

# BILL REFERRAL

4

DATE: \_\_\_\_\_ COMMITTEE ACTION \_\_\_\_\_

TO: \_\_\_\_\_ DATE \_\_\_\_\_

FROM: THEODORE H. KOBEY, JR., Legislative Representative

REPLY NO LATER THAN:

A.B. \_\_\_\_\_ S.B. 300 (FORAN) Relating to Transportation Finance

STATUS: *Hearing scheduled 8/19/05 before the Assembly Revenue and Taxation Committee*

Please review the attached measure to determine its effect upon the City of Sacramento and complete the following questions as appropriate. During your analysis of this measure, if questions arise, please feel free to contact me at 5346. This questionnaire should be returned to me for presentation to the Council Committee on Law and Legislation. PLEASE LEAVE THE BILL ATTACHED TO THIS FORM.

PLEASE TYPE YOUR RESPONSE

1. Briefly describe the provisions of the bill. (Attach additional sheets if necessary.)

Provides additional state funds for road maintenance.

2. Should this measure be: (please circle desired position)

Supported      Opposed      Support if Amended  
Placed on Watch List      Other (Explain)

3. Please explain your reasons for the above determination, including how this measure affects your Department and the fiscal impact of this measure to the City. (Your analysis will be used in communicating with the Governor and the Legislature, so please make your comments in a format that can be used in a letter to those officials.) (attach additional sheets if necessary)

This is probably the only chance to obtain additional state funds for several years. The Governor supports this compromise to SB 290.

4. Specify the City's legislative policy guideline(s) applicable to this measure (if any).

5. If this measure could be amended to either improve its favorable aspects or to minimize its adverse aspects, what amendments would you propose?

None. Suggesting amendments at this time could kill it.

6. List known support or opposition to this measure by groups with which you are familiar and include addresses and phone numbers, if known. League of California Cities position:

League of California Cities

Californians for Better Transportation

7. Does this bill involve a State-mandated local program? If so, does the bill contain an S.B. 90 waiver, or an appropriation for allocation and disbursement to local agencies pursuant to Revenue and Taxation Code Section 2231?

It requires that we maintain our past level of local street maintenance funding.

8. Using a rating scale of 1 to 10 (with 10 as the most important) how important do you think this bill is to the City of Sacramento? 1

FORM COMPLETED BY

*L.M. Parnell*

DATE:

8-15-85

AMENDED IN ASSEMBLY JULY 11, 1985

AMENDED IN SENATE JUNE 24, 1985

AMENDED IN SENATE JUNE 20, 1985

AMENDED IN SENATE MAY 29, 1985

*Doc  
Wisham*

**SENATE BILL**

**No. 300**

**Introduced by Senators Foran, Bergeson, Deddeh, Ellis,  
Leroy Greene, Morgan, Seymour, and Torres**

January 31, 1985

An act to amend Section 99312 of, and to repeal Section 99319 of; the Public Utilities Code, to amend Sections 7102, 7351, and 8651 Section 7102 of the Revenue and Taxation Code, and to add Sections 2126 and 2127 to the Streets and Highways Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 300, as amended, Foran. Transportation: funding.

(1) Under existing law, with respect to the initial amount transferred to the Transportation Planning and Development Account in the State Transportation Fund, as indicated in (2) below, the Director of Transportation is required to allocate 42% of the transferred amount to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board, based on the ratio of the population of the area under its jurisdiction to the total population of the state and, 18% of the transferred amount based on the ratio of the total revenues of all the operators in the area under its jurisdiction to the total revenue of all operators in the state during the prior fiscal year, and the remaining to public transportation purposes.

~~This bill would instead require the director to allocate 30% of the transferred amount based on the population ratio and 30% based on the operator revenues ratio.~~

(2) Under the Sales and Use Tax Law, an initial amount limited to \$110,000,000, with adjustments based on the Consumer Price Index ~~and but not to exceed the changes in per capita personal income and the population of the state,~~ is required to be transferred annually from the Retail Sales Tax Fund to the Transportation Planning and Development Account from the estimated increase in sales and use tax revenues resulting from imposing the tax at a 4 $\frac{3}{4}$ % rate and on motor vehicle fuel instead of at a 5% rate and not on motor vehicle fuel. Of the balance of the estimate, specified amounts are required to be transferred to the General Fund until the 1986-87 fiscal year and  $\frac{1}{2}$  of the remaining amount is required to be transferred to the State Highway Account in the State Transportation Fund and  $\frac{1}{2}$  to the Transportation Planning and Development Account.

This bill would transfer the initial amount of the revenues to the Transportation Planning and Development Account for appropriation to the Director of Transportation for allocation as stated in (1) above. ~~The bill would require the remaining revenues transferred to the Transportation Planning and Development Account to be for appropriation for transportation improvement projects. A change would be made to include On January 1, 1987, diesel fuel would be included as motor vehicle fuel for in computing the estimated revenues, and obsolete material would be deleted.~~

~~The bill would require that an amount of not less than \$110,000,000, with the 1986-87 fiscal year as the base year and with the above specified Consumer Price Index Adjustments or changes in income and population, be transferred annually from the Retail Sales Tax Fund to the Transportation Planning and Development Account.~~

(3) Under the Motor Vehicle Fuel License Tax Law and the Use Fuel Tax Law, a tax is imposed at the rate of 9¢ per gallon on motor vehicle fuel, and the state tax is increased if the federal tax is reduced so that the combined state and federal tax rate equals 13¢ per gallon.

