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CALIFORNIA TRANSPORTATION COMMISSION

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February 6, 2018

Ms. Evelyn Calderon-Yee
Chief - Bureau of Payments, Local Government Programs and Services Division
Office of State Controller Betty T. Yee
3301 C Street, Suite 740
Sacramento, CA 95816

Re: Fiscal Year 2017-2018 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding - Subsequent Report of Eligible Cities and Counties

Dear Ms. Calderon-Yee,

On April 28, 2017, the Governor signed Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017) to address basic road maintenance, rehabilitation and critical safety needs on both state highways and local streets and roads. SB 1 increased per gallon fuel excise taxes, diesel fuel sales taxes and vehicle registration fees, and provided for inflationary adjustments to tax rates in future years.

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, to be eligible for funding, statute requires cities and counties to annually provide basic project reporting to the California Transportation Commission (Commission) for projects anticipated to utilize Road Maintenance and Rehabilitation Account (RMRA) funds.

Streets and Highways Code Section 2034 requires that the Commission compile and transmit to the State Controller, a list of eligible cities and counties each fiscal year. On December 6, 2017 the Commission adopted an initial report of cities and counties that submitted a complete proposed project list and are therefore eligible to receive Fiscal Year 2017 - 2018

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apportionments of RMRA Local Streets and Roads Funding pursuant to Streets and Highways Code Section 2034. This initial report was provided to the State Controller on December 14, 2017.

Pursuant to Streets and Highways Code Section 2034(a)(2), in the event the Commission receives a complete Proposed Project List submittal from a city or county after the transmittal of the initial report to the State Controller, the Commission is required to develop and submit a subsequent report of eligible jurisdictions. After adoption of the initial report in December 2017, Commission staff worked with 20 cities to collect outstanding information and complete their Proposed Project List submittals.

On January 31, 2018, the Commission adopted a subsequent report of cities and counties that submitted a complete proposed project list and are therefore eligible to receive Fiscal Year 2017 – 2018 apportionments of RMRA Local Streets and Roads Funding pursuant to Streets and Highways Code Section 2034.

Attached is the memorandum and resolution documenting the Commission's action on January 31, 2018. The 20 agencies listed in Attachment B of the memorandum are also eligible to receive an apportionment of funds under this program for Fiscal Year 2017-2018. Additionally for your convenience, we will provide this information to you electronically.

As of January 31, 2018, according to the data submitted to the Commission, all 58 counties and 479 of 481 cities are eligible to receive funds in Fiscal Year 2017- 2018.

If you have any questions or need any additional information at this time, please do not hesitate to contact Laura Pennebaker of my staff at (916) 653-7121 or Laura.Pennebaker@catc.ca.gov.

Thank you for your partnership in the administration of this new funding source to address maintenance, rehabilitation, and critical safety needs on the local streets and roads system.

Sincerely,



SUSAN BRANSEN
Executive Director

Attachments:

- Commission Memorandum and Resolution Adopting the Fiscal Year 2017-2018 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding Subsequent Report of Eligible Cities and Counties

c. Commissioners, California Transportation Commission
Betty T. Yee, California State Controller

Memorandum

Tab 21

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 31- February 1, 2018

Reference No.: 4.21
Action

Published Date: January 19, 2018

From: SUSAN BRANSEN
Executive Director

Prepared By: Laura Pennebaker
Associate Deputy Director

Subject: **ADOPTION OF THE FISCAL YEAR 2017-2018 ROAD MAINTENANCE AND REHABILITATION ACCOUNT LOCAL STREETS AND ROADS FUNDING SUBSEQUENT REPORT OF ELIGIBLE CITIES (RESOLUTION G-18-03)**

ISSUE:

Should the California Transportation Commission (Commission) adopt the subsequent report of additional cities that are eligible to receive Fiscal Year 2017-2018 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding made available through the enactment of the Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017)?

RECOMMENDATION:

Staff recommends that the Commission adopt the Fiscal Year 2017-2018 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding Subsequent Report of Eligible Cities as provided in Attachment B, and direct staff to transmit the list of additional eligible jurisdictions to the State Controller.

