



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
April 4, 2007**

**TO:** Mayor and City Council

**FROM:** Tim Tucker, City Engineer

**SUBJECT:** Support for SB 286, Proposition 1B Implementation Bill

**DATE:** March 13, 2007

**RECOMMENDATION:**

Authorize the Mayor to sign a letter of support for Senate Bill 286 (SB 286), the implementation legislation for Proposition 1B, Street Rehabilitation funding.

**BACKGROUND:**

Last year Proposition 1B was approved by the voters of California. Among other things, this proposition sets aside money for the repair and maintenance of local streets. Two billion dollars (\$2,000,000,000) will be dispersed to California cities on a per capita pro-rated basis with a minimum \$400,000 allotment for small cities. The City of Martinez's share is \$1,162,254.

Senate Bill 286 has been introduced by State Senator Robert (Bob) Dutton. SB 286 is "enacting" legislation that sets the procedure for allocating the bond money. The League of California Cities is sponsoring the bill with the California State Association of Counties. The bill proposes that local street and road improvement money be allocated by the Controller in two, two year cycles that cover a four year period (see attachment). The first allocation would be made no later than January 1, 2008. This is extremely important because cities and counties will not receive any Proposition 42 monies for local streets and roads in the 2007-08 fiscal year. The balance of the funds would be paid to the city no later than January 1, 2010. SB 286 also provides that a city may receive up to the entire amount of their share of Prop 1B funds in the first cycle if they can demonstrate the ability to spend the funds.

It is important that cities provide a high level of accountability on the expenditure of these funds. Staff will schedule a meeting with the Council's Paving Subcommittee to create a project development and readiness strategy. It is anticipated this strategy will include the development of a project utilizing the City's full allocation which could be phased if only half the funds become available.

**FISCAL IMPACT:**

It is anticipated that total of \$1,162,254 of Prop 1B funds will become available to the City of Martinez for street rehabilitation over the next three years should SB 286 be passed in its current form. The City would receive a minimum of \$581,127 by January 1, 2008.

**ACTION:**

By motion, authorize the Mayor to sign a letter of support for Senate Bill 286 (SB 286), the implementation legislation for Proposition 1B, Street Rehabilitation funding.

Attachment: Draft Letter of Support  
SB 286, Local Streets and Road Improvements section

**APPROVED BY:**   
City Manager

**APPROVED BY:**   
Department Head

April 5, 2007

Senator Tom Torlakson  
7<sup>th</sup> District  
State Capitol, (Room 5050)  
Sacramento, CA 95814

**RE: SB 286 – Allocation of Prop 1B Local Street and Road Funds  
Notice of Support**

Dear Senator Torlakson:

The City of Martinez strongly supports SB 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 was 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 Martinez would receive \$1,162,254 in direct funding from Prop 1B for local transportation purposes.

The City of Martinez is able to put this money to use quickly for pavement rehabilitation, needed traffic signals, street widening and pedestrian improvements.

SB 286 is flexible and allows cities to spend Prop 1B monies based on local needs. It allows bond funds to be spent as quickly as needed, or the funds can be spread out over multiple years.  
Senator Torlakson

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Again, we support SB 286 and the much-needed investment it brings to our city for our local transportation needs.

Sincerely,

Rob Schroder, Mayor

TT:tb

cc: Senator Bob Dutton  
Senator Alan Lowenthal, Chair, Transportation and Housing Committee  
Members, Senate Transportation and Housing Committee  
Art Bauer, Consultant, Senate Transportation and Housing Committee  
Ted Morley, Consultant, Senate Republican Caucus  
Cynthia Bryant, Governor's Office and Planning and Research  
Curt Augustine, Office of Governor Schwarzenegger  
Dale Bonner, Secretary, Business, Housing and Transportation Agency  
League of California Cities Attn: Liisa Lawson Stark

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**Introduced by Senator Dutton**February 15, 2007