This bill would delete the provision increasing the state tax

○ if the federal tax is reduced. The bill would, commencing January 1, 1986, impose the tax at the rate of 9¢, or 9% of the price, per gallon, whichever rate is greater, and would thereby impose a tax for purposes of Article XIII A of the California Constitution.

(4)

○ (2) Under existing law, specified portions of the net revenues derived under the Motor Vehicle Fuel License Tax Law and Use Fuel Tax Law are required to be apportioned from the Highway Users Tax Account in the Transportation Tax Fund to counties and cities for street and highway purposes.

This bill would continuously appropriate the money appropriated by Item 9675-101-890 of the Budget Act of 1985 to the Controller for allocation for street and highway maintenance; repair, and reconstruction, as defined, 55% to the cities for allocation pursuant to a specified formula and 45% to the counties for allocation pursuant to another formula.

35 ○ The bill would also appropriate \$215,000,000 to the Controller for allocation pursuant to the above provisions, \$125,000,000 by October 1, 1985, and \$90,000,000 by October 1, 1987.

○ The city or county receiving an allocation would be required to meet specified requirements expend a specified amount, as determined by a specified formula, for maintenance and reconstruction. The Controller would be required each fiscal year to audit the amount each county and city expended for maintenance and reconstruction. If the amount expended is less than the specified amount, the gas tax allocation to the city or county would be reduced accordingly during the next fiscal year.

(5)

1a ○ (3) The bill would take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

7ea

*The people of the State of California do enact as follows:*

1 **SECTION 1.** Section 99312 of the Public Utilities  
2 Code is amended to read:

3 99312. The funds transferred to the account pursuant  
4 to paragraph (1) of subdivision (a) of Section 7102 of the  
5 Revenue and Taxation Code shall be appropriated by the  
6 Legislature, as follows:

7 (a) To the director, 30 percent for allocation to  
8 transportation planning agencies, county transportation  
9 commissions, and the San Diego Metropolitan Transit  
10 Development Board for purposes of Section 99313.

11 (b) To the director, 30 percent for allocation to  
12 transportation planning agencies, county transportation  
13 commissions, and the San Diego Metropolitan Transit  
14 Development Board pursuant to Section 99314.

15 (c) The remaining amount for public transportation  
16 purposes pursuant to Section 99315.

17 **SEC. 2.**

18 **SECTION 1.** Section 99319 of the Public Utilities  
19 Code is repealed.

20 **SEC. 3.**

21 **SEC. 2.** Section 7102 of the Revenue and Taxation  
22 Code is amended to read:

23 7102. The money in the fund shall, upon order of the  
24 Controller, be drawn therefrom for refunds under this  
25 part or be transferred in the following manner:

26 (a) All revenues, less refunds, derived under this part  
27 at the 4¾ percent rate, including the imposition of sales  
28 and use taxes with respect to the sale, storage, use, or  
29 other consumption of motor vehicle fuel which would not  
30 have been received if the sales and use tax rate had been  
31 5 percent and if motor vehicle fuel, as defined for  
32 purposes of the Motor Vehicle Fuel License Tax Law  
33 (Part 2 (commencing with Section 7301)) and,  
34 commencing on January 1, 1987, the Use Fuel Tax Law  
35 (Part 3 (commencing with Section 8601)), had been  
36 exempt from sales and use tax, shall be estimated by the  
37 State Board of Equalization, with the concurrence of the  
38 Department of Finance.

1 The amount so estimated shall be transferred as  
2 follows:

3 (1) One hundred ten million dollars (\$110,000,000),  
4 adjusted for changes in the Consumer Price Index, as  
5 determined by the Department of Labor, but not to  
6 exceed the change in the state per capita personal  
7 income, and in the population of the state, with the  
8 1979-80 fiscal year as the base year, shall be transferred  
9 during each fiscal year to the Transportation Planning  
10 and Development Account in the State Transportation  
11 Fund for appropriation pursuant to Section 99312 of the  
12 Public Utilities Code.

13 (2) Of any amount of the estimate not transferred  
14 pursuant to paragraph (1), one-half shall be transferred  
15 to the State Highway Account in the State Transportation  
16 Fund and one-half shall be transferred to the  
17 Transportation Planning and Development Account for  
18 appropriation by the Legislature for transportation  
19 improvement projects.

20 (b) The balance shall be transferred to the General  
21 Fund.

22 (c) The estimate required by subdivision (a) shall be  
23 based on taxable transactions occurring during a calendar  
24 year, and the transfers required by subdivision (a) shall  
25 be made during the fiscal year that commences during  
26 that same calendar year. Transfers required by paragraph  
27 (1) of subdivision (a) shall be made quarterly. Transfers  
28 required by paragraph (2) of subdivision (a) shall be  
29 made annually during the last quarter of the fiscal year.

