



Agenda Report

19-217

Agenda Date: 4/23/2019

REPORT TO COUNCIL

SUBJECT

Action on an Agreement with the Santa Clara Valley Transportation Authority for Funding from the 2016 Measure B Local Streets and Roads Program and Related Budget Amendment

BACKGROUND

In 2016, Santa Clara County voters approved "Measure B," a 30-year half-cent county-wide sales tax to fund improvements for nine transportation related program categories. The program categories are defined as: BART Silicon Valley Phase II, Caltrain Corridor Capacity Improvements, County of Santa Clara Expressways, Local Streets and Roads, Transit Operations, Bicycle/Pedestrian, Caltrain Grade Separations, Highway Interchanges and State Route 85 Corridor. The Santa Clara Valley Transportation Authority administers these funds and requires each agency in Santa Clara County to execute a funding agreement with the VTA in order to receive the annual Local Streets and Roads Program funding from the Measure B sales tax. Measure B was challenged in court shortly after it was approved; resulting in a more than two-year delay in the distribution of the collected funds to local jurisdictions until the California Supreme Court denied a petition for review in late January 2019. Collection of the half-cent sales tax started in April 2017 and funds were held in escrow with the VTA pending resolution of the legal challenge.

DISCUSSION

Measure B will provide each local jurisdiction within Santa Clara County an annual source of guaranteed funding for local streets and road (pavement management programs) projects. The Local Streets and Roads Program utilizes a funding methodology which is based on population and the County of Santa Clara's road and expressway lane mileage to determine each agencies' annual share of guaranteed funding. The City of Santa Clara's current share of guaranteed annual funding is approximately \$2.3 million, which over the next 30 years is projected to provide approximately \$69 million in aggregate funding for the City's local streets and roads projects. This estimated \$69 million will vary depending upon adjustments to the funding formula, which accounts for actual taxes collected, changes to population, and adjustment for current roadway lane miles.

As part of the funding requirements of the Local Streets and Roads program outlined in the 2016 Measure B sales tax language, each agency must do the following:

1. Certify and submit an annual Maintenance of Effort report showing the agency continues to fund annual pavement activities equal to the agency's average level of pavement expenditure for three fiscal years (i.e. FY 2009/10, FY 2010/11 and FY 2011/12). The MOE report is the mechanism for local agencies to demonstrate their continued investment of general and gas tax funds on roadway maintenance.
2. Comply with VTA's Complete Streets reporting requirements. Each local agency is also required to adopt a Complete Streets Resolution in order to receive Measure B funds. Santa Clara has met

this requirement by adopting a Complete Streets Resolution at the August 21, 2018 City Council meeting. This resolution ensures that the City is committed to building streets that are designed for the safe travel of all roadway users including motorists, pedestrians and bicyclists. Projects using Measure B Local Streets and Roads funding must also individually comply with VTA's Complete Streets Policy prior to receiving funds.

3. Display the 2016 Measure B logo at project sites and on documents.
4. Submit annual project updates to VTA.

With litigation against the 2016 Measure B tax resolved, the City is scheduled receive a total of \$5,154,066 in funding from the Local Streets and Roads Program for FY 2016/17 through FY 2018/19. This includes: 1) A one-time advance allocation of \$548,858 for tax revenues collected from April 2017 through June 2017, 2) the annual source of guaranteed funding for FY 2017/18 of \$2,302,604, and 3) the annual source of funding FY2018/19 funding of \$2,302,604. While the one-time advance can be transferred to the City, the annual funding for FY 2017/18 and FY 2018/19 are available on a reimbursement basis. This funding agreement (Attachment 1) is a necessary step to receive funding from VTA and will be valid for Local Streets and Roads funds for the 30-year life of the Measure B Sales Tax.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organization or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Measure B Local Streets and Roads annual funding of \$2,300,000 for FY2017/18 and FY2018/19 were previously approved in the FY2018/19 and FY2019/20 Adopted Biennial Capital Improvement Program (CIP) Budget in the Annual Street Maintenance and Rehabilitation Program project (project). A budget amendment for the one-time advance allocation of \$548,858 is being requested as part of this report and will be included in the project. The execution of the funding agreement will allow the City to be reimbursed for funds to be expended on street maintenance projects.

Budget Amendment FY 2018/19			
	Current	Increase/ (Decrease)	Revised
Fund 533 - Streets and Highways Fund			
<u>Revenue</u>			
VTA Measure B (533-1235)	\$4,600,000	\$548,848	\$5,148,848
<u>Expenditures</u>			
Annual Street Maintenance and Rehabilitation Program (533-1235)	\$8,800,000	\$548,848	\$9,348,848

COORDINATION

This report has been coordinated with the City Attorney's Office and the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the agreement with the Santa Clara Valley Transportation Authority for funding from the 2016 Measure B Local Streets and Roads Program;
2. Authorize the City Manager to make minor, non-substantive modifications to the Agreement, if needed; and
3. Approve the related budget amendment to appropriate the one-time advance allocation of tax revenues of \$ 548,858 into the Annual Street Maintenance and Rehabilitation Program project.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement