



# City of Culver City

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## Staff Report

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**File #:** 19-221, **Version:** 1

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**CC- (1) Adoption of a Position Opposing the Repeal of “The Road Repair and Accountability Act” (SB 1 - Beall) Proposition 6; (2) Authorization to Join the Coalition to Protect Local Transportation Improvements (“Coalition”); and (3) Transmission of the City’s Position to the Coalition.**

**Meeting Date:** September 11, 2018

**Contact Person/Dept:** Shelly Wolfberg/City Manager’s Office

**Phone Number:** (310) 253-6000

**Fiscal Impact:** Yes ☐ No ☒

**General Fund:** Yes ☐ No ☐

**Public Hearing:** ☐ **Action Item:** ☒ **Attachments:** ☒

**Commission Action Required:** Yes ☐ No ☒ **Date:**

**Public Notification:** League of California Cities; (E-Mail) Meetings and Agendas - City Council (09/04/18);

**Department Approval:** John M. Nachbar (09/04/18)

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### **RECOMMENDATION**

Staff recommends the City Council (1) adopt a position opposing the repeal of “The Road Repair and Accountability Act” (SB 1 - Beall) Proposition 6; (2) authorize the City to join the Coalition to Protect Local Transportation Improvements; and (3) transmit the City’s Position to the Coalition.

### **BACKGROUND/DISCUSSION**

Proposition 6 (Prop. 6), which appears on the November 6, 2018 Ballot, eliminates recently enacted road repair and transportation funding (SB 1) by repealing revenues dedicated for those purposes. The City Council supported SB 1.

Prop. 6 requires any measure to enact certain vehicle fuel taxes and vehicle fees be submitted to and approved by the electorate. This initiative is a Constitutional Amendment.

#### *Yes/No Statement*

A YES vote on this measure means fuel and vehicle taxes recently passed by the State Legislature

would be eliminated, which would reduce funding for highway and road maintenance and repairs, as well as transit programs. The Legislature would be required to get a majority of voters to approve new or increased state fuel and vehicle taxes in the future.

A NO vote on this measure means fuel and vehicle taxes recently passed by the Legislature would continue to be in effect and pay for highway and road maintenance and repairs, as well as transit programs. The Legislature would continue not to need voter approval for new or increased state fuel and vehicle taxes in the future.

### *Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact*

- Reduced ongoing state revenues of \$5.1 billion from the elimination of fuel and vehicle taxes passed by the Legislature in 2017. These revenues mainly would have paid for highway and road maintenance and repairs, as well as transit programs.
- The requirement that voters approve new or increased fuel and vehicle taxes passed by the Legislature in the future could result in lower revenues from such taxes than otherwise would have been available.

### *Legislative Requirements*

Under the State Constitution, the Legislature can only pass a new tax or increase an existing tax with a two-thirds vote. (The Legislature can pass most other types of laws with a simple majority.) Some state charges referred to as fees (such as vehicle license fees) fall under the constitutional definition of a tax.

### *Voter Approval Requirements*

The Legislature does not need to get voter approval for new or increased taxes that it passes. The voters-through the initiative process-can pass new taxes or increase existing taxes without the Legislature's involvement.

## **State Fuel and Vehicle Taxes**

### *Fuel Taxes*

The state charges excise taxes on gasoline and diesel fuel. These taxes are set on a per-gallon basis. The state also charges sales taxes on gasoline and diesel fuel. These taxes are set as a percent of the price of the fuel. The State Constitution generally requires that the revenues from these fuel taxes be spent on highways, roads, and transit.

### *Vehicle Taxes*

State law requires vehicle owners to pay two specific taxes for the privilege of operating a vehicle on public highways. These are (1) vehicle license fees and (2) recently enacted transportation improvement fees, both of which are based on a vehicle's value. The State Constitution requires that the transportation improvement fee revenues be spent on highways, roads, and transit.

### *Transportation Funding in California*

Transportation funding in California currently is estimated to total \$35 billion. Of this amount, \$16 billion comes from local sources, \$12 billion from state sources, and \$7 billion from federal sources.

Local funding mainly comes from sales taxes, transit fares, and city and county general funds, while federal funding mainly comes from federal fuel taxes. State funding mainly comes from state fuel and vehicle taxes. State funding has increased by about three-quarters over the last two years mainly due to recent legislation.

