

BILL: SB 640 (Becker, D-San Mateo)
Introduced January 27, 2021
Amended April 6, 2021
Amended April 27, 2021

SUBJECT: SB 640 would allow cities or counties eligible for local streets and roads funding to jointly propose and report on projects for funding.

STATUS: Pending in Senate Appropriations Committee
Passed Senate Transportation Committee 16-0

SUMMARY AS OF APRIL 27, 2021:

SB 1 (Chapter 5, Statutes of 2017) created the Road Maintenance and Rehabilitation Account, a percentage of which is continuously appropriated funding to cities and counties on a formula basis under the Local Streets and Roads Program (LSR), for use on road rehabilitation, safety and maintenance projects. To receive LSR funding each year, eligible cities and counties must provide a list of projects proposed to be funded by their LSR apportionment to the California Transportation Commission (CTC). This project list must be adopted at a regular meeting of the City Council or Board of Supervisor meeting, and the list must contain a description of the proposed project, its location, and the estimated useful life of the improvements. Each city and county receiving LSR funds must also annually submit documentation to the CTC regarding LSR funding expended on each project and the project's expected completion date.

SB 640 (Becker, D-San Mateo) allows two or more eligible cities, or one or more cities and a county, to jointly propose a project to be funded with their respective LSR apportionments. Pursuant to SB 640, eligible entities proposing a joint project must designate one agency as the lead agency. The lead agency is responsible for submitting the joint application and all the applicable documentation to CTC required of LSR recipients under current law. Under the bill, entities jointly proposing a project must also enter into a memorandum of understanding regarding the execution of the project.

EFFECTS ON ORANGE COUNTY:

SB 640 allows cities to pool their LSR resources more expediently. Specifically, the bill creates one streamlined process through which multiple entities can jointly propose and bid on one combined regional LSR project. Under the implementation of current law, neighboring localities must split up LSR projects that cross jurisdictional boundaries into multiple improvements for reporting purposes. While current law does not explicitly prohibit eligible entities from pooling LSR resources, the CTC allocates funding to each individual entity, and each LSR recipient separately reports to the CTC on how the LSR funds are spent. SB 640 provides additional flexibility for cities and counties to collaborate most effectively to deliver LSR improvements for the benefit of their communities via one consolidated proposal and reporting process for joint projects.

The bill's only significant additional condition for LSR recipients to take advantage of the streamlined reporting process for jointly proposed projects is the required memorandum of understanding between the eligible entities. As currently drafted, this requirement allows entities jointly proposing an LSR project to agree between themselves on how to divide up the scope of work and funding contributions, avoiding any type of mandate in statute that might limit local decision-making. Other than this requirement, SB 640 treats jointly proposed LSR projects like LSR projects pursued by one entity.

While the Orange County Transportation Authority (OCTA) does not receive LSR funding directly, OCTA works closely with the cities and the County of Orange on LSR improvements. OCTA staff gave an overview of SB 640 at the April 28, 2021, meeting of OCTA's Technical Advisory Committee. At this meeting, two Orange County cities voiced their support for the flexibility provided by SB 640, with no opposition or concerns being raised. In this discussion, OCTA staff noted that SB 640 provides additional flexibility for eligible LSR recipients to collaborate without overly burdensome new mandates.

A SUPPORT position on SB 640 is consistent with OCTA's 2021-2022 State Legislative Platform principle to "Support protecting or expanding local decision-making in programming transportation funds." The City of Belmont is the sponsor of SB 640, with a variety of transportation stakeholders and public agencies in support, including the League of California Cities. There is no known opposition.

OCTA POSITION:

Staff recommends: SUPPORT

AMENDED IN SENATE APRIL 27, 2021

AMENDED IN SENATE APRIL 6, 2021

SENATE BILL

No. 640

Introduced by Senator Becker
(Coauthor: Senator Rubio)
(Coauthor: Assembly Member Mullin)

February 19, 2021

An act to amend Section 2034 of the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 640, as amended, Becker. Transportation financing: jointly proposed projects.

