



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

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915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
March 20, 2007

Honorable Members of the
Law and Legislation Committee

**Title: SB 286 – Endorse Amendments Related to the Allocation of Proposition 1B
Local Street & Road Funds**

Location/Council District: Citywide

Recommendation: Support amendments to sections 8879.23 and 8879.28 of the Government Code related to SB 286 (Transportation Bond), allocation schedule of \$2 billion to cities and counties.

Contact: Azadeh Doherty, Principal Planner, 808-3137

Presenters: Azadeh Doherty, Principal Planner

Department: Transportation

Division: Office of the Director

Organization No: 3416

Description/Analysis

Issue: Proposition 1B which was approved by the voters in November of 2006, authorized allocation of \$2 billion for local streets and roads. The City of Sacramento expects to receive approximately \$14.5 million from this fund category. The proposed amendment to the SB 286 will require the Controller to allocate funds to eligible local agencies in two cycles in the next four years. The first cycle of payment will be made by no later than January 1, 2008 and the second cycle of payment will be scheduled for January 1, 2010.

Policy Considerations: Endorsement of SB 286 is consistent with the goal of the City's Strategic Plan which is to achieve sustainability and livability and to expand economic development throughout the City.

Environmental Considerations: Endorsement of SB 286 has no adverse environmental impacts.

Committee/Commission Action: None.

Rationale for Recommendation: The amendment to SB 286 is sponsored by the California League of Cities. This bill guarantees that the City of Sacramento will receive at least half of its eligible funds in the next two years. In FY 2007-2008 also known as the Proposition 42 "gap" year, the City of Sacramento will not receive any money for local streets and roads. In the absence of these funds, the City will need to have a source of funding to pay for its Major Street Improvement and the on-going Street Maintenance programs.

Financial Considerations: None as result of this action.

Emerging Small Business Development (ESBD): There are no ESBD considerations as no goods or services are being purchased.

Respectfully Submitted by: 
Francesca L. Halbakken
Operations Manager

Approved by: 
Jerry Way
Director of Transportation

Recommendation Approved:

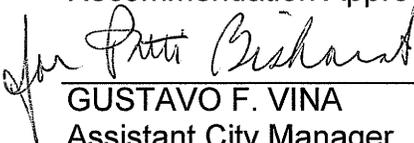

GUSTAVO F. VINA
Assistant City Manager

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Background

Summary of Senate Bill 286 – Allocation of Proposition 1B Local Street & Road Funds

BILL NUMBER: SB 286

INTRODUCED BY Senator Dutton, FEBRUARY 15, 2007

An act to amend Sections 8879.23 and 8879.28 of the Government Code, relating to transportation bonds.

SB 286, as introduced, Dutton. Transportation bonds: implementation. Proposition 1B, approved by the voters at the November 2006, general election, enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, which authorizes the issuance of \$19.925 billion of general obligation bonds for various transportation purposes, including \$2 billion to be allocated by the Controller to cities and counties, by formula, for local street and road purposes, subject to appropriation by the Legislature.

This bill would require the bond funds for local street and road purposes to be allocated by the Controller in 2 cycles that cover 4 years, with the 1st cycle of payments to be made to eligible local agencies not later than January 1, 2008, and the 2nd cycle of payments to be made not later than January 1, 2010, as specified. The bill would also require the Controller to use the population figures from the Department of Finance as of January 1, 2007, in making allocations to cities. The bill would make other related changes.

Sample Letter

March 21, 2007

The Honorable Darrell Steinberg
State Senator, 6th District
State Capitol, Room 4035
Sacramento, CA 95814

Subject: Support for Senate Bill 286: Allocation of Proposition 1B Local Street & Road Funds

Dear Senator Steinberg:

On behalf of the City of Sacramento, I am pleased to express the City's strong support of Senate Bill 286, which defines an allocation schedule for the \$2 billion included in Proposition 1B as a direct allocation to cities and counties. We sincerely appreciate your recognition of the importance of funding local transportation projects and ensuring this funding which was a part of the Infrastructure Bond package.

Specifically, SB 286 *guarantees* that every city will receive at least half of their Prop 1B funds to spend in the next two fiscal years; the 2007-08 Proposition 42 "gap" year and 2008-09. This is extremely important because without significant funding in the 2007-08 Prop 42 "gap" year, cities and counties will not receive any monies for local streets and roads.

SB 286 also provides that a city may receive up to the entire amount of its share of Prop 1B funds in the next two fiscal years if the ability to spend the funds is demonstrated. In addition, every city is guaranteed at least \$400,000 in the first two years of the program. SB 286 allocates any remaining funds (funds not spent in 2007-08 and 2008-09) to cities no later than January 1, 2010 for fiscal years 2009-10 and 2010-11.

Currently, it is estimated that the City of Sacramento would receive approximately \$14.5 million in direct funding from Prop 1B for local transportation purposes.

The City of Sacramento is able to put this money to use quickly for its Major Street Improvements and ongoing Road Maintenance programs.

Sincerely,

Sandy Sheedy, Chair
Law and Legislation Committee

cc: Assemblyman Dave Jones
Assemblyman Roger Niello
Mayor Fargo and City Councilmembers