



## Legislation Text

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**File #:** 15-0366, **Version:** 2

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Recommendation to adopt a support position on SB 16 (Beall), a State proposal that will provide a new temporary funding source for state and local street and roads projects.

### **Summary of Committee Report**

On April 21, 2015, the State Legislative Committee (Committee) met and received a report on SB 16 (Beall). This bill proposes to create a new funding source for State and local streets and road projects. The Committee unanimously voted to recommend that the City Council adopt a support position on SB 16.

As a part of the report that was received at the April 21 Committee meeting, staff indicated a memorandum on the proposed Pavement Management Plan will be provided to the City Council. Per SB 16 as currently written, the City Council will need to adopt specific streets and roads projects as part of the annual budget in order to access the State's new funding source. Staff has indicated that more details will be provided on these specific projects after the City learns of the actual dollar amount that we will receive from SB 16.

As the bill currently reads, the City of Long Beach may receive up to \$10 million annually, for five years, revenues from SB 16. These revenues will be in addition to the \$5 million that the City already spends annually on local street and road projects.

Federal, State, and regional planning agencies require cities to develop and adopt a Pavement Management Program (PMP) to manage local streets or highways. These programs include the federal Surface Transportation Local Fund (STPL) Program, a multi-year capital improvement program that is funded with the revenues of the Transportation Investment Fund, and other sources. Long Beach receives \$1.4 million annually in federal STPL funds. The City also receives approximately \$3.5 million annually in State Gas Tax revenues, and \$4.4 million annually from County Measure R funding. These funds, and others, are used to manage the operations and maintenance of the City's streets and roads.

### **Transportation Funding Needs**

The need for local streets and roads funding is great. Long Beach's pavement roadway network is valued at approximately \$981 million. We have 177 miles of major roadways, which include arterial, collector and industrial streets. We also have 609 miles of local roadways, which include residential streets and frontage roads. Collectively, there are 786 miles of local streets in Long Beach. Major roadways in Long Beach have an average Pavement Condition Index (PCI) of 63, which means these roads are progressively cracking,

have a few base failures and localized distress. Minor roadways in Long Beach have an even lower PCI of 56, which means that these streets suffer from localized base failures, extensive cracking and patching, as well as rutting at intersections.

## **Bill Analysis**

S8 16 creates the Road Maintenance and Rehabilitation Program (Program) to address deferred maintenance on the State highway system and the local street and road system. This bill allows the Program to be authorized every five-years by the Legislature, and provides that authorization for the next five fiscal years, beginning FY 16. If the bill passes, Program revenues will be deposited into the State Transportation Fund: Road Maintenance and Rehabilitation Account; separate from traditional Gas Tax revenues.

Revenues for the Road Maintenance and Rehabilitation Account would be raised by increasing the gas tax and vehicle registration fees. Specifically, drivers will contribute via:

1. A 10 cent increase in the excise tax on gasoline and diesel.
2. A \$35 Vehicle Registration Fee increase for all vehicles.
3. A \$100 Vehicle Registration Fee for all zero-emission vehicles.

The funding would be allocated as follows:

- 5% set aside for new self-help counties. These are counties that adopt a countywide voter-approved transportation sales tax measure after January 1, 2016. The County of Los Angeles (and by association, Long Beach) does not qualify because we have adopted a transportation sales tax measure in the past.
- Remaining funds split 50/50:
  - o 50% to the State Highway Operation and Protection Program (SHOPP)
  - o 50% to cities and counties using the existing Highway Users Tax Account (HUTA) allocation formula in Section 2103 of the Streets and Highways Code.

Program funds require a maintenance of effort (MOE). Local governments are required to adhere to the MOE as a condition of accepting Program funding. The California Transportation Commission will be responsible for monitoring each local jurisdiction to determine an appropriate level of improvement each year. Cities that fail to meet the maintenance of effort requirement will lose funding.

Funding may only be used for maintenance and rehabilitation purposes. Cities cannot use these funds to build new streets and roads. Additionally, transit is not a proposed recipient of

these dollars.

### **Long Beach Impacts**

Estimates show the City of Long Beach could receive approximately \$10 million annually for five years if SB 16 is enacted. Revenues will be used to reduce the backlog of streets and road maintenance.

In order to access SB 16 funding, Long Beach will be required to submit to the California Transportation Commission a list of projects proposed to be funded with Program funds pursuant to the City's adopted annual budget. All projects proposed to receive funding must be included in our budget. The list of proposed projects shall include a description and the location, a proposed schedule for the project's completion, and the estimated useful life of the improvement.

Funds made available to cities shall be used for improvements to transportation facilities that assist in reducing further deterioration of the existing road system. These improvements may include, but need not be limited to, pavement maintenance, rehabilitation, installation, construction, and reconstruction of necessary associated facilities such as drainage and traffic control devices, or safety projects to reduce fatalities. Funds made available may also be used to satisfy the local match requirement in order to obtain State or federal transportation funds for similar purposes.

SB 16 funding cannot supplant local dollars. In order to be eligible for funding, Long Beach must expend from our General Fund for street and road purposes, an amount not less than the annual average that was spent from our General Fund during FY 10, FY 11, and FY 12. In calculating this threshold, any unrestricted funds that were spent, including vehicle in-lieu tax revenues and revenues from fines and forfeiture for street, road, and highway purposes, are considered expenditures from the General Fund.

### **Bill Status**

SB 16 is an urgency bill that will require a two-thirds vote from the State Assembly and Senate to pass. If it is enacted, it will become effective upon signature by the Governor. The bill is set to be heard in the Senate Transportation and Housing Committee on April 28, 2015. It is keyed fiscal and will need to pass the Senate Appropriations Committee before May 29, 2015.

### **Next Steps**

In anticipation of the passage of SB 16, City staff is developing a Pavement Management Program Plan that will list projects that can be funded with Program funds. Attached for more information is the most current version of the bill. An overview of the City's proposed Pavement Management Program Plan will be presented to the City Council at a future date.

Approve recommendation.

AL AUSTIN  
CHAIR, STATE LEGISLATION COMMITTEE