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DATE: June 3, 2024

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

FROM: Jeff Stutsman, P.E., T.E. – Deputy Director of Operations, Public Works & Utilities (PW&U)  
Gina Benedetti-Petnic, P.E. – Assistant Director, Public Works & Utilities

SUBJECT: Resolution to Approve the Proposed Project List for Fiscal Year 24/25 by SB 1: The Road Repair and Accountability Act of 2017

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**RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution to approve the proposed Project List for Fiscal Year 24/25 by SB 1: The Road Repair and Accountability Act of 2017.

**BACKGROUND**

On April 28, 2017, the Governor of California signed Senate Bill 1 (SB 1). This legislative package includes the Road Repair and Accountability Act of 2017, which provides funding to address essential road maintenance, rehabilitation, and critical safety needs on the state highway and local streets and road system. SB 1 secures financing for this purpose through increased per-gallon fuel excise taxes, diesel fuel sales taxes, and vehicle registration fees and provides for inflationary adjustments to tax rates in future years.

On November 1, 2017, the State Controller began apportioning this new funding into the newly created Road Maintenance and Rehabilitation Accounts (RMRA). A percentage of this new RMRA funding is apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code (SHC) Section 2032(h) for essential road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. A percentage of RMRA funds are also made available to cities and counties through various specialized funding programs with variable eligibility requirements and guidelines.

Projects eligible for funding include road maintenance and rehabilitation, safety projects, railroad grade separation projects, complete streets components, and traffic control devices. RMRA funds can also be used to match other local, state, or federal funds.

SB 1 emphasizes accountability and transparency in the delivery of transportation programs and establishes eligibility requirements for cities as follows:

- At the beginning of each fiscal year, the City must submit to the California Transportation Commission (Commission) a list of proposed RMRA-funded projects included in the capital improvement budget as adopted at a City Council meeting. The project list is not meant to limit the flexibility of the City to fund locally needed projects that are consistent with the RMRA priorities, and the list may be modified if City priorities change during the year. The list of projects must include a description and location, a proposed schedule for completion, and the estimated useful life of the improvements.
- At the end of each fiscal year, the City is required to submit an expenditure report that accounts for apportioned RMRA funds. The expenditure report is due October 1 of the subsequent year. The City will submit an expenditure report for funds received in FY 23/24 this October.
- To receive RMRA funds, cities and counties must meet a “maintenance of effort” (MOE) requirement to ensure that these new road funds do not supplant existing levels of general revenue spending on streets and roads. The City is required to sustain MOE by spending at least the annual average of its discretionary street expenditures from the City’s General Fund during the 09/10, 10/11, and 11/12 fiscal years for streets, roads, and highway purposes. (SHC Section 2036)
- There isn’t a use-it or lose-it requirement in SB1, so multiyear projects are eligible, which allows an agency to “save up” funds from previous years or allocate from future years.

## **DISCUSSION**

It is recommended that the City submit the proposed project list to the California Transportation Commission (CTC) for use of Senate Bill 1, RMRA Funds. SB's recommended list includes Maria Drive, Howard Street, Rainier Avenue, and a pavement preservation project.

SB 1 projects can be updated in the future if priorities change or if funding or lower-than-expected costs allow for the addition of additional street segments.

## **PUBLIC OUTREACH**

The current four-year plan and recently completed project can be found on the City’s webpage: <https://cityofpetaluma.org/street-pavement/>

This agenda item appeared on the City Council’s tentative agenda document on May 20, 2022, which was a publicly noticed meeting.

## **COUNCIL GOAL ALIGNMENT**

The proposed action meets the Council’s goals and the following workplan items:

- Workplan Item #15: Identify funds and develop a plan to improve Petaluma’s streets and roads.
- Workplan Item #20: Better integrate multi-modal transportation with street designs.
- Workplan Item #84: Enhance pavement management program to improve the safety and serviceability of our roads and to protect drivers, cyclists, and pedestrians.

## **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

As the City moves forward with paving and preventative maintenance projects, we look for opportunities to incorporate active transportation improvements, traffic calming, and safety improvements, which could include hardened bulb-outs, quick build bulb-outs, lane reductions, bike lanes, and narrow lanes.

## **ENVIRONMENTAL REVIEW**

This action of proposing and submitting a list of projects to be funded by RMRA funds is not a “project” pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378, as this is a fiscal and administrative activity. If the City receives RMRA funds, the City will analyze the specific projects for CEQA compliance. However, the use of the RMRA funds for the specific projects will likely be categorically exempt pursuant to the California Environmental Quality Act and Title 14, the California Code of Regulations (“CEQA Guidelines”), Section 15301(c), because the project consists of the repair, maintenance, and minor alteration of existing public facilities involving negligible or no expansion of existing or former use, including existing highways and streets, and the mitigation of pavement conditions to enhance the safety for motorists and bicyclists. Accordingly, there is negligible or no expansion of use beyond what currently exists, and there are no cumulative impacts, unusual circumstances, or other factors that would make the exemption inapplicable.

## **FINANCIAL IMPACTS**

The RMRA funding for Fiscal Year 23/24 is projected to be \$1,432,094, and for fiscal year 24/25 is projected to be \$1,530,832. The Local Streets and Roads projected revenues can be found here: <https://californiacityfinance.com/LSR2401.pdf>

## **ALTERNATIVES**

If the Council decides to revise the proposed project list for fiscal year 23/24, the City will “bank” the funds, and they will be available next fiscal year.

## **ATTACHMENTS**

1. Resolution with Exhibit A – Project List