



REPORT TO COUNCIL City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
November 23, 2010

Honorable Mayor and
Members of the City Council

Title: Appropriation of Traffic Congestion Relief Funds

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** appropriating \$462,516 from the Traffic Congestion Relief Program (Fund 2009) to the Overlays and Seals Program (R15072000).

Contact: Shareen Kidd, Accounting Technician, 808-7128; Lucinda Willcox, Program Manager, 808-5052

Presenters: None

Department: Transportation

Division: Engineering Services

Organization No: 15001111

Description/Analysis

Issue: This program provided funding from sales taxes on gasoline and diesel fuel for the rehabilitation of streets under State Proposition 42. City Council is requested to appropriate the FY2009/10 Traffic Congestion Relief Program (Fund 2009) funds in the amount of \$462,516.

Policy Considerations: This action is consistent with the City Council's goal of leveraging providing funding to maintain the City's roadway infrastructure.

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: The appropriation of the FY2009/10 Traffic Congestion Relief Program funds to the Overlay and Seals Program (R15072000) will extend the life of City streets and reduce the need for more costly reconstruction.

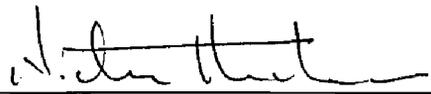
Financial Considerations: The total FY2009/10 Traffic Congestion Relief Program allocation received by the City of Sacramento was \$4,363,359 and a total of \$46,095 of interest was earned in FY2009/10 for a total allocation of \$4,409,454. Of this amount \$3,946,938 has already been appropriated through City Council action. It is recommended that the remaining funds from the City's FY2009/10 Traffic Congestion Relief Program allocation in the amount of \$462,516 be appropriated from the Traffic Congestion Relief Program (Fund 2009) to the Overlays and Seals Program (R15072000) to support construction management of the FY2009/10 Program.

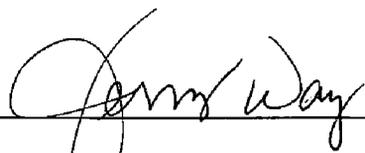
\$4,363,359	Total FY2009/10 Allocation
<u>\$ 46,095</u>	FY2009/10 Interest
\$4,409,454	

\$1,183,249	Previously Appropriated (FY2009/10)
<u>\$2,763,689</u>	FY2010/11 Capital Improvement Program Appropriation (R15112000, T15112300)
\$3,946,938	

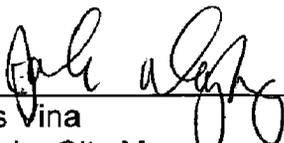
\$ 462,516	Balance of the FY2009/10 Allocation to be Appropriated
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Emerging Small Business Development (ESBD): None, since no goods or services are being procured with this action. Any future contracts awarded with this program will comply with all ESBD requirements.

Respectfully Submitted by: 
Nicholas Theocharides
Engineering Services Manager

Approved by: 
Jerry Way
Director of Transportation

Recommendation Approved:


Gus Vina
Interim City Manager

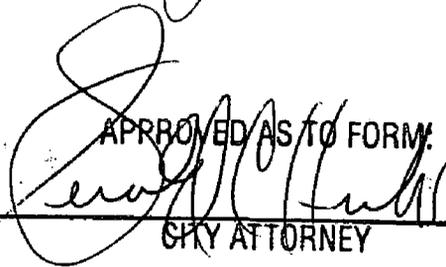

APPROVED AS TO FORM:
CITY ATTORNEY

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**Attachment 1****Background Information:**

In FY2009/10 the State levied 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, was 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 Assembly Bill 2928 (AB2928), the State created the Transportation Congestion Relief Program (TCRP) to dedicate gasoline sales taxes for transportation purposes.

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 Proposition 42, revenues were to be allocated for transportation purposes as specified under the TCRP for 2003/04 through 2007/08. Beginning in FY2008/09, 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

The FY2009/10 allocation was the last allocation from the Traffic Congestion Relief Program.

Eligible uses of funding

Under the provision of AB2928, eligible uses for road maintenance funding are as follows:

- Maintenance
- Reconstruction
- Storm Damage Repair

FY2010/11 Gasoline Excise Tax Swap

In March 2010, legislation was passed which contained the provisions for a swap of state sales taxes on gasoline for a gasoline excise tax. The bill was signed into law by the Governor and was effective July 1, 2010.

The FY2010/11 revenues would be allocated as follows:

- Transportation debt service;
- \$54 million monthly set aside for future appropriation by the legislature

- Remainder allocated:
 - 50% State Transportation Improvement Program (STIP);
 - 50% evenly split between cities and counties using current Highway User Tax Act (HUTA) formulas.

Beginning in FY2011/12 and subsequent years, the revenues will be allocated as follows:

- Transportation debt service;
- Remainder allocated:
 - 44% STIP;
 - 12% to the state's State Highway Operation and Protection Program (SHOPP)
- highway safety improvement program;
 - 44% evenly split between cities and counties using current HUTA formulas.

The law includes expressed legislative intent to fully replace the local streets and road funds cities and counties would have received under Proposition 42 state sales tax on gasoline with allocations from the new higher state motor vehicle fuel excise tax.



RESOLUTION NO.

Adopted by the Sacramento City Council

APPROPRIATION OF TRAFFIC CONGESTION RELIEF FUNDS

BACKGROUND

- A. The City received funding for FY2009/10 under the State Traffic Congestion Relief Program. Eligible uses are maintenance, reconstruction, and storm damage repair.
- B. The FY2009/10 allocation is the last allocation from the Traffic Congestion Relief Program.

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

- Section 1. The FY2010/11 CIP is amended by appropriating \$462,516 from the Traffic Congestion Relief Program (Fund 2009) to the Overlays and Seals Program (R15072000).