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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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TECHNICAL SERVICES
DIVISION

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May 3, 2001

Law and Legislation Committee
Sacramento, CA

Honorable Members in Session:

**SUBJECT: OPPOSITION OF ASSEMBLY BILL (AB) 403 (BATES) – TRANSPORTATION
FUNDING, ELDERLY PERSONS**

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends that the Law & Legislation Committee sign the attached letter opposition on behalf of the City of Sacramento.

CONTACT PERSON: Fran Lee Halbakken, Principal Engineer, 264-7194

FOR LAW AND LEGISLATION COMMITTEE MEETING OF: May 15, 2001

SUMMARY:

The purpose of this report is to provide information on Assembly Bill (AB) 403 (see Attachment A), which would transfer state funds currently being allocated for local street maintenance and rehabilitation to transportation services for the elderly.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND INFORMATION:

Last year Assembly Bill 2928 was enacted to provide for State of California General Funds to be transferred to cities and counties for the purpose of street rehabilitation and maintenance. Assembly Bill 403 would expand the use of these funds to include provision of transportation services for the elderly. Staff is not opposed to the provision of additional funding for these services, however local road maintenance funds should not be sacrificed for this purpose.

Law and Legislation Committee

Opposition of Assembly Bill (AB) 403 (Bates) – Transportation Funding, Elderly Persons.

May 15, 2001

We currently project our annual street maintenance and reconstruction needs at \$10.5 million. The AB 2928 funds we will receive annually from the state through June 2006 assist in meeting this annual maintenance commitment. AB 403 will make it more difficult for the City of Sacramento to provide needed maintenance.

Staff recommends that the Law & Legislation Committee sign the attached opposition letter for AB 403.

FINANCIAL CONSIDERATIONS:

The City of Sacramento's annual street maintenance and reconstruction needs total \$10.5 million. AB 403 will take away state funding currently being used to supplement local transportation fund sources allocated to meet this need.

ENVIRONMENTAL CONSIDERATIONS:

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

POLICY CONSIDERATIONS:

Opposition of AB 403 is consistent with the Council's continuing commitment to leverage local funds with increased amounts of state and federal funds. The state funds that would be taken from the City of Sacramento are needed to increase livability of our communities through neighborhood revitalization and enhancement.

ESBD CONSIDERATIONS:

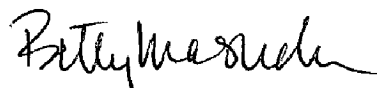
The actions contained in this report are not subject to the City's ESBD requirements.

Respectfully submitted:



Fran Lee Halbakken
Principal Engineer

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Approved:



Michael Kashiwagi
Director of Public Works

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BILL NUMBER: AB 403 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY APRIL 16, 2001

INTRODUCED BY Assembly Member Bates

FEBRUARY 20, 2001

An act to amend Section 7104 of the Revenue and Taxation Code, relating to transportation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 403, as amended, Bates. Transportation: funding: elderly persons.

Existing law requires, until June 30, 2006, or until another specified date, whichever date is later, that certain funds be transferred from the General Fund to the Transportation Investment Fund. The money in the Transportation Investment Fund is continuously appropriated for the purpose of making certain transfers, including a requirement that a specified percentage of the funds in the Transportation Investment Fund be transferred to cities, counties, and cities and counties, to be used only for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair, as defined.

Existing law requires each city, county, and city and county to expend annually a specified amount of the allocation. Existing law requires that any funds not expended be returned to the Controller and be reallocated to other cities and counties pursuant to specified formulas.

This bill would modify that provision to authorize the Controller to reallocate returned funds only to cities within the county of origin.

~~This bill would authorize the funds transferred as specified to cities, counties, and cities and counties to be expended, all or in part, to fund transportation services for the elderly, as defined, if all of certain conditions are met. The bill thereby would make an appropriation by expanding the purposes for which continuously appropriated funds may be expended.~~

Vote: 2/3. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 7104 of the Revenue and Taxation Code is amended to read:

7104. (a) The Transportation Investment Fund (hereafter the fund) is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the money in the fund is continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(b) All of the following shall occur on a quarterly basis:

(1) The State Board of Equalization, in consultation with the Department of Finance, shall estimate the amount that is transferred to the General Fund under subdivision (b) of Section 7102 that is attributable to revenue collected for the sale, storage, use, or

other consumption in this state of motor vehicle fuel, as defined in Section 7304.