Existing law vests the Department of Transportation with full possession and control of the state highway system and associated property. Existing law creates the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. Existing law provides for the deposit of various funds, including revenues from certain increases in fuel taxes and vehicle fees, for the program into the Road Maintenance and Rehabilitation Account. After certain allocations for the program are made, existing law requires the remaining funds available for the program to be continuously appropriated 50% for allocation to the department for maintenance of the state highway system or for the State Highway Operation and Protection Program and 50% for apportionment to cities and counties by the Controller pursuant to a specified formula. Existing law requires a city or county to submit to the California Transportation Commission a list of proposed projects, as specified, to be eligible for an apportionment of those funds.

This bill would authorize cities and counties to jointly propose projects to be funded by the cities and counties' apportionments of those funds, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2034 of the Streets and Highways Code
2 is amended to read:

3 2034. (a) (1) Before receiving an apportionment of funds
4 under the program pursuant to paragraph (2) of subdivision (h) of
5 Section 2032 from the Controller in a fiscal year, an eligible city
6 or county shall submit to the commission a list of projects proposed
7 to be funded with these funds. Two or more eligible cities, or one
8 or more cities and a county, may jointly propose a project to be
9 funded with these funds. A jointly proposed project shall be
10 submitted by the city or county designated as the project's lead
11 agency. All projects proposed to receive funding shall be adopted
12 by resolution by the applicable city council or county board of
13 supervisors at a regular public meeting. A jointly proposed project
14 shall additionally be endorsed by a memorandum of understanding
15 approved by the entities jointly proposing the project. The list of
16 projects proposed to be funded with these funds, including jointly
17 proposed projects, shall include a description and the location of
18 each proposed project, a proposed schedule for ~~the~~ *that* project's
19 completion, and the estimated useful life of the improvement. The
20 project list shall not limit the flexibility of an eligible city or county
21 to fund projects in accordance with local needs and priorities so
22 long as the projects are consistent with subdivision (b) of Section
23 2030.

24 (2) The commission shall submit an initial report to the
25 Controller that indicates the cities and counties that have submitted
26 a list of projects as described in this subdivision and that are
27 therefore eligible to receive an apportionment of funds under the
28 program for the applicable fiscal year. If the commission receives
29 a list of projects from a city or county after it submits its initial
30 report to the Controller, the commission shall submit a subsequent
31 report to the Controller that indicates the cities and counties that

1 submitted a list of projects after the commission submitted its
2 initial report.

3 (3) The Controller, upon receipt of the initial report, shall
4 apportion funds to eligible cities and counties.

5 (4) (A) For any city or county that is not included in the initial
6 report submitted to the Controller pursuant to paragraph (2), the
7 Controller shall retain the monthly share of funds that would
8 otherwise be apportioned and distributed to the city or county
9 pursuant to paragraph (3).

10 (B) If the Controller receives a subsequent report from the
11 commission within 90 days of receiving the initial report from the
12 commission that a city or county has become eligible to receive
13 an apportionment, the Controller shall apportion the funds retained
14 pursuant to subparagraph (A) to the city or county.

15 (C) The Controller shall reapportion to all eligible cities and
16 counties pursuant to the formula in clauses (i) and (ii) of
17 subparagraph (C) of paragraph (3) of subdivision (a) of Section
18 2103 any funds that were retained pursuant to subparagraph (A)
19 but that were not apportioned and distributed pursuant to
20 subparagraph (B).

21 (b) For each fiscal year, each city or county receiving an
22 apportionment of funds shall, upon expending program funds,
23 submit documentation to the commission that details the
24 expenditures of all funds under the program, including a description
25 and location of each completed project, the amount of funds
26 expended on the project, the completion date, if applicable, and
27 the estimated useful life of the improvement. For projects jointly
28 proposed pursuant to paragraph (1) of subdivision (a), the lead
29 agency shall submit to the commission the documentation required
30 pursuant to this subdivision.

31 (c) Before receiving an apportionment of funds under the
32 program pursuant to paragraph (2) of subdivision (h) of Section
33 2032, an eligible city or county may expend other funds on eligible
34 projects and may reimburse the source of those other funds when
35 it receives its apportionment from the Controller over one or more
36 years.