BACKGROUND:

On April 28, 2017, the Governor signed Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017). To address basic road maintenance, rehabilitation and critical safety needs on both the state highway and local streets and road system, 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.

Starting November 1, 2017, the State Controller began depositing various portions of this new funding into the newly created Road Maintenance and Rehabilitation Account. A percentage of this new Road Maintenance and Rehabilitation Account funding will be apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code Section 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, to be eligible for Road Maintenance and Rehabilitation Account funding, statute requires cities and counties to annually provide basic project reporting to

the Commission for projects anticipated for and funded through the Road Maintenance and Rehabilitation Account.

Statutory Requirements and Reporting Guidelines

Streets and Highways Code Section 2034 outlines specific reporting requirements to the Commission that cities and counties must meet in order to be eligible to receive Road Maintenance and Rehabilitation Account funding, and the responsibility of the Commission to report eligible jurisdictions to the State Controller. Each fiscal year:

- Prior to receiving an apportionment of funds, cities and counties must submit a list of proposed projects to the Commission.
 - All projects proposed must be adopted by resolution by the city council or county board of supervisors at a regular public meeting;
 - The list of proposed projects must include a description and location for each project, a proposed schedule for the project's completion, and the estimated useful life of the improvement;
- The Commission must report to the State Controller the cities and counties that have submitted a project list and are therefore eligible to receive funding.
- Each city or county receiving an apportionment of funds must, upon expenditure, submit documentation to the Commission detailing the expenditure of all funds under the program including a description and location of each completed project, the amount of funds expended, the completion date, if applicable, and the estimated useful life of the improvement.

The Commission, in collaboration with program stakeholders, developed and adopted the [Local Streets and Roads Funding Annual Reporting Guidelines](#) which outline the statutory provisions, general policies, and procedures for cities and counties to carry out the annual Road Maintenance and Rehabilitation Account project reporting requirements and for the Commission's annual transmittal of a list of eligible cities and counties to the Controller.

Fiscal Year 2017-2018 – Proposed Project Lists and Report of Eligible Jurisdictions

To facilitate complete and consistent submission of proposed project information, the [Local Streets and Roads Proposed Project List Template](#) was developed based on statutory requirements and the adopted program guidelines. The template was released in mid-September 2017 and serves as the standard form that cities and counties are required to use when submitting a list of projects to the Commission that are proposed for funding with Road Maintenance and Rehabilitation Account funds pursuant to Streets and Highways Code Section 2034(a).

The proposed project lists are required by statute to include the project's description, location, proposed schedule for completion, and the estimated useful life of the improvement. All projects proposed for funding are also required to be adopted by resolution by the applicable city council or county board of supervisors at a regular public meeting. Pursuant to statute, the proposed project list does not limit the flexibility of an eligible city or county to fund projects in accordance with local needs and priorities so long as the projects are consistent with Road Maintenance and Rehabilitation Account priorities as outlined in Streets and Highways Code Section 2030(b). In the event a city or county chooses to fund a project that is not on the proposed project list, the

jurisdiction will annually communicate any program changes to the Commission through the project expenditure report that is required to be submitted each fiscal year.

Proposed Project List submittals were due to the Commission on October 16, 2017. Commission staff reviewed submittals and worked with city and county staff to ensure completeness and inclusion of all information and support documentation required by the Streets and Highways Code. Jurisdictions that provided a complete Proposed Project List submittal to the Commission prior to the December 6-7, 2017 Commission Meeting were included in the initial report of eligible jurisdictions that was transmitted to the State Controller on December 14, 2017. All 58 counties and 459 of the 481 cities that are statutorily authorized to receive these funds were included in the initial report.

Pursuant to Streets and Highways Code Section 2034(a)(2), in the event the Commission receives a complete Proposed Project List submittal from a city or county after the transmittal of the initial report to the State Controller, the Commission is required to develop and submit a subsequent report of eligible jurisdictions. After adoption of the initial report in December 2017, Commission staff worked with 20 cities to collect outstanding information and complete their Proposed Project List submittals. The agencies are listed in Attachment B as eligible to receive an apportionment of funds under this program for Fiscal Year 2017-2018.

