



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604

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Consent
September 15, 2009

**Honorable Mayor and
Members of the City Council**

Title: Appropriation of Traffic Congestion Relief Funds

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** appropriating \$4,036,154 from Traffic Congestion Relief Program (Fund 2009) to the Overlays and Seals Program (R15072000).

Contact: Nicole Henderson, Supervising Financial Analyst, 808-8242; Lucinda Willcox, Program Manager, 808-5052

Presenters: None

Department: Transportation

Division: Engineering Services

Organization No: 15001111

Description/Analysis

Issue: This program allocates funding from sales taxes on gasoline and diesel fuel to be used for the rehabilitation of streets under State Proposition 42. City Council is requested to appropriate Traffic Congestion Relief Program (Fund 2009) in the amount of \$4,036,154.

Policy Considerations: The attached resolution is consistent with the City Council's goal of leveraging local funds to obtain State funding. The current level of funding for maintenance must be maintained in order to receive Traffic Congestion Relief funds. Receipt of these funds does not replace currently allocated funding for maintenance activities.

Environmental Considerations:

California Environmental Quality Act (CEQA): The subject of this report does not involve a project that requires compliance with the California Environmental Quality Act (CEQA), inasmuch as it does not involve an activity that may cause a direct or indirect change in the environment (Public Resources Code Section 21065).

Sustainability Considerations: This project is consistent with the City's Sustainability Master Plan. It conforms to the Air Quality Focus Area by improving and optimizing transportation infrastructure and relieving congestion.

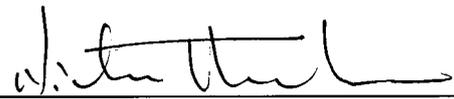
Other: None.

Commission/Committee Action: None.

Rationale for Recommendation: These are funds allocated to the City that must be used for roadway maintenance. This funding assists in extending the life of City streets and reducing the need for more costly reconstruction.

Financial Considerations: It is recommended that funds from the City's FY08-09 Traffic Congestion Relief allocation in the amount of \$4,036,154 be appropriated from Traffic Congestion Relief (AB2928) – Maintenance of Effort Program (2009-890020-60001015) to the Overlays and Seals Program (R15072000).

Emerging Small Business Development (ESBD): None, since no goods or services are being procured with this action. Any future contracts awarded with this program will comply with all ESBD requirements.

Respectfully Submitted by: 
Nicholas Theocharides
Engineering Services Manager

Approved by: 
Jerry Way
Director of Transportation

Recommendation Approved:

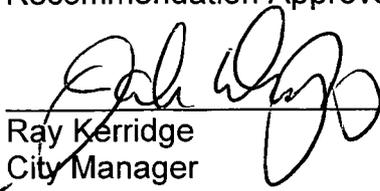

Ray Kerridge
City Manager

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Attachment 1**Background Information:**

The State currently levies two types of taxes on gasoline and diesel fuel: an 18 cent excise tax per gallon - commonly referred to as "gas tax", and a local sales tax which is levied on gasoline and diesel fuel sales based on the local sales tax rate. Sacramento County's sales tax rate, after the State-mandated one percent increase in April 2009, is currently 8.75 percent.

These motor fuel sales taxes used to be deposited in the State's General Fund to be allocated as part of the State budget. In 2000, through AB 2928, the State created the Transportation Congestion Relief Program (TCRP) to dedicate gasoline sales taxes for transportation purposes. The TCRP specified uses of this funding through 2008.

In 2002, voters approved Proposition 42, a constitutional amendment requiring gasoline sales taxes to be allocated to a Transportation Investment Fund and all funding to be used for specified state and local transportation purposes. Under Prop 42, revenues were to be allocated for transportation purposes as specified under the TCRP for 2003-04 through 2007-08. Beginning in FY08-09, the revenues were required to be allocated as follows:

- 20% public transportation
- 40% State Transportation Improvement Program (STIP)
- 20% counties for road maintenance
- 20% cities for road maintenance

Under Proposition 42, the State may suspend funding in a fiscal emergency, which it did in fiscal years 2003-04 and 2004-05, but must repay it with interest. The State repaid the two suspended years in Fall 2006. Prop 42 also provided that to complete the projects already specified in the TCRP, 80 percent of all funding in fiscal years 2006-07 and 2007-08 was allocated to the STIP and none to cities and counties. Therefore, FY 2008-09 represents the first year of regular funding in this program, barring any future suspensions by the State.