30 (d) The transfer ~~required by~~ *made pursuant to*  
31 *paragraph (1) of subdivision (a) in any fiscal year shall be*  
32 *made not be less than one hundred ten million dollars*  
33 *(\$110,000,000), adjusted for changes in the Consumer*  
34 *Price Index, as determined by the Department of Labor,*  
35 *but not to exceed the change in the state per capita*  
36 *personal income, and in the population of the state, with*  
37 *the 1986-87 fiscal year as the base year, regardless of the*  
38 *estimate made pursuant to subdivision (a) .*

39 **SEC. 4. Section 7351 of the Revenue and Taxation**  
40 **Code is amended to read:**

1 7351. For the privilege of distributing motor vehicle  
2 fuel, a license tax is hereby imposed upon distributors at  
3 the rate of nine cents (~~\$0.09~~) for, or at the rate of 9  
4 percent of the price of, each gallon of fuel distributed on  
5 and after January 1, 1986, whichever rate is greater.

6 SEC. 5. Section 8651 of the Revenue and Taxation  
7 Code is amended to read:

8 8651. An excise tax is hereby imposed at the rate of  
9 nine cents (~~\$0.09~~) for, or at the rate of 9 percent of the  
10 price of, each gallon of fuel used on and after January 1,  
11 1986, whichever rate is greater.

12 SEC. 6.

13 SEC. 3. Section 2126 is added to the Streets and  
14 Highways Code, to read:

15 2126. (a) The money appropriated pursuant to Item  
16 9675-101-890 of the Budget Act of 1985 (*Chapter 111 of*  
17 *the Statutes of 1985*) is hereby appropriated to the  
18 Controller for allocation to counties and cities for street  
19 and highway maintenance ; ~~repair~~, and reconstruction,  
20 55 percent to the cities for allocation pursuant to  
21 subdivision (b) and 45 percent to the counties for  
22 allocation pursuant to subdivision (c).

23 (b) The amount to be allocated to a city equals the  
24 amount available for allocation to the cities pursuant to  
25 subdivision (a) times the ratio of the total allocation it  
26 received pursuant to Section 2107 over all allocations  
27 made pursuant to that section during the prior fiscal year.

28 (c) Fifty-five percent of the funds payable under this  
29 section shall be apportioned among the counties in the  
30 proportion that the number of fee-paid and exempt  
31 vehicles registered in each county bears to the total  
32 number of fee-paid and exempt vehicles which are  
33 registered in the state.

34 Forty-five percent of the funds payable under this  
35 section shall be apportioned among the counties in the  
36 proportion that the number of miles of maintained  
37 county roads in each county bears to the total number of  
38 miles of maintained county roads in the state.

39 SEC. 7.

40 (d) For purposes of this section:

1 (1) "Maintenance" means (A) patching and (B)  
2 overlay and sealing.

3 (2) "Reconstruction" does not include widening or  
4 increasing the traffic capacity of a street or highway.

5 (e) The Controller shall allocate the funds available  
6 for that Item 9675-101-890 within 30 days after their  
7 deposit in the Federal Trust Fund.

8 SEC. 4. Section 2127 is added to the Streets and  
9 Highways Code, to read:

10 2127. (a) In order to receive any allocation pursuant  
11 to Section 2126 or Section 5 of the act enacting this  
12 section, the city or county, as the case may be, shall  
13 expend for the maintenance, ~~repair, or reconstruction~~  
14 and reconstruction, as defined in subdivision (d) of  
15 Section 2126, of its local street and highway system during  
16 the 1985/86 fiscal year not less than the amount it had  
17 expended for maintenance, repair, and reconstruction of  
18 its local street and highway system during the 1984/85  
19 fiscal year plus twice the amount allocated to it pursuant  
20 to Section 2126.

21 SEC. 8. each of the fiscal years that it receives an  
22 allocation pursuant to Section 2126 or that Section 5 not  
23 less than the sum of its base year expenditure and the  
24 allocations received during the fiscal year.

25 (b) (1) For purposes of this section, "base year  
26 expenditure" means the amount that the city or county,  
27 as the case may be, expended for patching, overlay and  
28 sealing, and reconstruction of its local street and highway  
29 system during the 1984-85 fiscal year, as reported to the  
30 Controller pursuant to Section 2151.

31 (2) If the sum of the funds received by a city or county  
32 pursuant to Section 500 of Title 16, Section 104 (b) (2) and  
33 (6) and Section 125 of Title 23, and Chapter 68  
34 (commencing with Section 5121) of the Title 42 of the  
35 United States Code expended for the maintenance and  
36 reconstruction of its local street and highway system  
37 during the 1984-85 fiscal year, as reported to the  
38 Controller pursuant to Section 2151, is more than the sum  
39 of funds it received from those sources during any fiscal  
40 year, the base year expenditure of the city or county, as

1 *the case may be, for the fiscal year shall be reduced by the*  
2 *difference between the sums.*

3 *(c) For each fiscal year during which an allocation was*  
4 *made pursuant to Section 2126 or that Section 5, or both,*  
5 *the Controller shall audit the amount each county and*  
6 *city expended for the maintenance and reconstruction, as*  
7 *defined in subdivision (d) of Section 2126, on its local*  
8 *street and highway system during the fiscal year.*

9 *(d) If the Controller determines pursuant to*  
10 *subdivision (c) that a county or city, for the fiscal year,*  
11 *expended for the maintenance and reconstruction of its*  
12 *local street and highway system less than the required*  
13 *amount determined pursuant to subdivision (a), its*  
14 *allocation pursuant to Section 2104 or 2107, as the case*  
15 *may be, shall be reduced during the next fiscal year by*  
16 *the amount that its expenditure is less than the required*  
17 *amount.*