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

## LEGISLATIVE COUNSEL'S DIGEST

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.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 8879.23 of the Government Code is  
2 amended to read:

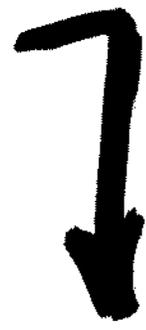
1 of Division 3 of the Streets and Highways Code, except that a  
 2 dollar-for-dollar match of nonstate funds shall be provided for each  
 3 project, and the limitation on maximum project cost in subdivision  
 4 (g) of Section 2454 of the Streets and Highways Code shall not  
 5 be applicable to projects funded with these funds.

6 (2) Notwithstanding the funding allocation process described  
 7 in paragraph (1), in consultation with the department and the Public  
 8 Utilities Commission, the California Transportation Commission  
 9 shall allocate one hundred million dollars (\$100,000,000) of the  
 10 funds in the account to high-priority railroad crossing  
 11 improvements, including grade separation projects, that are not  
 12 part of the process established in Chapter 10 (commencing with  
 13 Section 2450) of Division 3 of the Streets and Highways Code.  
 14 The allocation of funds under this paragraph shall be made in  
 15 consultation and coordination with the High-Speed Rail Authority  
 16 created pursuant to Division 19.5 (commencing with Section  
 17 185000) of the Public Utilities Code.

18 (k) (1) Seven hundred fifty million dollars (\$750,000,000) shall  
 19 be deposited in the Highway Safety, Rehabilitation, and  
 20 Preservation Account, which is hereby created in the fund. Funds  
 21 in the account shall be available upon appropriation by the  
 22 Legislature, to the Department of Transportation, as allocated by  
 23 the California Transportation Commission, for the purposes of the  
 24 state highway operation and protection program as described in  
 25 Section 14526.5.

26 (2) The department shall develop a program for distribution of  
 27 two hundred and fifty million dollars (\$250,000,000) from the  
 28 funds identified in paragraph (1) to fund traffic light  
 29 synchronization projects or other technology-based improvements  
 30 to improve safety, operations and the effective capacity of local  
 31 streets and roads.

32 (l) (1) Two billion dollars (\$2,000,000,000) shall be deposited  
 33 in the Local-Street *Street* and Road Improvement, Congestion  
 34 Relief, and Traffic Safety Account of 2006, which is hereby created  
 35 in the fund. The proceeds of bonds deposited into that account  
 36 shall be available, upon appropriation by the Legislature, for the  
 37 purposes specified in this subdivision, to the Controller for  
 38 administration and allocation in the fiscal year in which the bonds  
 39 are issued and sold, ~~including any interest or other return earned~~  
 40 ~~on the investment of those moneys.~~ *The Controller shall allocate*



1 *the funds to eligible local agencies in two cycles that cover four*  
2 *years, in order to allow each eligible local agency to spend the*  
3 *funds in two periods of two years each. The Controller shall*  
4 *allocate at least one-half of each allocation amount in the first*  
5 *cycle of payments, which shall be made no later than January 1,*  
6 *2008, except that each city shall receive at least four hundred*  
7 *thousand dollars (\$400,000), as described in subparagraph (B)*  
8 *of paragraph (2). If an eligible local agency is able to demonstrate*  
9 *that more than one-half of its share of funds under this subdivision*  
10 *is able to be spent on eligible projects in the first two-year cycle,*  
11 *the Controller shall allocate up to the full amount to the local*  
12 *agency. The Controller shall allocate the remaining portion of an*  
13 *eligible local agency's share of funds under this subdivision in the*  
14 *second cycle of payments, which shall be made no later than*  
15 *January 1, 2010. The money in the account, and any interest or*  
16 *other return on money in the account, shall be allocated in the*  
17 *following manner:*

18 (A) Fifty percent to the counties, including a city and county,  
19 in accordance with the following formulas:

20 (i) Seventy-five percent of the funds payable under this  
21 subparagraph shall be apportioned among the counties in the  
22 proportion that the number of fee-paid and exempt vehicles that  
23 are registered in the county bears to the number of fee-paid and  
24 exempt vehicles registered in the state.