The following table illustrates the gas sales tax receipts to the City of Sacramento since FY 2000-01 when the TRCP was established. Due to the 1% increase in the sales tax rate and the high gas prices of Summer 2008, the City received substantial funding.

**Transportation Congestion Relief Program Allocations
FY 2000-01 through 2008-09**

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Allocation to City of Sacramento	\$2,893,624	\$1,044,071	\$1,104,122	State deferred	State deferred	\$2,025,160	Directed to STIP	Directed to STIP	\$4,036,154
Repayment of FY03-04							\$1,472,848		
Repayment of FY04-05							\$1,765,196		

Eligible uses of funding

Under the provision of AB2926, eligible uses for road maintenance funding are as follows:

- **Maintenance** – Maintenance is defined as the preservation and upkeep of a street or road, including all of its elements, in as nearly as practicable to its original condition or its subsequently improved condition. Maintenance includes the following:
 - Patching, repairing, surface treating, and joint filling,
 - Pothole repair,
 - Overlay and joint sealing,
 - Scarifying, reshaping, and restoration of material losses
 - Repair of traveled way and shoulders
 - Repainting of pavements, striping, and marking pavements
 - Bridge Repair.

- **Reconstruction** – Reconstruction includes:
 - Widening of the roadway or bridge (if the widening is necessary to bring the roadway width to the desirable minimum width consistent with the geometric design criteria of Caltrans for resurfacing, restoration, and rehabilitation (3R) projects that are not on a freeway; this does not include widening for the purpose of increasing the traffic capacity of a street or road).
 - Overlay
 - Sealing
 - Drainage

- **Storm Damage Repair** – Storm damage repair means the maintenance or reconstruction of, and related drainage improvements to, public streets and roads that have been damaged due to winter storms and flooding. Storm drain repair includes construction of drainage improvements to mitigate future roadway flooding and manage problems (in those jurisdictions that have been declared disaster areas by the President of the United States), where the costs of those repairs are ineligible for emergency funding with Federal Emergency Relief (ER) funds or Federal Emergency Management Administration (FEMA) funds.

Drainage improvements include:

- Repair and reconstruction of curb and gutter and associated facilities for street or road drainage; and
- New construction of curb and gutter and associated facilities for street or road drainage to mitigate future roadway flooding and damage problems (without regard to storm damage repair and/or ineligible emergency funding criteria).

To receive Traffic Congestion Relief (AB2928) funds, the City of Sacramento is required to annually expend, from its General Fund for street, road, and highway maintenance purposes, an amount not less than the annual average of its roadway maintenance expenditures from its General Fund during the fiscal years 1996-97, 1997-98 and 1998-99. Traffic Congestion Relief (AB2928) defines General Fund as any unrestricted funds that the local jurisdiction may expend at its discretion, including vehicle in-lieu tax revenues, revenues from fines, and forfeitures expended for street and highway purposes. The City of Sacramento has met the annual required expenditure of \$147,000.

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROPRIATION OF TRAFFIC CONGESTION RELIEF FUNDS

BACKGROUND

- A. The City received funding for fiscal year 2008-09 under the State Traffic Congestion Relief program. Eligible uses are maintenance, reconstruction, and storm damage repair.
- B. To receive Traffic Congestion Relief (AB2928) funds, the City of Sacramento is required to annually expend, from its General Fund for street, road, and highway maintenance purposes, an amount not less than the annual average of its roadway maintenance expenditures from its General Fund during the fiscal years 1996-97, 1997-98 and 1998-99. Traffic Congestion Relief (AB2928) defines General Fund as any unrestricted funds that the local jurisdiction may expend at its discretion, including vehicle in-lieu tax revenues, revenues from fines, and forfeitures expended for street and highway purposes. The City of Sacramento has met the annual required expenditure of \$147,000.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The FY09/10 CIP is amended by appropriating \$4,036,154 from the Traffic Congestion Relief (AB2928) - Maintenance of Effort Program (Fund 2009-890020-60001015) to the Overlays and Seals Program (R15072000).