18 *(e) Any funds withheld as a result of subdivision (d) of*  
19 *this section shall be reallocated to the other counties and*  
20 *cities whose expenditure is not less than its required*  
21 *amount pursuant to subdivision (d) of Section 2106 or the*  
22 *third paragraph of Section 2104, as the case may be.*

23 *SEC. 5. The sum of two hundred fifteen million*  
24 *dollars (\$215,000,000) is hereby appropriated from the*  
25 *General Fund to the Controller for allocation to counties*  
26 *and cities pursuant to Section 2126 of the Streets and*  
27 *Highways Code as follows:*

28 *(a) One hundred twenty-five million dollars*  
29 *(\$125,000,000) by October 1, 1986.*

30 *(b) Ninety million dollars (\$90,000,000) by October 1,*  
31 *1987.*

32 *SEC. 6. This act is an urgency statute necessary for*  
33 *the immediate preservation of the public peace, health,*  
34 *or safety within the meaning of Article IV of the*  
35 *Constitution and shall go into immediate effect. The facts*  
36 *constituting the necessity are:*

37 *In order that urgently needed funds be made available*  
38 *for transportation purposes as early as possible, it is*  
39 *necessary that this act take effect immediately.*



# CITY OF SACRAMENTO

## DEPARTMENT OF PUBLIC WORKS

915 I STREET SACRAMENTO, CALIFORNIA 95814  
CITY HALL ROOM 207 TELEPHONE (916) 449-5281

M. H. JOHNSON  
Director

August 15, 1985

Law & Legislative Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: SB 300 (Foran)

### SUMMARY

As SB 290 has proceeded through the State Legislative Process, it has been changed to SB 300. The Law & Legislative Committee endorsed SB 290 on February 28, 1985 and the City Council endorsed it on April 16th. Continued support is recommended.

### BACKGROUND

This Bill will provide additional state money for street maintenance. The amounts are not as great as they would have been under SB 290, but it has been determined by the League of California Cities and others that this is the best we are likely to get. This Bill is scheduled to be heard before the Assembly Ways & Means Committee on August 19, 1985.

Attached is various correspondance dealing with this matter.

### RECOMMENDATION

It is recommended that the City support SB 300.

Respectfully submitted,

L.M. FRINK  
Deputy Director of Public Works,  
Engineering Services



# CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS  
915 I STREET SACRAMENTO, CALIFORNIA 95814  
CITY HALL ROOM 207 TELEPHONE (916) 449-5281

M. H. JOHNSON  
Director

February 27, 1985

Law and Legislative Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: SB-290 (Foran)

## SUMMARY

This bill would raise the state gasoline tax by five cents per gallon and make other changes in taxation and distribution. It would provide about \$3,000,000 more per year for the City of Sacramento.

## BACKGROUND

Senator Foran has introduced SB-290 to increase gasoline taxes by five cents per gallon. Among other things, this bill would provide three cents for local streets and roads. He has pointed out that local streets throughout the state are deteriorating at an alarming rate. The report entitled "The Street Maintenance Story" recently presented to the Budget & Finance Committee and the Transportation & Community Development Committee describes the situation in this city.

On the recent State Capitol visit, 1985 members of the Sacramento Metropolitan Chamber of Commerce met with many state officials to discuss transportation funding problems in this area. Most of the discussion centered around Senator Foran's bill and the Governor's statement that he is not willing to approve any increased taxes. It was concluded that a lot of local support will be needed to solve this problem in the foreseeable future. If action is delayed the streets will deteriorate further and cost many times more to reconstruct.

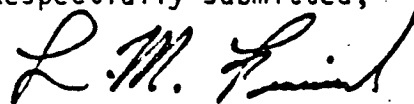
## FINANCIAL DATA

If the state does not increase gas taxes for local roads the city (or county) will have to. A local tax will be difficult, if not impossible, to pass based on experience in other counties.

RECOMMENDATION

It is recommended that the city support SB-290.

Respectfully submitted,



Leslie M. Frink  
Deputy Director of Public Works

APPROVED



Melvin H. Johnson  
Director of Public Works



# CITY OF SACRAMENTO

**DEPARTMENT OF PUBLIC WORKS**  
915 I STREET SACRAMENTO, CALIFORNIA 95814  
CITY HALL ROOM 207 TELEPHONE (916) 449-5281

**M. H. JOHNSON**  
Director

April 8, 1985

City Council  
Sacramento, California

CITY MANAGER'S OFFICE  
**RECEIVED**  
APR 10 1985

Honorable Members in Session:

Subject; Resolution Supporting SB 290, Transportation Finance

SUMMARY

On February 28, 1985 the Law and Legislative Committee endorsed SB 290. The League of California Cities has now asked that all city councils adopt resolutions in favor of this bill and send them to all members of the Senate Transportation Committee.

BACKGROUND

The Public Works Department recently presented a report entitled The Street Maintenance Story. The report explained that many of our streets are literally breaking up due to past fund shortages for preventative maintenance. It recommended additional funding for street maintenance in the future. However, the recently adopted Capital Improvement Budget is actually going in the opposite direction. For example, there is \$1,179,000 budgeted for street overlays in the current year. The figure in the CIP budget for next year (starting July 1) is \$970,000, and it gradually diminishes to \$99,000 by 1989-90.

