



DATE: June 16, 2025

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jared Hall - Transit Manager, Public Works Department (PWD)
Camille Sullivan - Senior Management Analyst, PWD
Jeff Stutsman, PE, TE - Deputy Director of Operations, PWD

SUBJECT: Resolution Authorizing Staff to Submit an Application to Receive the FY 25/26 Allocation of State of Good Repair Program Funds

RECOMMENDATION

It is recommended that City Council adopt the attached Resolution authorizing staff to submit an application to receive the FY 25/26 allocation of State of Good Repair Program funds in the amount of \$9,336.

BACKGROUND

On April 28, 2017, Senate Bill 1 (SB1) was signed into law by the Governor of California. As part of the SB1 package, the Road Repair and Accountability Act of 2017 established the State of Good Repair (SGR) Program—an investment in public transit that provides dedicated funding for transit infrastructure repair and service improvements. The SGR Program provides funding to eligible transit maintenance, rehabilitation, and capital projects. The SGR Program secures funding for this purpose from a portion of the Transportation Improvement Fee collected with vehicle registrations.

DISCUSSION

The City is estimated to receive \$8,949 in SGR Program funds in FY 25/26 with an additional projected carryover amount of \$387, for a total of \$9,336 available for rehabilitation and repairs. All regional entities and transit operators who expect to receive SGR Program funds are required to submit a supporting Board Resolution in order to be eligible for funding. SGR Program funds are available for capital projects that maintain the public transit system in a state of good repair. Public Utilities Code (PUC) Section 99212.1(c) lists projects eligible for SGR Program funding, including:

- Transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or transit facilities, including the rehabilitation or modernization of the existing vehicles or facilities.

- The design, acquisition, and construction of new vehicles or facilities that improve existing transit services.
- Transit services that complement local efforts for the repair and improvement of local transportation infrastructure.

Due to the relatively small amount of funding anticipated to be allocated to the City, Caltrans has advised the City to use available funding for “repair & rehabilitation” (formerly “preventative maintenance”) as part of its annual operating budget. Eligible agencies who do not submit a project could risk losing their apportionment for that specific fiscal year to another operator within the region.

Historically, Petaluma Transit has used SGR Program funds to supplement bus engine repair or replacement costs. For FY25/26, Petaluma Transit is proposing a project list of one (1) bus engine repair. The estimated allocation of \$9,336 in SGR Program funds would support either one engine repair or supplement one engine replacement. The remaining cost, depending on the repairs or replacement, would be covered through Transportation Development Act (TDA) funds, which serve as the primary source for bus engine-related costs. Use of SGR Program funds would allow TDA funds to be redirected toward other operating needs.

It is recommended that the Council adopt the Resolution authorizing the City Manager to submit the required preventative maintenance project and execute the required documents to allow City participation in the program.

PUBLIC OUTREACH

The agenda item appeared on the City Council’s tentative agenda document on June 2, 2025, which was a publicly noticed meeting.

COUNCIL GOAL ALIGNMENT

This action supports the City Council’s goals of a Safe Community That Thrives and A City That Works for Everyone by investing in the maintenance of public transit vehicles to ensure safety, reliability, and continuity of service.

The proposed action also aligns with:

- Workplan item #1 – “Develop a fiscal sustainability plan with the community that balances City services with available revenues and integrates policies and identifies potential revenue sources that can ensure long-term financial health and effectiveness of the City.”
- Workplan item #7 – “Leverage local, regional, and state programs and resources to maximize city revenues.”

CLIMATE ACTION/SUSTAINABILITY EFFORTS

This proposed action provides vital capital funds for Petaluma Transit. This funding will contribute to a more reliable and efficient transit system, while also supporting the broader goals of reducing

emissions and enhancing mobility throughout Petaluma by reducing greenhouse gas emissions and vehicle miles traveled by providing public transit alternatives to single-occupant vehicle trips.

This proposed action supports the goal from the Blueprint for Climate Action TS-1: Petaluma Transit service.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in the usage of the SGR Program funds for Repair and Rehabilitation does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Relatedly, the proposed action is exempt under the common-sense exemption, CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed action could have a significant impact on the environment. Moreover, any repair work done with the funds would be exempt pursuant to CEQA Guidelines Section 15301 (Existing Facilities) As the work would be to repair existing roads.

FINANCIAL IMPACTS

SGR Program funding does not require a local match component. The anticipated allocation of \$9,336 will be budgeted, received, and expended in FY 25/26 on eligible bus engine-related expenses. These funds will help support timely maintenance of the Petaluma Transit fleet and reduce the need for other funding sources, contributing to the continued operation of a safe and reliable transit system.

ALTERNATIVES

Not submitting an application for SGR Program funding would result in the City bypassing up to \$9,336 in available state funding for FY 25/26. The associated impacts of not receiving the funding would result in either a deferment of the projects included in this application to a later date, thus negatively impacting the operations of Petaluma Transit and Paratransit, or result in a need for additional funding from other sources, such as TDA funds, in order to backfill for the SGR Program funding and continue with the projects on a similar timeline.

ATTACHMENTS

1. Resolution