



# CITY COUNCIL STAFF REPORT



**June 11, 2024**

## **ITEM TITLE**

Road Maintenance: Adopt a List of Projects for Fiscal Year 2024/25 Funded by Senate Bill 1, The Road Repair and Accountability Act of 2017

**Report Number:** 24-0092

**Location:** Citywide

**Department:** Engineering

**G.C. § 84308:** No

**Environmental Notice:** The Project qualifies for a Categorical Exemption pursuant to the California Environmental Quality Act State Guidelines Section 15301 Class 1 (Existing Facilities), Section 15302 Class 2 (Replacement or Reconstruction), and Section 15061(b)(3).

## **Recommended Action**

Adopt a resolution adopting a list of projects for Fiscal Year 2024/25 funded by the Road Maintenance and Rehabilitation Account created by Senate Bill 1: The Road Repair and Accountability Act of 2017. **(4/5 Vote Required)**

## **SUMMARY**

Pursuant to Streets and Highways Code Section 2034(a)(1), prior to receiving an apportionment of Road Maintenance and Rehabilitation Account funds from the State Controller in a fiscal year, a City must submit a list of projects proposed to be funded to the California Transportation Commission. Staff is recommending City Council adoption of a resolution approving the City's Road Maintenance and Rehabilitation Account project list for fiscal year 2024-25.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the Project qualifies for a Categorical Exemption pursuant to State CEQA Guidelines Section 15301 Class 1 (Existing Facilities), Section 15302 Class 2 (Replacement or Reconstruction), and Section 15061(b)(3) because the proposed actions would not result in a significant effect on the environment, create a cumulative impact, damage a scenic highway, or cause a substantial adverse change in the significance of a historical resource. Thus, no further environmental review is required.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

## DISCUSSION

The Road Repair and Accountability Act of 2017 (Senate Bill 1, or “SB 1”) established the Road Maintenance and Rehabilitation Account (RMRA) which provides new funds to cities and counties throughout California to use for roadway maintenance and rehabilitation. SB1 increased per gallon fuel excise taxes, diesel fuel sales taxes and vehicle registration taxes, stabilized the fuel tax rates and provided for inflationary adjustments to rates in future years.

### Required Annual Authorization

The RMRA local streets and roads allocations are intended to be focused on improving the overall condition of the municipality’s pavement condition. Once a municipality reaches an average Pavement Condition Index (PCI) of 80, other transportation related projects may be proposed. As of March 2024, the City’s average PCI is 72 (good); therefore, RMRA funds should continue to be utilized specifically for roadway maintenance and rehabilitation.

Prior to receiving an apportionment of RMRA funds from the California Transportation Commission (CTC) in a fiscal year, the City must submit an adopted list of projects proposed to be funded with these funds to the CTC by July 1st each year. All projects proposed to receive the fiscal year funding must be adopted by resolution by the City Council at a regular public meeting for each fiscal year (Streets and Highway Code Section 2034(a)(1)). The adopted list must include a description and the location of each proposed project, the estimated useful life of the improvement, and a proposed schedule for the project’s completion.

The projected RMRA revenue for Chula Vista in fiscal year (FY) 2024-25 is \$6,665,462 (Attachment 1) which was programmed with the adoption of the City’s FY 2024-25 CIP Program. The proposed project lists STL0472 and STM0403 for FY 2024-25 (Attachment 2), which includes street segments consisting of public roadway segments with PCI ratings between 34 to 64 that are recommended for rehabilitation treatment, and PCI ratings between 60 to 90 that are recommended for maintenance treatment. The overall City average PCI is projected to increase as these projects and other paving projects with TransNet funding are completed.

The RMRA also requires that the City submit an annual expenditure report for all active and completed projects funded by the RMRA. The annual report will provide details on the projects completed to date and any updates to the original listing. This is the eighth year in which the City is receiving SB 1 funding and such funding will enable the City to supplement the road maintenance and rehabilitation efforts needed on streets throughout the City.

The following are the previously adopted SB1 RMRA projects, including status:

<u>PROJECT</u>	<u>STATUS</u>
FY 2017-18 (CIP STM0395)	Completed
FY 2018-19 (CIP STM0396)	Completed
FY 2019-20 (CIP STM0400)	Completed
FY 2020-21 (CIP STM0401)	Completed
FY 2021-22 (CIP STL0457)	Design Phase

FY 2021-22 (CIP STM0410)	Design Phase
FY 2022-23 (CIP STL0460)	Design Phase
FY 2022-23 (CIP STM0412)	Design Phase
FY 2023-24 (CIP STL0465)	Design Phase
FY 2023-24 (CIP STM0413)	Design Phase

The projects proposed for adoption in FY 2024-25, CIP STL0472 - RMRA Pavement Maintenance FY 2024-25 and CIP STM0403 - RMRA Pavement Rehabilitation FY 2024-25, are estimated to start construction work in Summer of 2025 with completion by December of 2025.

Maintenance of Effort [Streets and Highways Code Sec. 2036]

The RMRA contains a local agency Maintenance of Effort (MOE) requirement that applies to funds allocated through the RMRA. Similar to the existing requirements for the Gas Tax and TransNet, the MOE requirement ensures that these new funds do not supplant existing levels of city and county discretionary revenue spending on streets and roads. For RMRA, the City must maintain discretionary fund spending for street, road, and highway purposes at no less than the average of fiscal years 2009-10, 2010-11, and 2011-12, excluding one-time funds. The RMRA MOE for Chula Vista is \$4,515,412 (Attachment 3). The City anticipates meeting the MOE requirement for FY 2024-25.

The State Controller may perform audits to ensure compliance with these MOE rules. If the State Controller determines that the City has not met its MOE, the City will be required to reimburse the state for the funds it received during that fiscal year, although the City may expend during that fiscal year and the following fiscal year a total amount that is sufficient to comply. Any funds withheld or returned as a result of a failure to comply will be reapportioned to the other counties and cities whose expenditures are in compliance.

Due to this requirement, the City established a separate account for RMRA funds within the Gas Tax Account.

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

**CURRENT-YEAR FISCAL IMPACT**

This action relates to funds to be received and expenditures to be incurred in fiscal year 2024-25, resulting in no net fiscal impact in the current year.

**ONGOING FISCAL IMPACT**

Projected RMRA revenues totaling \$7,032,370, along with any remaining funds from previously completed RMRA projects, were programmed in the adopted FY 2024-25 CIP Program, resulting in no net impact to

the RMRA Fund in fiscal year 2024-25. Any differences between the RMRA received and the estimate used to develop the CIP program budget will be addressed via the Quarterly Financial Report process.

Upon completion of the project, the improvements will require only routine City Street maintenance. Since the improvements are anticipated to increase the life of the streets included, there should be a positive long-term fiscal impact.

#### **ATTACHMENTS**

1. Local Streets and Roads Projected Revenues
2. RMRA Lists of Projects for FY 2024-25
3. RMRA Maintenance of Effort August 2017

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