-1 emphasizes the importance of accountability and transparency in the delivery of California transportation programs. Therefore, in order to be eligible for RMRA funding, statute requires cities and counties to provide basic annual RMRA project reporting to the California Transportation Commission (Commission).

DISCUSSION:

On June 21, 2016, the City Council adopted a resolution approving the City's Two-Year Budget for Fiscal Years 2016-2017 and 2017-2018 which included a list of the City's active funds required by Riverside Municipal Code Section 3.36.010. City Council periodically also receives Quarterly Financial Reports including budget adjustments and amendments.

Pursuant to the SB-1 guidelines, jurisdictions receiving RMRA funds must comply with applicable federal and state laws, regulations, policies and procedures. A few of the major requirements indicated in the SB-1 guidelines include the following:

1. Prior to receiving an apportionment of RMRA funds from the Controller in a fiscal year, the City must submit to the Commission a Project List proposed to be completed with these funds (Attachment 2). The Commission will provide the Controller the list of projects from all jurisdictions eligible to receive RMRA funds.
2. All projects proposed to receive RMRA funding must be included in the City budget and adopted by the City Council at a regular public meeting. A copy of the City Council meeting minutes approving the Project List and appropriating the RMRA funds must be included with the submittal due to the Commission by October 16, 2017.
3. The Project List will define the locations to be completed by the Public Works Department (Public Works) and shall include a description of the work, a proposed schedule for completion, estimated useful life, and other additional project elements.
4. For each fiscal year in which RMRA funds are received and expended, the City must submit documentation to the Commission of the amount of funds expended for each project on the approved Project List.

The Project List does not limit the flexibility of the City to fund projects in accordance with the City's needs and priorities so long as the projects are consistent with the SB-1 program priorities which include projects associated with road maintenance and rehabilitation, safety, railroad grade separations, complete streets, and traffic control devices.

The Controller, upon receipt of the report from the Commission, will apportion the RMRA funds to the City in monthly installments similarly to the process utilized for the Highway Users Tax Account apportionments. Estimated projections indicate the City will receive a total amount of \$1,834,563.00 under the SB-1 program for the 2017-2018 Fiscal Year (Attachment 3). It is currently anticipated the first year of RMRA monthly apportionments will begin in January 2018.

The RMRA revenue projections for the 2018-2019 Fiscal Year estimates the City will receive an additional \$5,503,366 of RMRA funds. These estimated revenues and the associated 2018-2019 list of projects will be included in the normal cycle for the City adopting its Two-Year Budget for Fiscal Years 2018-2019 and 2019-2020, currently anticipated to be adopted in June 2018.

Public Works always completes rehabilitation work citywide, however there are not sufficient RMRA funds available this fiscal year to complete that goal solely under the SB-1 program. However, the addition of the RMRA funds will increase the overall maintenance budget for Public Works, thereby increasing the benefit to provide for additional maintenance to be completed in all Wards within the City's overall pavement management program.

FISCAL IMPACT:

The Public Works Department Capital Improvement Program budget will increase by \$1,834,563.00 with the supplemental appropriation.

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Commission Annual Reporting Guidelines
2. 2017-2018 Project List
3. Projected RMRA Revenues
4. Presentation