Upon Commission adoption, the list of cities outlined in Attachment B will serve as the subsequent report of eligible jurisdictions and will be transmitted to the State Controller as required by Streets and Highways Code Section 2034(a)(2). The Controller, upon receipt of the subsequent report, shall apportion funds to these additional agencies.

Pursuant to Streets and Highways Code Section 2034(a)(4), in the event a city or county is not included on the initial report of eligible jurisdictions submitted by the Commission, the State Controller will retain that city or county's monthly share of program funds for a period of 90 days (from the State Controller's receipt of the initial report from the Commission). If the State Controller receives a subsequent report of additional eligible jurisdictions from the Commission during this time, the State Controller shall apportion the funds that were retained. After this 90 day grace period, any funds retained by the State Controller will be forfeited by the city or county for that fiscal year and will be reapportioned to the existing eligible cities and counties.

Statewide Summary of Eligible Jurisdictions – Initial and Subsequent Reports

All 58 counties were included in the initial report submitted to the State Controller in December 2017. Upon adoption of the subsequent list outlined in Attachment B, 479 of the 481 cities that can receive funds under this program will be eligible for funding. The remaining 2 jurisdictions, the Cities of Taft and Maricopa, are small rural jurisdictions that are presently evaluating their ability to meet the maintenance of effort and reporting requirements associated with the funding and have indicated that they will not apply for FY 2017-2018 funds. Commission staff is working with these cities to determine if they will apply for FY 2018-2019 funding and assist them as needed.

Accountability and Transparency

To facilitate transparency and accountability in the delivery of local streets and roads projects funded through this formula program, an interactive map depicting city and county projects is

available at: www.rebuildingca.ca.gov and a statewide list of proposed city and county projects is available on the Commission's website at: www.catc.ca.gov

Additionally, cities and counties are required to annually report project expenditure and completion information to the Commission pursuant to Streets and Highways Code Section 2034(b) and the adopted reporting guidelines.

The Commission is committed to fostering program accountability and transparency through the receipt of proposed project lists and program expenditure reports and by providing aggregated statewide information regarding the use of program funds to the public and the legislature.

Attachments:

- Attachment A: Resolution G-18-03
- Attachment B: Subsequent Report of Cities Eligible to Receive FY 17-18 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding

CALIFORNIA TRANSPORTATION COMMISSION

**ADOPTION OF THE FISCAL YEAR 2017-2018 ROAD MAINTENANCE AND
REHABILITATION ACCOUNT LOCAL STREETS AND ROADS FUNDING
SUBSEQUENT REPORT OF ELIGIBLE CITIES
Resolution G-18-03**

- 1.1** **WHEREAS**, on April 28, 2017, the Governor signed Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), 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; and
- 1.2** **WHEREAS**, beginning November 1, 2017, the State Controller (Controller) began depositing portions of new funding from increases to certain fuel excise and sales taxes and vehicle registration fees into the Road Maintenance and Rehabilitation Account of which a percentage is continuously apportioned by the Controller by formula pursuant to paragraph (2) of subdivision (h) of Section 2032 of the Streets and Highways Code to eligible cities and counties for basic road maintenance, rehabilitation, and critical safety projects on local streets and roads; and
- 1.3** **WHEREAS**, Streets and Highways Code Section 2034(a)(1) requires that prior to receiving an apportionment of Road Maintenance and Rehabilitation Account funds pursuant to paragraph (2) of subdivision (h) of Section 2032 from the Controller in a fiscal year, an eligible city or county shall submit to the California Transportation Commission (Commission) a list of projects proposed to be funded with these funds pursuant to an adopted resolution; and
- 1.4** **WHEREAS**, Streets and Highways Code Section 2034(a)(2) requires that the Commission shall report to the Controller the cities and counties that have submitted a list of projects as described in this subdivision and that are therefore eligible to receive an apportionment of funds under the program for the applicable fiscal year. The Controller, upon receipt of the report, shall apportion funds to eligible cities and counties; and
- 1.5** **WHEREAS**, Streets and Highways Code Section 2034(a)(1) specifies that the project list shall not limit the flexibility of an eligible city or county to fund projects in accordance with local needs and priorities, so long as the projects are consistent with Streets and Highways Code Section 2030(b); and
- 1.6** **WHEREAS**, the Commission, in consultation with cities, counties, and their representatives as well as the State Controller's Office and other stakeholders, developed and adopted Local Streets and Roads Funding Program Annual Reporting Guidelines to describe the general policies and procedures for carrying out annual project reporting requirements for cities and counties; and
- 1.7** **WHEREAS**, Commission staff worked collaboratively with city and county representatives to develop and release a standard proposed project list form to facilitate the complete and consistent submission of proposed project information; and

