

STAFF REPORT

DATE: August 25, 2015
TO: City Council
FROM: Robert A. Clarke, Public Works Director/City Engineer
SUBJECT: Approve Resolution Urging State to Address Critical funding Needs for State and Local Transportation Infrastructure

Recommendation

Adopt attached Resolution, urging the Governor and Legislature to provide new sustainable funding for state and local transportation infrastructure.

Fiscal Impact

The transportation funding package under consideration would provide an estimated \$3 billion per year for state and local road maintenance, to be divided roughly equally between state and local (city and county) agencies. It is estimated that the City of Davis would receive approximately \$3 million per year, for up to ten years, to address roadway maintenance needs.

Council Goal(s)

Adoption of this resolution supports the Council Goal to Ensure Fiscal Resiliency

Background and Analysis

Earlier this year SB16 (Beall) proposed to establish a temporary funding mechanism to support state and local transportation infrastructure funding for a five-year period. This legislative initiative was considered as part of the overall package of budget proposals, but was not included in the final, adopted State budget. However, Governor Brown continues to identify funding in support of state and local transportation infrastructure as a priority and has called an extraordinary session of the legislature to specifically address this critical need. It is in the context of this extraordinary legislative session that a coalition of advocates - including the League of California Cities - has requested that cities adopt resolutions in support of efforts to identify a sustainable funding stream for state and local highways, and local streets and roads.

There is ample evidence that lack of transportation funding over the past twenty years has led to an increasingly large backlog of maintenance needs both on the state highways system and on local streets and roads. Transportation funding has not grown with the cost of road maintenance, and the problem will only continue to grow worse without immediate action. There are two reports that highlight the need for this focus:

State Highway System - According to the 2013 State Highway Operation and Protection Program (SHOPP), the total need for the rehabilitation and operation of the State Highway System for the next ten years is \$82 billion, or an average annual cost of \$8.2 billion. This cost

estimate includes funding for project development, right-of-way acquisition, and capital construction. Projected state funding available for the SHOPP is \$2 billion a year, which covers roughly 25 percent of the estimated need. Over 10 years this sums up to a \$59 billion shortfall in revenues necessary for proper maintenance of the State Highway System, including more than \$31 billion in roadway preservation and \$12 billion in bridge preservation and maintenance.

Local Streets and Roads - California's cities and counties own and maintain more than 143,000 centerline miles of local streets and roads. This road network incorporates over 80 percent of the state's total publicly maintained centerline miles, and is valued at over \$188 billion. The total funding shortfall for the local system is \$78.3 billion over the next 10 years. This includes \$56.1 billion for pavement maintenance and \$22.2 billion for bridges and other essential components.

The City of Davis maintains approximately 390 lane miles of roadways and 60 miles of multi-use pathways. The Pavement Maintenance Study presented to Council in 2013 indicated the City would need to invest \$213M over a twenty year period, or approximately \$10M per year, to maintain our road and path network at an average pavement condition index near 70. The City is currently investing approximately \$3-4 million per year with a significant amount of the budget provided by General Fund revenue. The City Council has adopted goals to address sustainable funding sources to meet our ongoing infrastructure needs and support for enhanced State and Federal funding is a desirable option addressing these goals.

The League of California Cities, along with a broad coalition of local government agencies, has adopted a set of specific principles and priorities to help guide development of a comprehensive transportation funding program:

1. Make a significant investment in transportation funding infrastructure
2. Focus on maintaining and rehabilitating the current system
3. Provide for an equal split between state and local projects
4. Raise revenues across a broad range of options
5. Invest a portion of diesel tax and/or cap-and-trade revenues in high-priority goods-movement projects
6. Strong accountability requirements to protect taxpayer's investment
7. Provide for consistent annual funding levels

Adoption of the attached resolution has been requested by the League of California Cities as a critical component of communication to our State representatives the importance of pursuing a broad range of funding strategies to provide much needed revenue for our transportation infrastructure.