Unless this trend is reversed, a couple of wet winters could turn significant portions of our street system into gravel roads with major chuck holes scattered throughout other portions of the system. The irony of this situation is that it costs 3-1/2 times more to reconstruct a road after it fails than it costs to maintain it properly in the first place.

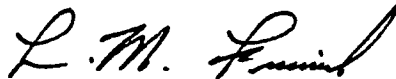
FINANCIAL DATA

SB 290 is estimated to increase the city gas tax allocation from \$4,088,000 to \$6,770,000 per year. This \$2,682,000 annual increase should put our streets in an acceptable condition over about a 10-year period.

RECOMMENDATION

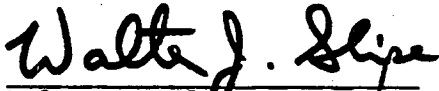
It is recommended that the attached Resolution be adopted and forwarded to the Senate Transportation Committee.

Respectfully submitted,



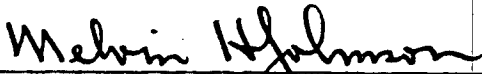
Leslie M. Frink  
Deputy Director of Public Works,  
Engineering Services

APPROVED:



Walter J. Slipe  
City Manager

APPROVED:



Melvin H. Johnson  
Director of Public Works

LMF:v1

April 16, 1985  
Districts All

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION OF THE SACRAMENTO CITY COUNCIL SUPPORTING  
PASSAGE OF SENTATE BILL 290, TRANSPORTATION FINANCE.

WHEREAS, Senator Foran has introduced into the State Legislature Senate Bill 290, which would raise the gasoline tax by five cents per gallon, and make other changes in taxation and distribution; and

WHEREAS, streets and roads throughout the State of California are deteriorating at an alarming rate, and Senate Bill 290 would make a stable source of revenues available to properly and consistently maintain our valuable state and local transportation arteries; and

WHEREAS, as a statewide user tax, Senate Bill 290 provides an equitable mechanism for financing the maintenance of streets and roads used by local residents as well as by residents and business concerns from throughout the State; and

WHEREAS, it is estimated that statewide there is a need for \$400-800 million annually to repair and maintain roadways; and

WHEREAS, Senate Bill 290 would make approximately \$2.7 million per year available to augment the maintenance and repair of Sacramento City streets and roadways; and

WHEREAS, if streets are not maintained and repaired in a timely manner, repair and maintenance costs may escalate three or four times; and

WHEREAS, properly maintained roadways are vital to the health, welfare, and economy of Sacramento, and cities and counties throughout California;

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Members of the Sacramento City Council, that we hereby endorse and support Senate Bill 290 and urge its adoption by the Senate, Legislature, and the Governor of the State of California.

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MAYOR

ATTEST:

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CITY CLERK

SENATE TRANSPORTATION COMMITTEE

Member	Contact Person	Sacramento Office
Senator John Foran (Chair)	Nancy Jo Plescia	State Capitol Sacramento 95814 916/445-0503
Senator Jim Ellis (Vice Chairman)	Elizabeth Dahl	State Capitol Sacramento 95814 916/445-3952
Senator Marian Bergeson	Kevin Sloat	State Capitol Sacramento 95814 916/445-4961
Senator Robert Beverly	Brian McMahon	State Capitol Sacramento 95814 916/445-6447
Senator Wadie Deddeh	Helen Jones	State Capitol Sacramento 95814 916/445-6767
Senator Leroy Greene	Pat Blakeslee	State Capitol Sacramento 95814 916/445-7807
Senator Rebecca Morgan	Jon Glidden	State Capitol Sacramento 95814 916/445-6747
Senator Alan Robbins	Teri Burns	State Capitol Sacramento 95814 916/445-3121
Senator John Seymour	Karen Yelverton	State Capitol Sacramento 95814 916/445-4264
Senator Art Torres	Danny Verches	State Capitol Sacramento 95814 915/445-3456
Senator Rose Ann Vuich	Shirley Pearson	State Capitol Sacramento 95814 916/445-4641



# CITY OF SACRAMENTO

## DEPARTMENT OF PUBLIC WORKS

915 I STREET SACRAMENTO, CALIFORNIA 95814  
CITY HALL ROOM 207 TELEPHONE (916) 449-5281

M. H. JOHNSON  
Director

July 24, 1985

Assemblyman Phil Isenberg  
State Capital, Room 2175  
Sacramento, Ca 95814

Dear Phil:

I understand SB 300 has passed the Assembly Transportation Committee and will now be heard by your Assembly Ways and Means Committee. Along the way local Government has been criticized for not using Vehicle License Fees for street purposes.

Like most cities we have not earmarked these funds specifically for Street Maintenance. However, we have spent large amounts of City General Fund for this activity. The enclosed tabulation shows that in three out of the past five years, gas tax has provided less than half of the money spent on Street Maintenance. In the "old days" we used to spend a significant amount of Gas Tax for Capital improvements. The enclosed table also shows we have spent about \$500,000 more for Street Maintenance than the combined revenue from Gas Tax and Vehicle License Fees.