(2) The State Board of Equalization shall inform the Controller, in writing, of the amount estimated under paragraph (1).

(3) The Controller shall transfer the amount estimated under paragraph (1) from the General Fund to the fund.

(c) For each quarter during the period commencing on July 1, 2001, and ending on June 30, 2006, the Controller shall make all of the following transfers and apportionments from the funds transferred to the fund under paragraph (3) of subdivision (b) in the following order:

(1) To the Traffic Congestion Relief Fund created in the State Treasury by Section 14556.5 of the Government Code, the sum of one hundred sixty-nine million five hundred thousand dollars (\$169,500,000), for a total transfer of three billion three hundred ninety million dollars (\$3,390,000,000).

(2) To the Public Transportation Account, a trust fund in the State Transportation Fund, 20 percent of the amount remaining after the transfer required under paragraph (1). Funds transferred under this paragraph shall be appropriated by the Legislature as follows:

(A) To the Department of Transportation, 50 percent for purposes of subdivision (a) or (b) of Section 99315 of the Public Utilities Code.

(B) To the Controller, 25 percent for allocation pursuant to Section 99314 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99314 of the Public Utilities Code.

(C) To the Controller, 25 percent for allocation pursuant to Section 99313 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99313 of the Public Utilities Code.

(3) To the Department of Transportation for expenditure for programming for transportation capital improvement projects subject to all of the provisions governing the State Transportation Improvement Program, 40 percent of the amount remaining after the transfer required under paragraph (1).

(4) To the Controller for apportionment to the counties, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1), in accordance with the following formulas:

(A) Seventy-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state.

(B) Twenty-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bears to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(5) To the Controller for apportionment to cities, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1). Funds transferred under this paragraph shall be apportioned among the cities in the proportion that the total population of the city bears to the total population of all the cities in the state.

(d) Funds received under paragraphs (4) and (5) of subdivision (c) shall be deposited as follows in order to avoid the commingling of those funds with other local funds:

(1) In the case of a city, into the city account that is designated for the receipt of state funds allocated for transportation purposes.

(2) In the case of a county, into the county road fund.

(3) In the case of a city and county, into a local account that is designated for the receipt of state funds allocated for transportation purposes.

~~(c) Except as authorized under subdivision (h), funds~~

(e) Funds allocated to a city, county, or city and county under paragraphs (4) and (5) of subdivision (c) shall be used only for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair. For purposes of this section, the following terms have the following meanings:

(1) "Maintenance" means either or both of the following:

(A) Patching.

(B) Overlay and sealing.

(2) "Reconstruction" includes any overlay, sealing, or widening of the roadway, if the widening is necessary to bring the roadway width to the desirable minimum width consistent with the geometric design criteria of the department for 3R (reconstruction, resurfacing, and rehabilitation) projects that are not on a freeway, but does not include widening for the purpose of increasing the traffic capacity of a street or highway.

(3) "Storm damage repair" is repair or reconstruction of local streets and highways and related drainage improvements that have been damaged due to winter storms and flooding, and construction of drainage improvements to mitigate future roadway flooding and damage 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.

(f) (1) Cities and counties shall maintain their existing commitment of local funds for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair in order to remain eligible for the allocation of funds pursuant to paragraph (4) or (5) of subdivision (c).

(2) In order to receive any allocation pursuant to paragraph (4) or (5) of subdivision (c), the city or county shall annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 1996-97, 1997-98, and 1998-99 fiscal years, as reported to the Controller pursuant to Section 2151 of the Streets and Highways Code. For purposes of this paragraph, in calculating a city's or county's annual general fund expenditures and its average general fund expenditures for the 1996-97, 1997-98, and 1998-99 fiscal years, any unrestricted funds that the city or county may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street and highway purposes shall be considered expenditures from the general fund. One-time allocations that have been expended for street and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond Law of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code, may not be considered when calculating a city's or county's annual general fund expenditures.

(3) For any city incorporated after July 1, 1996, the Controller shall calculate an annual average of expenditure for the period between July 1, 1996, and December 31, 2000, that the city was incorporated.

