



**DATE:** May 15, 2018

**TO:** Mayor and City Council

**FROM:** Interim Director of Public Works

**SUBJECT:** Approve Resolution in Support of Proposition 69 to Preserve Transportation Funding and Oppose Efforts to Repeal the Road Repair and Accountability Act (SB-1)

### **RECOMMENDATION**

That the City Council:

- 1) Approves the attached Resolution in support of Proposition 69, which is on the June 2018 ballot, and aims to support SB-1 (Beall) and prevent new transportation funds from being diverted for non-transportation purposes; and
- 2) Opposes any proposed November 2018 ballot proposition that would seek to repeal SB-1.

### **SUMMARY**

Staff requests that Council approve a resolution supporting Proposition 69, the June 2018 constitutional amendment to prevent new transportation funds from being diverted for non-transportation purposes, and opposing the proposed November ballot proposition that would repeal the new SB-1 transportation funds and make it more difficult to raise state and local transportation funds in the future.

### **BACKGROUND**

In 2017, the California Legislature and Governor Brown approved SB-1, providing the first significant, stable, and on-going increase in state transportation funding in more than two decades. SB-1 makes new state revenues available for transportation investments across all modes of transportation. To raise the necessary monies for this significant investment program, SB-1 instituted the following taxes and fees to include the following:

- A 12-cent per gallon increase in the gasoline excise tax
- A 20-cent per gallon increase in the diesel excise tax
- A 4% per gallon increase in the diesel sales tax rate
- A new vehicle registration fee ("Transportation Improvement Fee")

- A new \$100 per year "Road Improvement Fee" on zero-emission vehicles starting with year 2020 models and later

These new state fees and rates are indexed annually to the CPI beginning July 2020 to limit loss of purchase power to inflation. The City's FY 2019 SB-1 allocation is expected to be approximately \$2,674,000.

## **DISCUSSION**

With SB-1 imposing new taxes and fees on consumers, there is a proposed initiative that has not yet qualified for the November 2018 state ballot, which seeks to repeal SB-1, the California Voter Approval for Gas and Vehicle Taxes Initiative. The approved summary for the initiative states, "Repeals a 2017 transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation. Requires the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval." Proponents of the initiative have until May 21, 2018 to gather required signatures, at which point it would qualify to be placed on the November 6, 2018 General Election ballot. If passed, the Initiative would require a majority vote of Californians to increase transportation revenues once passed by two-thirds of the California State Legislature.

The proposed November proposition would take \$3 million in street repair funds annually (approximately \$28 million projected over ten years) dedicated to the City, and halt critical investments in future transportation improvement projects in the community.

The City continues to face a short-fall in funding to maintain City roads even at current levels, and is projected to see road conditions continue to deteriorate if additional funding is not provided. SB-1 funds are an essential part of the solution to provide safe and well-maintained roads in the City.

The League of CA Cities and the California State Association of Counties (CSAC), among other supporters and proponents, have requested cities and counties oppose efforts to repeal SB-1. Action is sought for local legislative bodies (i.e., city councils) to be listed as a member endorsing efforts of the "Fix Our Roads Coalition" to support safer roads and to protect and invest in the maintenance and improvement of our interconnected transportation system.

## **ECONOMIC IMPACT**

The direct economic impact of these projects is not quantifiable.

## **FISCAL IMPACT**

The amount of funding generated by SB-1 that will be distributed to the City is approximately \$898,000 in Fiscal Year 2018, which is a partial year, and \$2,674,000 in Fiscal Year 2019, the first full year of revenue. The proposed November 2018 ballot proposition would take away this annual funding for critical maintenance and improvement of our transportation infrastructure.

## **STRATEGIC INITIATIVES**

This agenda item supports the Complete Streets Strategic Initiative. The purpose of the Complete Streets Strategic Initiative is to build streets that are safe, comfortable, and convenient for travel for everyone, regardless of age or ability, including motorists, pedestrians, bicyclists, and public transportation riders. This item supports the following goal and objective:

Goal 1: Maintaining sufficient funding to provide for existing and future transportation facility and service needs.

Objective 2: Establish a sustainable funding mechanism and dedicated funding source to build a complete streets network.

## **SUSTAINABILITY FEATURES**

The action taken for this agenda report will not result in a physical development, purchase or service, or a new policy or legislation. Any project that will use SB-1 funds will depend on a future Council action.

## **PUBLIC CONTACT**

The Council agenda has been posted on the City's website.

## **NEXT STEPS**

If Council approves the attached resolution, staff will distribute the signed resolution to the appropriate bodies, as well as post a copy of the resolution on the Legislative Program website.

*Prepared by:* Lucky Narain, Sr. Management Analyst  
Kathy Garcia, Deputy Public Works Director

*Recommended by:* Alex Ameri, Interim Director of Public Works

Approved by:



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Kelly McAdoo, City Manager