Attachment

1. Resolution

RESOLUTION NO. 15-XXX

RESOLUTION URGING THE STATE TO PROVIDE NEW SUSTAINABLE FUNDING FOR STATE AND LOCAL TRANSPORTATION INFRASTRUCTURE

WHEREAS, cities and counties own and operate more than 81 percent of streets and roads in California, and from the moment we open our front door to drive to work, bike to school, or walk to the bus station, people are dependent upon a safe, reliable local transportation network; and

WHEREAS, the City of Davis has participated in efforts with the California State Association of Counties, League of California Cities, and California's Regional Transportation Planning Agencies to study unmet funding needs for local roads and bridges, including sidewalks and other essential components; and

WHEREAS, the resulting 2014 California Statewide Local Streets and Roads Needs Assessment, which provides critical analysis and information on the local transportation network's condition and funding needs, indicates that the condition of the local transportation network is deteriorating as predicted in the initial 2008 study; and

WHEREAS, the results show that California's local streets and roads are on a path of significant decline. On a scale of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 66, placing it in the "at risk" category where pavements will begin to deteriorate much more rapidly and require rehabilitation or rebuilding rather than more cost-effective preventative maintenance if funding is not increased; and

WHEREAS, the results show that the City of Davis's local streets have a statewide average pavement index of between 50 and 60, placing them in the "At Higher Risk" category; and

WHEREAS, if funding remains at the current levels, in 10 years, 25 percent of local streets and roads in California will be in "failed" condition; and

WHEREAS, cities and counties need an additional \$1.7 billion just to maintain a status quo pavement condition of 66, and much more revenue to operate the system with Best Management Practices, which would reduce the total amount of funding needed for maintenance in the future; and

WHEREAS, models show that an additional \$3 billion annual investment in the local streets and roads system is expected to improve pavement conditions statewide from an average "at risk" condition to an average "good" condition; and

WHEREAS, if additional funding isn't secured now, it will cost taxpayers twice as much to fix the local system in the future, as failure to act this year will increase unmet funding needs for local transportation facilities by \$11 billion in five years and \$21 billion in ten years; and

WHEREAS, modernizing the local street and road system provides well-paying construction jobs and boosts local economies; and

WHEREAS, the local street and road system is also critical for farm to market needs, interconnectivity, multimodal needs, and commerce; and

WHEREAS, police, fire, and emergency medical services all need safe reliable roads to react quickly to emergency calls and a few minutes of delay can be a matter of life and death; and

WHEREAS, maintaining and preserving the local street and road system in good condition will reduce drive times and traffic congestion, improve bicycle safety, and make the pedestrian experience safer and more appealing, which leads to reduce vehicle emissions helping the State achieve its air quality and greenhouse gas emissions reductions goals; and

WHEREAS, restoring roads before they fail also reduces construction time which results in less air pollution from heavy equipment and less water pollution from site run-off; and

WHEREAS, in addition to the local system, the state highway system needs an additional \$5.7 billion annually to address the state's deferred maintenance; and

WHEREAS, in order to bring the local system back into a cost-effective condition, at least \$7.3 billion annually in new money going directly to cities and counties; and

NOW, THEREFORE, BE IT RESOLVED, that the City of Davis strongly urges the Governor and Legislature to identify a sufficient and stable funding source for local street and road and state highway maintenance and rehabilitation to ensure the safe and efficient mobility of the traveling public and the economic vitality of California.; and

BE IT FURTHER RESOLVED, that the City of Davis strongly urges the Governor and Legislature to adopt the following priorities for funding California's streets and roads.

1. Make a significant investment in transportation infrastructure. Any package should seek to raise at least \$6 billion annually and should remain in place for at least 10 years or until an alternative method of funding our transportation system is agreed upon.
2. Focus on maintaining and rehabilitating the current system. Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have created unsafe merging and other traffic hazards. Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.
3. Equal split between state and local projects. We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties, given the equally-pressing funding needs of both systems, as well as the longstanding historical precedent for collecting transportation user fees through a centralized system and sharing the revenues across the entire network through direct subventions. Ensuring that funding to local governments is provided directly, without intermediaries, will accelerate project delivery and ensure maximum accountability.
4. Raise revenues across a broad range of options. Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options, including fuel taxes, license fees, and registration fees, rather than just one source. Additionally, any package should move California

toward an all-users pay structure, in which everyone who benefits from the system contributes to maintaining it – from traditional gasoline-fueled vehicles, to new hybrids or electric vehicles, to commercial vehicles.

5. Invest a portion of diesel tax and/or cap & trade revenue to high-priority goods movement projects. While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.

6. Strong accountability requirements to protect the taxpayers' investment. Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Local governments are accustomed to employing transparent processes for selecting road maintenance projects aided by pavement management systems, as well as reporting on the expenditure of transportation funds through the State Controller's Local Streets and Roads Annual Report.

7. Provide Consistent Annual Funding Levels. Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels – a \$900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning.

Passed and ADOPTED by the City Council of the City of Davis this 25th day of August 2015, by the following vote:

AYES:

NOES:

ABSENT:

Daniel M. Wolk
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk