
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 640 (Becker) - Transportation financing: jointly proposed projects

Version: April 27, 2021

Urgency: No

Hearing Date: May 3, 2021

Policy Vote: TRANS. 16 - 0

Mandate: No

Consultant: Mark McKenzie

Bill Summary: SB 640 would explicitly authorize cities and counties to jointly propose projects to be funded by their apportionments of local streets and roads funding provided through the Road Maintenance and Rehabilitation Program (local SB 1 funds).

Fiscal Impact:

- One-time California Transportation Commission (CTC) administrative costs of approximately \$88,000 in both 2021-22 and 2022-23 to update program guidelines, develop new training materials and documents, and coordinate with the Department of Transportation (Caltrans) to make necessary changes to the CalSMART IT systems used to track and report information on the Local Streets and Roads Program. (State Highway Account)
- One-time Caltrans IT costs of approximately \$100,000 in both 2021-22 and 2022-23 to add the capability to CalSMART systems to accept project list and expenditure information from a lead agency on behalf of other agencies, and to make necessary updates to the "Rebuilding California" website. (State Highway Account)

Background: Existing law, as enacted by SB 1 (Beall), Chap. 5/2017, establishes the Road Maintenance and Rehabilitation Account (RMRA) in the State Transportation Fund, into which is deposited approximately \$3 billion annually in state revenues from gasoline excise taxes, diesel excise taxes, transportation improvement fees (assessed on registered vehicles), and zero-emission vehicle fees. These revenues are realized over the course of a fiscal year as they are collected. The revenues are used to support the following programs, as specified: (1) \$200 million for the Local Partnership Program; (2) \$100 million for the Active Transportation Program; (3) \$400 million for state bridge and culvert maintenance and rehabilitation; (4) \$25 million for freeway service patrols; (5) \$5 million for workforce development programs (until 2021–22); \$25 million for specified local planning grants; and (6) \$7 million for research. The balance of the revenues deposited into the RMRA are continuously appropriated and divided equally between the State Highway Operation and Protection Program (SHOPP), for state highway maintenance, and the Local Streets and Roads Program.

Existing law requires each city and county that receives an allocation of local streets and roads funding to annually provide a list of proposed projects to be funded by their apportionment to the CTC, as specified. The proposed list of proposed projects must be adopted at a regular meeting of the City Council or Board of Supervisors prior to submittal to the CTC. Once reviewed and adopted, the CTC sends the list of cities and counties eligible to receive an apportionment of funds to the State Controller who then releases the funds each year. Local entities must also annually submit documentation

to the CTC detailing expenditures for each year in which funding was received and expended.

Proposed Law: SB 640 would authorize two or more cities, or one or more cities and a county, to jointly propose a project to be funded by their apportionment of RMRA funds for the Local Streets and Roads Program. A jointly-submitted project must be submitted by a city or county designated as the project's lead agency, and must be endorsed by a memorandum of understanding approved by each of the entities jointly proposing the project. The lead agency would be responsible for submitting specified documentation to the CTC each year detailing the expenditures of funds.

Staff Comments: This bill is intended to allow cities and counties to pool resources with neighboring local entities for projects of regional significance where a thoroughfare runs through multiple local jurisdictions, avoiding a piecemeal approach to maintenance and rehabilitation. The CTC indicates that cities and counties are currently eligible to pool resources and jointly fund projects that cross jurisdictional lines, but the funding is allocated to each local agency and expenditures are reported separately. This bill, however, would create a process whereby a "lead agency" is designated to propose the project using funds allocated to other local entities. The lead agency would also be responsible for submitting documentation on the expenditure of funds on jointly-proposed projects. The CalSMART IT system does not currently have the capability to accept project list submittal and expenditure information from a lead agency on behalf of other agencies as it was designed to track allocations and expenditures of each city and county in California and simplify transparency with taxpayers regarding expenditures of local streets and roads funds. The bill would require system modifications to add the functionality for lead agencies to propose projects and submit documentation while ensuring expenditures and benefits are attributed to individual cities and counties that receive allocations. As noted above, Caltrans would incur one-time costs for IT system upgrades and to make updates to the "Rebuilding California" website that tracks all SB 1 spending, and the CTC would incur one-time costs to update guidelines, develop new training materials and documents, and coordinate with Caltrans on the IT changes.

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