25 (ii) Twenty-five percent of the funds payable under this  
26 subparagraph shall be apportioned among the counties in the  
27 proportion that the number of miles of maintained county roads  
28 in each county bears to the total number of miles of maintained  
29 county roads in the state. For the purposes of apportioning funds  
30 under this clause, any roads within the boundaries of a city and  
31 county that are not state highways shall be deemed to be county  
32 roads.

33 (B) Fifty percent to the cities, including a city and county,  
34 apportioned among the cities in the proportion that the total  
35 population of the city bears to the total population of all the cities  
36 in the state, provided, however, that the Controller shall allocate  
37 a minimum of four hundred thousand dollars (\$400,000) to each  
38 city, pursuant to this subparagraph.

1 (2) Funds received under this subdivision shall be deposited as  
2 follows in order to avoid the commingling of those funds with  
3 other local funds:

4 (A) In the case of a city, into the city account that is designated  
5 for the receipt of state funds allocated for local streets and roads.

6 (B) In the case of an eligible county, into the county road fund.

7 (C) In the case of a city and county, into a local account that is  
8 designated for the receipt of state funds allocated for local streets  
9 and roads.

10 (3) For the purpose of allocating funds under this subdivision  
11 to cities and a city and county, the Controller shall use the ~~most~~  
12 ~~recent~~ population estimates prepared by the Demographic Research  
13 Unit of the Department of Finance *as of January 1, 2007*. For a  
14 city that incorporated after January 1, 1998, that does not appear  
15 on the most recent population estimates prepared by the  
16 Demographic Research Unit, the Controller shall use the population  
17 determined for that city under Section 11005.3 of the Revenue and  
18 Taxation Code.

19 (4) Funds apportioned to a city, county, or city and county under  
20 this subdivision shall be used for improvements to transportation  
21 facilities that will assist in reducing local traffic congestion and  
22 further deterioration, improving traffic flows, or increasing traffic  
23 safety that may include, but not be limited to, street and highway  
24 pavement maintenance, rehabilitation, installation, construction  
25 and reconstruction of necessary associated facilities such as  
26 drainage and traffic control devices, or the maintenance,  
27 rehabilitation, installation, construction and reconstruction of  
28 facilities that expand ridership on transit systems, safety projects  
29 to reduce fatalities, or as a local match to obtain state or federal  
30 transportation funds for similar purposes.

31 (5) At the conclusion of each fiscal year during which a city or  
32 county expends the funds it has received under this subdivision,  
33 the Controller may verify the city's or county's compliance with  
34 paragraph (4). Any city or county that has not complied with  
35 paragraph (4) shall reimburse the state for the funds it received  
36 during that fiscal year. Any funds withheld or returned as a result  
37 of a failure to comply with paragraph (4) shall be reallocated to  
38 the other counties and cities whose expenditures are in compliance.

39 SEC. 2. Section 8879.28 of the Government Code is amended  
40 to read:

1 8879.28. Upon request of the board stating that funds are  
2 needed for purposes of this chapter, the committee shall determine  
3 whether or not it is necessary or desirable to issue bonds authorized  
4 pursuant to this chapter in order to carry out the actions specified  
5 in Section 8879.23, and, if so, the amount of bonds to be issued  
6 and sold. Successive issues of bonds may be authorized and sold  
7 to carry out those actions progressively, and are not required to be  
8 sold at any one time. Bonds may bear interest subject to federal  
9 income tax. *For purposes of this section, the committee shall*  
10 *consider the request of the Controller relative to issuance of bonds*  
11 *authorized pursuant to subdivision (l) of Section 8879.23.*

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