- 1.8 **WHEREAS**, Commission staff collected Fiscal Year 2017-2018 proposed project list submittals and support documentation from cities and counties and reviewed submittals to verify completeness and inclusion of all information required by Streets and Highways Code Section 2034(a)(1); and
- 1.9 **WHEREAS**, on December 6, 2017, the Commission adopted an initial list of cities and counties that provided complete proposed project list submittals and are therefore eligible to receive Fiscal Year 2017 - 2018 formula apportionments of Road Maintenance and Rehabilitation Account Local Streets and Roads Funding, and transmitted that initial list to the State Controller's Office on December 14, 2017; and
- 1.10 **WHEREAS**, Streets and Highways Code Section 2034(a)(2) requires that if the Commission receives a list of projects from a city or county after it submits its initial report to the Controller, the Commission shall submit a subsequent report to the Controller that indicates the cities and counties that submitted a list of projects after the Commission submitted its initial report; and
- 1.11 **WHEREAS**, since adoption of the initial report on December 6, 2017, Commission staff worked with 20 additional cities to collect their complete proposed project list submittals. These cities, as reflected in Attachment B, are therefore also eligible to receive Fiscal Year 2017 - 2018 formula apportionments of Road Maintenance and Rehabilitation Account Local Streets and Roads Funding; and
- 1.12 **WHEREAS**, the list of jurisdictions in Attachment B is intended to serve as the subsequent report of eligible jurisdictions as required by Streets and Highways Code Section 2034(a)(2).
- 2.1 **NOW, THEREFORE, BE IT RESOLVED**, that the Commission adopts the attached Fiscal Year 2017-2018 Road Maintenance and Rehabilitation Account Local Streets and Roads Funding Subsequent Report of Eligible Cities; and
- 2.2 **BE IT FURTHER RESOLVED**, that Commission staff is authorized to make minor technical changes as needed to the report; and
- 2.3 **BE IT FURTHER RESOLVED**, that the Commission directs staff to transmit the report to the State Controller as required by Streets and Highways Code Section 2034(a)(2).

**CALIFORNIA TRANSPORTATION COMMISSION
FISCAL YEAR 2017-2018 ROAD MAINTENANCE AND REHABILITATION ACCOUNT
LOCAL STREETS AND ROADS FUNDING
SUBSEQUENT REPORT OF ELIGIBLE CITIES**

Pursuant to Streets and Highways Code Section 2034, in addition to the jurisdictions identified on the initial report adopted by the Commission on December 6, 2017, the following cities are eligible to receive an apportionment of funds from the Road Maintenance and Rehabilitation Account (RMRA) during Fiscal Year 2017 – 2018:

Calabasas (Los Angeles County)
Hawaiian Gardens (Los Angeles County)
City of Industry (Los Angeles County)
Irwindale (Los Angeles County)
Santa Fe Springs (Los Angeles County)
South El Monte (Los Angeles County)
Alturas (Modoc County)
Nevada City (Nevada County)
Auburn (Placer County)
Adelanto (San Bernardino County)
Grand Terrace (San Bernardino County)
San Bernardino (San Bernardino County)
Yucca Valley (San Bernardino County)
Carlsbad (San Diego County)
Del Mar (San Diego County)
Monte Sereno (Santa Clara County)
Etna (Siskiyou County)
Fort Jones (Siskiyou County)
Loyalton (Sierra County)
Sebastopol (Sonoma County)