



Council Agenda Report

Item 5d

Department: Public Works
Cost Center: 5001
For Agenda of: 4/19/2022
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director

Prepared By: Brian Nelson, Deputy Public Works Director and City Engineer

SUBJECT: 2022-2023 ROAD MAINTENANCE RECOVERY ACT (SB1) FUNDING AND PROJECTS

RECOMMENDATION

1. Adopt a Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, to define a list of projects funded by the Road Repair and Accountability Act of 2017, Senate Bill 1, for Fiscal Year 2022-23 and allocate \$440,582 of SB 1 Unassigned Fund Balance into the 2022-23 Capital Improvement Plan Budget"; defining a list of projects funded by the Road Repair and Accountability Act of 2017, Senate Bill 1, for Fiscal Year 2022-23; and
2. Approve the allocation of \$440,582 of SB1 Fund Balance to the Streets Reconstruction and Resurfacing project budget for FY 2022-23.

Background

On April 28, 2017, the Governor signed Senate Bill 1 (SB1) (Beall, Chapter 5, Statutes of 2017), which is known as the Road Maintenance and Rehabilitation Act of 2017 (RMRA). RMRA/SB1 addresses basic road maintenance, rehabilitation, and critical safety needs on both the state highway and local roadway systems. RMRA provides funding by charging:

1. An additional 12 cents per gallon on the gasoline excise tax effective November 1, 2017.
2. An additional 20 cents per gallon on the diesel fuel excise tax effective November 2, 2017.
3. An additional vehicle registration tax called the "Transportation Improvement Fee" with rates based on the value of the motor vehicle effective January 1, 2018.
4. An additional \$100 vehicle registration tax on zero emissions vehicles model year 2020 or later effective July 1, 2020.

Based on the latest forecasts, the City is estimated to receive approximately \$1,049,877 of RMRA funding in FY 2022-23¹. RMRA funds are programmed into the financial plan to help fund eligible Capital Improvement Plan (CIP) projects. The California Transportation Commission (CTC) has published guidelines for programming and reporting on the use of RMRA funds. Annually on May 1st, the City must submit a project list to the CTC for the coming year and each October 1st, the City must submit a project expenditure report. This report and City Council Resolution completes the City's obligation for RMRA fund programming for Fiscal Year 2022-23.

Recommended Use of 2022-23 RMRA/SB1 Funding

Roadway Sealing 2022

The Roadway Sealing Project, planned for Summer 2022, is part of the City's ongoing pavement management plan, which alternates between maintenance of neighborhood streets in even years, and maintenance and repair of arterial streets in odd years. This approach is intended to promote equity between residential and commercial areas and spread the benefits to the entire community.

The Roadway Sealing 2022 project will slurry seal neighborhood streets within Area 6 and 7. Also included with the Project are portions of Area 9 (Downtown Core) that were deferred from the 2021 Street Maintenance Project in order to not magnify the disruption and inconvenience that typically create impacts on downtown businesses. In addition to roadway maintenance, striping improvements and curb ramps will be constructed to meet current ADA and City standards. Furthermore, staff identified cost benefits to incorporating parking lot maintenance and bicycle pathway maintenance projects identified within the 2021-23 Financial Plan, including maintenance of the Islay Park parking lot and the Madonna Inn Pathway.

Recommended Use of Available RMRA/SB1 Fund Balance

Based on the City's 2020-21 audited financials², there is an undesignated SB1 fund balance of \$440,582 due to several years of State SB1 revenues exceeding the City's expenditures. Staff recommend using this funding to augment the 2022 Roadway Sealing Project.

¹ "Local Streets and Roads - Projected Revenues." *California City Finance*, <http://californiacityfinance.com/LSRcicoSummaryFy22Fy23.pdf>

² "City of San Luis Obispo Annual Comprehensive Financial Report, FY 2020-21." City of San Luis Obispo, <https://www.slocity.org/home/showpublisheddocument/31535/637787056358070000>

Previous Council or Advisory Body Action

At the March 15, 2022 City Council meeting, staff received Council authorization to advertise the Roadway Sealing 2022 project.

Policy Context

This action and the associated resolution are required by the CTC for the use of RMRA funds. The proposed projects are consistent with the Council's adopted 2021-23 Financial Plan and Major City Goals.

Public Engagement

Public engagement is ongoing for the summer paving project proposed to be funded by SB1 funds. In addition, the public has an opportunity to comment on this item at or before the Council meeting.

CONCURRENCE

There is concurrence from the Finance Department through its review and approval of this report.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Section 15378. There are no environmental impact resulting from approval of this item. Individual projects funded under this revenue source will be required to satisfy environmental review, if required, as part of project development and approval process.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2022-23

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Other: RMRA/SB1	\$1,049,877	\$1,049,877	\$0	
RMRA/SB1 Fund Balance	\$440,582	\$440,582		
Total	\$1,490,459	\$1,490,459	\$0	\$

The recommendations in this report do two things:

1. Establishes a project list for the FY 2022-23. The establishment of this project list does not commit these RMRA funds. Council could, at any point prior to expenditure, change funding priorities or project allocations based upon changes in economic conditions that could impact SB1 revenue. Any project list changes would be communicated to the CTC via the annual expenditure report in October each year. The below table indicates the total SB1 funding contribution to be used for the 2022 Roadway Sealing Project. Council received a separate staff report at the March 15, 2022 meeting requesting authorization to advertise the project, which included total costs and general fund contributions to the work.

RMRA SB 1 Project List for FY 2022-23	
Project	2022-23 Funding
2022 Roadway Sealing	\$1,049,877
Total	\$1,049,877
Estimated SB 1 2022-23 Revenue	\$1,049,877

2. Approve the allocation of SB1 unassigned Fund Balance to the Streets Reconstruction and Resurfacing project to support upcoming pavement management including the 2022 Roadway Sealing project. If approved, this funding will be formally appropriated with the adoption of the FY 2022-23 CIP budget on June 7, 2022. Unused project budget would be carried over to the following fiscal year.

ALTERNATIVES

The City Council could deny adoption of the resolution to fund these Capital Improvement Plan projects using RMRA funds. This is not recommended as the projects are eligible for RMRA funding. These projects improve critical safety needs, maintain existing infrastructure, and further the City's transportation multi-modal and climate action goals.

ATTACHMENTS

- A - Draft Resolution adopting the list of projects to receive 2022-23 RMRA Funding and allocating \$440,582 of unassigned SB1 fund balance into the 2022-23 CIP budget.
- B - 2022 Area Sealing Map