Although SB 300 is disappointing in regard to the amount of money needed to correct local road deficiencies in the state, I would appreciate it if you would vote for it. Earlier this year the City Council agreed that significant additional funds should be devoted to Street Maintenance. However, after considering all of the competing demands, the total budget for Street Maintenance was only increased by nine percent. SB 300 would provide a little more money to help us reverse the deterioration of our ageing road system.

Respectfully yours,

L.M. Frink  
Deputy Director of Public Works

LMF:bh

cc: Mel Johnson  
Jack Crist

CITY OF SACRAMENTO

STREET MAINTENANCE COSTS & REVENUES

YEAR	TOTAL STREET MAINTENANCE EXPENDITURE (1)	GAS TAX REVENUE (2)	VEHICLE LICENSE FEE REVENUE (3)
	(thousands)		
1980 - 81	\$5,010	\$2,494	\$4,965
1981 - 82	\$5,553	\$2,464	\$2,273
1982 - 83	\$5,962	\$3,377	\$ 0
1983 - 84	\$6,622	\$4,434	\$ 59
1984 - 85	\$8,355	\$4,011	\$6,926
TOTAL	\$31,502	\$16,780	\$14,223

(1) Includes maintenance of pavement, sidewalks, signs & markings, signals, street lights, and street cleaning. Does not include drainage and landfill operations performed by the Street Maintenance Division. Also includes the maintenance type projects in the Capital Improvement Program (overlays, reconstruction, etc.)

(2) Total Revenue Received



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CITY HALL ROOM 207 TELEPHONE (916) 449-5281

M. H. JOHNSON  
Director

July 24, 1985

Assemblyman Lloyd Connelly  
State Capital, Room 2179  
Sacramento, Ca 95814

Dear Lloyd:

I understand SB 300 has passed the Assembly Transportation Committee and will now be heard by your Assembly Ways and Means Committee. Along the way local Government has been criticized for not using Vehicle License Fees for street purposes.

Like most cities we have not earmarked these funds specifically for Street Maintenance. However, we have spent large amounts of City General Fund for this activity. The enclosed tabulation shows that in three out of the past five years, gas tax has provided less than half of the money spent on Street Maintenance. In the "old days" we used to spend a significant amount of Gas Tax for Capital improvements. The enclosed table also shows we have spent about \$500,000 more for Street Maintenance than the combined revenue from Gas Tax and Vehicle License Fees.

Although SB 300 is disappointing in regard to the amount of money needed to correct local road deficiencies in the state, I would appreciate it if you would vote for it. Earlier this year the City Council agreed that significant additional funds should be devoted to Street Maintenance. However, after considering all of the competing demands, the total budget for Street Maintenance was only increased by nine percent. SB 300 would provide a little more money to help us reverse the deterioration of our ageing road system.

Respectfully yours,

L.M. Frink  
Deputy Director of Public Works

LMF:bh

cc: Mel Johnson  
Jack Crist

CITY OF SACRAMENTO

STREET MAINTENANCE COSTS & REVENUES

YEAR	TOTAL STREET MAINTENANCE EXPENDITURE (1)	GAS TAX REVENUE (2)	VEHICLE LICENSE FEE REVENUE (2)
	(thousands)		
1980 - 81	\$5,010	\$2,494	\$4,965
1981 - 82	\$5,553	\$2,464	\$2,273
1982 - 83	\$5,962	\$3,377	\$ 0
1983 - 84	\$6,622	\$4,434	\$ 59
1984 - 85	\$8,355	\$4,011	\$6,926
<b>TOTAL</b>	<b>\$31,502</b>	<b>\$16,780</b>	<b>\$14,223</b>

(1) Includes maintenance of pavement, sidewalks, signs & markings, signals, street lights, and street cleaning. Does not include drainage and landfill operations performed by the Street Maintenance Division. Also includes the maintenance type projects in the Capital Improvement Program (overlays, reconstruction, etc.)

(2) Total Revenue Received

DISTRICT OFFICE  
FORT SUTTER BUILDING  
2705 K STREET, SUITE 6  
SACRAMENTO, CALIFORNIA 95816  
443-1183

CAPITOL OFFICE  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA 95814  
445-2484

# Assembly

## California Legislature

COMMITTEES  
WAYS AND MEANS  
JUDICIARY  
ENVIRONMENTAL SAFETY  
AND TOXIC MATERIALS  
AGING & LONG TERM CARE

SUBCOMMITTEES  
CHAIR, ADMINISTRATION OF  
JUSTICE  
STATE ADMINISTRATION  
HEALTH & WELFARE

LLOYD G. CONNELLY  
MEMBER OF THE LEGISLATURE  
SIXTH ASSEMBLY DISTRICT

RECEIVED

AUG 14 1985

PUBLIC WORKS  
ADMINISTRATIVE DIVISION

August 12, 1985

L.M. Frink  
City of Sacramento  
Department of Public Works  
915 I Street  
City Hall, Room 207  
Sacramento, CA 95814

Dear Les:

Thank you for your recent communication regarding SB 300. I agree with your position on this legislation and will work and vote accordingly.

Cordially,



LLOYD G. CONNELLY  
Member of the Assembly

LGC:cc

P.S. I apologize for the delay in responding to your correspondence. I have been out of the country for the past three weeks.

