
THIRD READING

Bill No: SB 640
Author: Becker (D), et al.
Amended: 5/20/21
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 16-0, 4/13/21

AYES: Gonzalez, Bates, Allen, Archuleta, Becker, Cortese, Dahle, Dodd,
McGuire, Melendez, Min, Newman, Rubio, Skinner, Umberg, Wilk

NO VOTE RECORDED: Wieckowski

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/20/21

AYES: Portantino, Bates, Bradford, Jones, Kamlager, Laird, Wieckowski

SUBJECT: Transportation financing: jointly funded projects

SOURCE: City of Belmont

DIGEST: This bill authorizes local governments to sponsor local streets and roads projects to be jointly funded by the Road Repair and Accountability Act (SB 1, Beall, Chapter 5, Statutes of 2017).

ANALYSIS:

Existing law:

- 1) Provides that SB 1 (Beall, 2017), otherwise known as the Road Repair and Accountability Act of 2017, continuously appropriates funding annually from the Road Maintenance and Rehabilitation Account to cities and counties for eligible projects on the local streets and roads (LSR) network.
- 2) Requires each city and county eligible to receive LSR funds to annually provide a list of proposed projects to be funded by their apportionment and adopted at a regular meeting by the applicable City Council or Board of Supervisors to the California Transportation Commission (CTC). Requires the list to include a description and location of the project, a proposed schedule for completion of

the project, and the estimated useful life of the improvement. CTC then submits reports to the State Controller for apportionment of funds.

- 3) Requires each city and county expending LSR funds to annually submit documentation to the CTC that details the expenditures, including a description and location of the completed project, the amount of funds expended, the completion date, and the estimated useful life of the improvement.

This bill:

- 1) Authorizes two or more eligible cities, or one or more cities and a county to propose a project to be jointly funded with their respective LSR apportionments.
- 2) Requires each city or county that proposes to jointly fund a project to include its participation in the project in its list of projects submitted to the CTC.
- 3) Requires a proposed jointly funded project be endorsed by a Memorandum of Understanding (MOU) approved by all of the entities proposing to jointly fund the project.
- 4) Requires the MOU to identify the project's lead agency and a description of the individual contributions of each participating city and county to the project.
- 5) Requires each participating city and county of jointly funded projects to submit documentation to the CTC after the expenditure of LSR funds.

Comments

- 1) *Purpose.* According to the author, “in my district, small cities like the City of Belmont have long prioritized improving local streets and road projects by seeking funding through SB 1 (Beall, 2017), also known as the Road Repair and Accountability Act of 2017. However, they are often outbid by larger cities. Inspired by the City of Belmont in my district, SB 640 permits small cities to pool their SB 1 Local Streets and Roads dollars to bid jointly for a project where the thoroughfare runs through multiple local jurisdictions. By passing SB 640, local governments will save time and money by avoiding project delays and piecemeal projects on roads everyone utilizes.”

- 2) *The Road Repair and Accountability Act (SB 1)*. In 2017, the Legislature passed and Governor Brown signed into law SB 1 (Beall, 2017), which provided an estimated \$5 billion per year for roads, transit and active transportation programs. A major component of SB 1 was providing direct, flexible funding to local governments for “fix it first” projects on the local street and road network. In 2020-2021, SB 1 provided over \$1.2 billion directly to cities and counties, distributed through a long standing formula, for these improvements. In addition to the funding, SB 1 set in place a reporting structure for the approval of projects prior to apportionment of funds and after expending the funds on a project. Specially, each year, cities and counties must submit a proposed project list adopted at a regular meeting by their City Council or Board of Supervisors that is then submitted to the CTC. Once reviewed and adopted, the list of eligible cities and counties to receive funding is sent to the State Controller to begin the apportionment process for that fiscal year. Additionally, cities and counties must provide an Annual Project Expenditure Report to CTC for each year in which funding was received and expended.
- 3) *What is the problem?* According to the City of Belmont, the sponsor of this bill, in times where multiple jurisdictions have a project of mutual interest, this proposed legislation allows them to pool their SB 1 resources for one combined regional project. Further, the city says this change would allow for SB1 money to be stretched further and allow the regional jurisdictions to negotiate a more competitive rate than one small city could do alone.
- 4) *SB 640 makes it clear locals can jointly fund projects*. According to the CTC, there are cities and counties that have conducted joint projects using their respective LSR funds. SB 640 explicitly authorizes local governments to do this and clarifies reporting requirements. Specifically, as part of their proposed project list submitted annually to the CTC, the local jurisdictions involved in a jointly funded project must also approve a MOU. This MOU must identify the project’s lead agency and a description of the individual contributions of LSR funds to the project from each participating city and county. After the project is completed, each city and county will submit the final required documentation to the CTC.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Likely minor California Transportation Commission (CTC) administrative costs to update program guidelines and track which projects are jointly funded and each participating entities share of project costs. (State Highway Account)
- Minor and absorbable costs for Caltrans to account for jointly funded projects in its CalSMART IT systems used to track local streets and roads projects, and on the “Rebuilding California” website. (State Highway Account)

SUPPORT: (Verified 5/22/21)

City of Belmont (source)

American Public Works Association California Advocacy Committee

California Asphalt Pavement Association

City of Burlingame

City of Corona

City of Fresno

City of Long Beach

City of San Carlos

City of San Mateo

Fresno Council of Governments

League of California Cities

San Mateo County

South San Francisco Public Works Department

OPPOSITION: (Verified 5/22/21)

None received

ARGUMENTS IN SUPPORT: According to the League of California Cities, “as a founding member of the Fix Our Roads Coalition, Cal Cities worked tirelessly for years to pass SB 1, the historic transportation funding measure that is addressing decades of neglect and underfunding in California’s transportation infrastructure. SB 640 is a step in the right direction, allowing cities to maximize their SB 1 dollars on regional projects and creating added flexibility in the spending of that funding.”

Prepared by: Melissa White / TRANS. / (916) 651-4121
5/25/21 10:40:34

**** END ****