### *Recent State Transportation Funding Legislation*

In 2017, the Legislature enacted Senate Bill (SB) 1 to increase annual state funding for transportation through various fuel and vehicle taxes. Specifically, SB 1 increased the base gasoline excise tax (by 12 cents per gallon) and the diesel sales tax (by 4 percent). It also set fixed rates on a second (add-on) gasoline excise tax and the diesel excise tax, both of which previously could change each year based on fuel prices. Further, SB 1 created the transportation improvement fee (which ranges from \$25 to \$175 per year) and a fee specifically for zero-emission vehicles (set at \$100 per year for model years 2020 and later). It also provides for inflation adjustments in the future. This fiscal year, the state expects the taxes to raise \$4.4 billion. In the future, when all the taxes are in effect and the inflation adjustments have started, the state expects the taxes to raise \$5.1 billion. The State Constitution requires that nearly all of these new revenues be spent on transportation purposes. Senate Bill 1 dedicates about two-thirds of the revenues to highway and road repairs, with the remainder going to other programs (such as for mass transit). [Source: California Legislative Analyst's Office]

### **Impact to the City of Culver City**

The Transportation Department utilizes the transit-related SB1 allocation established through Metro's Funding Allocation Plan (FAP) as follows:

#### *Fiscal Year 2017-18*

- State Transit Assistance in the amount of \$361,260 for Transit Operations
- State of Good Repair (SGR) in the amount of \$213,808 for Transit Bus Preventive Maintenance

#### *Fiscal Year 2018-19*

1. State Transit Assistance in the amount of \$522,507 for Transit Operations
2. SGR (State of Good Repair) in the amount of \$240,187 for Transit Bus Preventive Maintenance

The Public Works Department uses the Road Maintenance and Rehabilitation Account (RMRA) SB 1 funding as follows:

#### *Fiscal Year 2018-19*

1. \$665,952 in RMRA funding towards maintaining and rehabilitating 111 centerline miles of streets, seven bridges, and active transportation infrastructure citywide
2. Paving of Overland Avenue from Washington Boulevard to Ballona Creek

The League of California Cities opposes Prop. 6 and is a partner of the "No on Prop. 6 campaign "Stop the attack on bridge and road safety." The California Professional Firefighters, California

Association of Highway Patrolmen, American Society of Civil Engineers, business, local government, labor, environmentalists and first responders urge NO on Prop 6, because “it will stop critical transportation projects and jeopardize the safety of our bridges and roads.” Prop 6 eliminates more than \$5 billion annually in *existing transportation funds* and stops funding for more than 6,500 bridge and road safety, transportation and public transit improvement projects *currently underway* throughout California.

On December 12, 2016, the City Council adopted the City’s Legislative and Policy Platform (“Platform”). The Platform includes the following positions:

Support efforts to:

- Protect and/or expand the City’s authority and rights over its affairs.
- Assist the City in its efforts to create an overall revenue structure which balances both economically stable and volatile sources.
- Maintain and increase funding for transportation operations, programs and projects throughout the City including public transit, alternative transportation, bicycle and pedestrian projects.
- Enhance safety, reduce congestion, and increase efficient circulation in the City.
- Enhance and protect federal, state, and regional funding for Culver City’s mass transit and transportation projects.
- Maintain and increase funding for streets, roads, alley maintenance, and transportation infrastructure programs throughout the City.

Oppose efforts that:

- Preempt the current authority possessed by the City and delegate that authority to federal, state, or other government agencies.
- Decrease revenue which the City receives from or which is collected on behalf of the City by the state.
- Reduce the City’s autonomy and flexibility in dealing with the financing of public services.
- Put additional responsibility on municipalities for the maintenance of sidewalks and other public infrastructure without adequate funding.

### **FISCAL ANALYSIS**

There is no fiscal impact associated with opposing Prop. 6 or joining the Coalition to Protect Local Transportation Improvements. However, if SB 1 is repealed, the fiscal impact will be the loss of approximately \$670,000 per year.

### **ATTACHMENTS**

None.

### **MOTION**

That the City Council:

1. Adopt a position opposing the repeal of “The Road Repair and Accountability Act” (SB 1 - Beall), Prop. 6; and
2. Authorize the City to Join the Coalition to Protect Local Transportation Improvements (Coalition); and
3. Transmit the City’s position to the Coalition.

**OR**

4. Provide other direction to the City Manager as deemed appropriate.