*Good to hear from you.*

174-170



# CITY OF SACRAMENTO

DEPARTMENT OF LAW  
812 TENTH STREET SACRAMENTO CA 95814  
SUITE 201 TELEPHONE (916) 449-5346

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City Attorney  
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Assistant City Attorney  
SAMUEL L. JACKSON  
WILLIAM P. CARNAZZO  
LAWRENCE M. LUNARDINI  
DIANE B. BALTER  
RICHARD F. ANTOINE  
Deputy City Attorneys

August 14, 1985

## MEMORANDUM

TO: Solon Wisham, Jr. *SWJ*  
Assistant City Manager

FROM: William P. Carnazzo  
Deputy City Attorney

RE: SB 300 (Foran) - Transportation Finance

CITY MANAGER'S OFFICE  
**RECEIVED**  
AUG 13 1985

I have reviewed the bill, and materials provided by the League of California Cities. The following is a concise summary of its provisions as they affect the City.

(1) It appropriates 125 million dollars for local streets and roads for fiscal year 1985-1986. This money is to be divided between cities and counties, with 55% to cities and 45% to counties.

(2) It contains a "maintenance of effort" requirement, meaning that the City must spend of its own money in fiscal year 1985-1986 the same amount as it spent in 1984-1985. Thus, the state funds are for an additional, increased level of effort, and must be spent accordingly. The calculation of the 1984-1985 "effort" (i.e., the base year spending floor) includes amounts spent for:

- (a) Overlays;
- (b) Patching and sealing; and
- (c) Reconstruction of an existing roadway.

Reconstruction which widens the road or otherwise results in increased capacity is excluded from this calculation-- i.e., we need not repeat those expenses in 1985-1986.

(3) For 1986-1987, SB 300 again provides 125 million dollars from the state general fund, with the same "maintenance of effort" requirements. Second-year general fund money is, however, subject to renegotiation in the next budget year. Also

for 1986-1987, SB 300 provides for an additional 125 million dollars to come from the state's receipt of money from settlement of an offshore drilling lawsuit. There is no guarantee on this funding either, however.

I have attached the bill reporting form, plus an excerpt from the July 19, 1985 League Bulletin which provides some policy reasons for support of the bill. Please have the reporting form completed, and we will process it for distribution to the committee.

*WPC*  
\_\_\_\_\_  
WILLIAM P. CARNAZZO  
Deputy City Attorney

WPC:je  
Att.

*P.S. - If any help is needed in doing the form and report, let me know*

*WPC*

## LEGISLATIVE ACTIVITIES

### 1. SUPPORT

Transportation Finance. SB 300 (Foran) Passes Assembly Transportation Committee. The Assembly Transportation Committee on Wednesday passed SB 300 to the Assembly Ways and Means Committee where it

will face it's most difficult test. While there was considerable debate in the Transportation Committee about the bill, there was very little criticism of the actual provisions of SB 300. Assembly Member Elihu Harris argued forcefully that SB 300 was not enough to solve our problem in transportation finance which is severe and growing. He argued that our transportation system needs an on-going stable source of revenue. Band-aid measures such as SB 300 will not be enough.

Before the Ways and Means Committee, the politics of SB 300 will change dramatically. As you will remember, AB 2341 was the Assembly Transportation package which has been effectively killed in that Committee. The primary issue is the expenditure of state general fund dollars for transportation. This is not a priority of the Assembly Democratic leadership. City officials will have to work hard to convince a majority of the members of the Assembly Ways and Means Committee to pass SB 300. When lobbying Assembly Members, we suggest raising the following points:

1. Needs. Local government street needs have been documented by the Assembly Office of Research, the Governor's Infrastructure Task Force and the Department of Transportation to be from \$400 million to \$1 billion. This amount represents a funding shortfall of the current system; it does not include new construction.
2. Fix it Now or Pay More Later. If something isn't done immediately to address the backlog on the local street and road system, the deterioration of pavement will require three to four times as much money to fix later.
3. Only a Band-Aid, But Necessary. Some members have been critical of SB 300—that it is only a band-aid measure and more funding is needed. This argument is valid; however, SB 300 represents the effort of Senator John Foran to find a reasonable bill that can be passed by the Legislature and signed by the Governor. SB 300 reflects the art of the possible.
4. Cities Contribute Local Dollars for Transportation. Criticism has been leveled by certain Legislators against local governments for not using "transportation derived revenues" for transportation purposes. Primarily this charge is a reference to the use of vehicle license fee monies for general government purposes. The record clearly shows that cities have expended more general purpose funds on transportation than received from the vehicle license fee. Consider the following figures from the State Controller:

City General Purpose Revenue Expended for Transportation

(millions of dollars)

<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
\$317,440	\$403,570	\$476,292	\$495,370	\$536,085	\$570,370

Vehicle License Fee Revenues to Cities

\$239,800	\$296,800	\$313,600	\$208,400	\$122,600	\$144,000
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Cities should plan to send representatives to Sacramento when the Ways and Means Committee is scheduled to hear SB 300. Included in any delegation should be someone familiar with the local transportation finance problem in the community. It will take a substantial effort to convince the Members to pass SB 300.

The Legislature has now recessed for the summer. Every opportunity should be taken to meet with your Assembly Member back in the district between now and the time the Legislature begins its final deliberations on August 19. The members of the Assembly Ways and Means Committee are: Vasconcellos, Chair; Baker, Vice Chair; Agnos, Bader, Bronzan, Dennis Brown, Calderon, Campbell, Condit, Connelly, Herger, Hill, Isenberg, Johnson, Johnston, Leonard, Lewis, Margolin, McClintock, O'Connell, Peace, Roos and Maxine Waters. (Referred to previously in Bulletins #23-1985, #24-1985, #26-1985.)

2. OPPOSE  
INFORMATION NEEDED  
ATIN:  
FINANCE OFFICERS

Restrictions on Municipal Financing. Sale-Lease Backs. Amended and Approved. ACA 29 (Robinson).

This constitutional amendment would prohibit cities and counties, unless expressly authorized by a majority vote in the jurisdiction affected, from entering into any agreement with any person, corporation, partnership, firm or redevelopment agency to sell, mortgage, encumber or dispose of any of the city's real property, under terms which entitle the city to the use of the property and which require the city to incur an indebtedness through the sale and issuance of bonds or otherwise. It would be effective as to any agreement or transaction approved by a city council resolution after July 1, 1985, even though ACA 29 might not actually be submitted to the state's voters until June or November of 1986.

ACA 29 was approved unanimously this week by the Assembly Committee on Public Investments, Finance, and Bonded Indebtedness even though the committee had little or no understanding of what impact the measure will have. The League staff needs more information about this form of local financing in order to argue more successfully against ACA 29. If your city has utilized this method of financing and contemplates doing so in the future, it would be extremely helpful to us to have a full description of your program, its advantages, benefits, etc.

ACA 29 has been referred to the Assembly Committee on Constitutional Amendments, where it may be heard after August 19. (Previous Reference - #19, #23, #25).

CBT

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# Legislative Update

JUL 3 1985  
PUBLIC WORKS  
ADMINISTRATION

CALIFORNIANS FOR BETTER TRANSPORTATION

July 1, 1985

## AMENDED SB 300 PASSES SENATE FLOOR VOTE

Senate Bill 300, 1985's most viable transportation financing measure, passed the Senate on June 26 on a 34 to 1 vote. The principle elements of SB 300 are as follows:

- o \$125 million for local streets and roads. The money is a part of the \$375 million California expects to receive from the settlement of a price fixing law suit by the federal government against the major oil refiners.
- o A maintenance-of-effort requirement which stipulates that to be eligible for the funds, a city or county cannot spend less for street maintenance than in 1984-85 fiscal year.
- o In order to spend the funds allocated, cities and counties must match dollar for dollar the state funds with local revenue.
- o Guarantees that the Transportation Planning & Development Account be funded at its authorized level, which for the 1985-86 fiscal year would be \$185 million if this provision had been in effect.
- o The nine cent per gallon gas tax will be converted to a nine percent fuel tax provided the revenue generated would be greater than the amount collected at the current gallonage rate.

The lopsided vote marked the fact that 13 senators spoke on SB 300 and raised a variety of questions including the propriety of indexing, abandoning the user taxes as a source for funding highways and providing revenues insufficient to meet the need. During the debate over the measure, Senator John Foran, the bill's author, said that he anticipates amendments in the Assembly which would remove the bill's indexing feature and matching requirement.

SB 300 is a last ditch effort by Foran to secure funding for transportation this year. His original bill, SB 290, which increased the gas tax by 5 cents per gallon, weight fees on large trucks by 50% and provided additional funding to the TP & D Account was sent to interim study.

(more)

\*\*\*\*\*  
"Legislative Update" is published bi-weekly by Californians for Better Transportation, 1029 K Street, Sacramento, CA 95814. Ph. 916/446-3275.  
Jack D. Maltester, President Kevin C. Eckery, Executive Director

Senate Bill 300, as originally proposed by Foran, was a two year financing measure which provided local government with \$525 million for streets and roads. That money was to be obtained by phasing out the Alternative Energy Tax Credit. The Senate Appropriation Committee found that strategy unacceptable, and required the use of the oil settlement funds. Consequently, the only hope remaining from Foran's perspective is the \$125 million program in SB 300.

#### ASSEMBLY BILL 2341

The Assembly proposal, AB 2341, the bipartisan Katz-Baker measure, cleared the Assembly Transportation Committee, but has not been set for a hearing in the Assembly Ways and Means Committee. The Katz-Baker bill provides \$800 million over four years for state highway construction and \$1.4 billion over five years for local streets and roads. To receive the new revenues, local governments would have to match 25% of the funds made available. The source of funds is sales tax revenue from the retail sales of diesel and gasoline.

There are two controversial features in AB 2341:

- o Since the sales tax revenue would be shifted from the General Fund, it can be expected that supporters of education, social services, law enforcement and other General Fund programs would be opposed.
- o \$271 million of the total \$1.5 billion are generated from a proposed levy of the gas tax on commercial aviation fuel and a 50% increase in the truck weight fees. Both proposals have strong opposition.

With the Katz-Baker bill still in the Assembly and the Foran bill having cleared the Senate, the stage is set for the decision as to whether there will be a transportation funding bill in 1985. This will be determined when the Assembly Transportation Committee hears SB 300 sometime before the July 19th deadline.

#### 1985 STIP

The California Transportation Commission has placed a sixty-day freeze on the development of highway projects by Caltrans. During the freeze, Caltrans will cut \$650 million from the State Transportation Improvement Program (STIP) in order to balance revenues with projects.

(more)