(4) For purposes of paragraph (2), the Controller may request fiscal data from cities and counties in addition to data provided pursuant to Section 2151, for the 1996-97, 1997-98, and 1998-99 fiscal years. Each city and county shall furnish the data to the Controller not later than 120 days after receiving the request. The Controller may withhold payment to cities and counties that do not comply with the request for information or that provide incomplete data.

(5) The Controller may perform audits to ensure compliance with paragraph (2) when deemed necessary. Any city or county that has not complied with paragraph (2) shall reimburse the state for the funds it received during that fiscal year. Any funds withheld or returned as a result of a failure to comply with paragraph (2) shall be reallocated to the other counties and cities whose expenditures are in compliance.

(6) If a city or county fails to comply with the requirements of paragraph (2) in a particular fiscal year, the city or county may expend during that fiscal year and the following fiscal year a total amount that is not less than the total amount required to be expended for those fiscal years for ~~purposes~~ the purpose of complying with paragraph (2).

(7) The allocation made under paragraph (4) or (5) of subdivision (c) shall be expended not later than the end of the fiscal year following the fiscal year in which the allocation was made, and any funds not expended within that period shall be returned to the Controller and shall be reallocated to the other cities ~~and counties pursuant to the allocation formulas set forth in paragraph (4) or (5) of subdivision (c).~~ within the county of origin.

(g) The Los Angeles County Metropolitan Transportation Authority shall give first priority for using its share of the funds made available under subparagraphs (B) and (C) of paragraph (2) of subdivision (c) to providing the levels of bus service mandated under the consent decree entered into by the authority on October 29, 1996, in the case of Labor/Community Strategy Center, et al. v. Los Angeles County Metropolitan Transportation Authority.

~~(h) Funds allocated to a county, city, or city and county under paragraphs (4) and (5) of subdivision (c) may be expended, all or in part, to fund transportation services for the elderly, as defined in Section 9018 of the Welfare and Institutions Code, if all of the following conditions are met:~~

~~(1) The local jurisdiction adopts a resolution finding that it annually updates and funds a capital improvement program to preserve existing street and highway infrastructure and reasonably anticipates the availability of financial resources sufficient for the continued funding of that program.~~

~~(2) The local jurisdiction is in compliance with subdivision (f).~~

~~(3) The transportation services funded under this subdivision are for the transportation of the elderly to and from the health and social services described in Division 8.5 (commencing with Section 9000) of the Welfare and Institutions Code.~~

~~(4) Following the end of each fiscal year during which a city, county, or city and county receives funding under this subdivision, the Controller shall verify the local jurisdiction's compliance with paragraphs (1) to (3), inclusive. Any city, county, or city and county that has received funding and has not complied with those provisions shall reimburse the state for those funds, and the funds shall be reallocated to any city, county, or city and county that is in compliance with those provisions.~~

~~(i)~~

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(h) For the purpose of allocating funds under this section to counties, cities, and a city and county, the Controller shall use the most recent population estimates prepared by the Demographic Research Unit of the Department of Finance. For a city that incorporated after January 1, 1998, that does not appear on the most recent population estimates prepared by the Demographic Research Unit, the Controller shall use the population determined for that city under Section 11005.3 of the Revenue and Taxation Code.

~~—(j)—~~

(i) This section shall become inoperative on the date that all encumbrances incurred for the projects funded under paragraph (3) of subdivision (c) have been liquidated or on June 30, 2006, whichever date is later, and as of the January 1 immediately following that date is repealed.



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May 3, 2001

The Honorable Patricia Bates
California State Assembly
State Capitol
Sacramento, CA 95814

SUBJECT: ASSEMBLY BILL 403

Dear Senator Bates:

On behalf of the City of Sacramento, it is unfortunate that we must offer this letter of opposition for Assembly Bill 403. The adoption of AB 403 would make it more difficult for the City of Sacramento to provide \$10.5 million needed each year for local street maintenance and reconstruction. Although funding for provision of transportation services to the elderly is important, it should not be diverted from state funding for local street maintenance and rehabilitation.

Sincerely,

Councilmember Steve Cohn
Law & Legislation Committee Chair