



Legislation Text

File #: RES 18-0071, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Stephanie Katsouleas, Public Works Director
George Gabriel, Management Analyst

SUBJECT:

Resolution No. 18-0071, Supporting Proposition 69 and Opposing the Repeal of Senate Bill 1 to Protect Transportation Funds the City Receives from the State of California (Public Works Director Katsouleas).

ADOPT RESOLUTION NO. 18-0071

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 18-0071, supporting Proposition 69, a measure on the June 5, 2018 Statewide Election Ballot, creating a constitutional amendment to prevent new transportation funds from being diverted for non-transportation purposes. Additionally, Resolution No. 18-0071 opposes efforts being undertaken to repeal Senate Bill (SB) 1, which provides essential transportation funding to the City of Manhattan Beach.

FISCAL IMPLICATIONS:

There are no fiscal implications associated with the recommended action.

BACKGROUND:

Senate Bill 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. The legislative package invests \$54 billion over the next decade to fix roads, freeways and bridges in communities across California and provides funding toward transit and safety. These funds are split equally between state and local investments. The City of Manhattan Beach has begun to receive funds and is expected to receive a substantial amount of revenue to fund capital improvement projects.

Since the passage of the legislation, various efforts have been brought forward to protect funds and remove funds generated by SB 1. For the purposes of this report, staff will provide background information on Proposition 69 and the most recent efforts to repeal SB 1.

Proposition 69

Proposition 69 is a measure on the June 5, 2018 Statewide Election Ballot. The measure amends the State Constitution to require that the Legislature spend revenues from the new diesel sales taxes and transportation improvement fees on transportation purposes. Proposition 69 also prohibits the state

from (1) loaning out these revenues (except for cash flow purposes), and (2) using transportation improvement fee revenues to repay state transportation bonds without voter approval. Senate Bill 1 will raise approximately \$5 billion annually when all its taxes and fees are in effect. Though the Legislature chose to dedicate all the SB 1 revenues to transportation, the State Constitution does not require revenues from the transportation improvement fees and diesel sales taxes to be used strictly for transportation purposes. As such, Proposition 69 ensures that the two revenue sources cannot be used for purposes other than transportation.

Proposition 69 is supported by a cross section of government labor and business groups. Notable supporters include:

- League of California Cities
- City of Malibu
- California Alliance for Jobs
- California Association of Councils of Governments
- California State Council of Laborers
- California Trucking Association
- Chamber of Commerce of the Santa Barbara Region
- Los Angeles Area Chamber of Commerce
- Orange County Business Council
- San Gabriel Valley Economic Partnership
- Silicon Valley Leadership Group
- Southern California Partnership for Jobs

SB 1 Repeal Efforts

As of May 7, 2018, proponents of SB 1 repeal efforts have submitted a measure to the California Attorney General (AG #17-0033) and are in the signature verification process with the California Secretary of State. Pending verification of the signatures, a ballot measure may appear on the November ballot. If the measure passes in November, the measure would require the State Legislature to obtain voter approval to impose, increase, or extend excise and sales taxes on gasoline and diesel, as well as taxes on vehicles (such as weight fees and the vehicle license fee). Additionally, it would eliminate the recent transportation tax/fee increases and revert the taxes/fee to levels prior to January 1, 2017.

DISCUSSION:

The City of Manhattan Beach began receiving funding from SB 1 in 2017 and is scheduled to receive additional funds from the State annually. Below are the amounts the City expects to receive as well as the projects associated with the funds.

- FY 2018 Estimate - \$242,739
 - Allocated to Manhattan Ave./Highland Ave. Street Project.
- FY 2019 Budget - \$629,659
 - Proposed to Support the Marine Street Project
- FY 2020 Budget - \$647,338
 - Yet to be Allocated

SB 1 funds are included in the City's Streets & Highways Fund (i.e. Gas Tax Fund), which are

dedicated to roadway and sidewalk projects. In this year's proposed budget, the fund includes revenues of \$1.6 million and capital expenditures of \$2.5 million for various street resurfacing and construction projects, maintenance such as the annual slurry seal program, and annual concrete curb and gutter replacement.

Staff recommends that City Council adopt Resolution No. 18-0071 supporting Proposition 69 and opposing SB 1 repeal efforts being made now and in the future. Should the City Council adopt the attached resolution, the City will send the adopted Resolution to the Coalition to Protect Local Transportation Improvements campaign.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Resolution No. 18-0071
2. Prop. 69/SB 1 Repeal Fact Sheet