City Council Agenda Item

City Council Meeting Date: June 2, 2026

TO: Dean Albro, City Manager

FROM: Robin Dickerson, Assistant Public Works Director/City Engineer
r_dickerson@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No. 6817(26) Approving Road Repair and Accountability Act List of Proposed Projects (Fiscal Year 2026-27)

Recommendation:

Staff recommends the City Council adopt Resolution No. 6817(26) (attached) approving a list of proposed projects to be funded with Road Maintenance and Rehabilitation Account (RMRA) revenues for Fiscal Year (FY) 2026-27.

Executive Summary:

In order to meet eligibility requirements and receive its monthly Senate Bill 1 (SB 1) Local Streets and Roads Funding Program (Program) allocations from the State Controller's Office (Controller) for FY 2026-27, the City must adopt, prior to July 1, by resolution, a list of projects proposed to be funded with Program funds. Program funds are anticipated to grow over time and are an essential resource for maintenance of the City's street infrastructure.

Background:

Senate Bill 1

In April 2017, previous Governor Jerry Brown signed SB 1, known as the "Road Repair and Accountability Act of 2017." The purpose of SB 1 is to provide new additional resources to address basic road maintenance, rehabilitation, and critical safety needs on both the state highways, and local streets and roads systems. SB 1 generated new funding by implementing increases to the per-gallon fuel excise taxes, diesel fuel sales taxes, vehicle registration fees, and provides for inflationary adjustments to tax rates in future years.

Beginning November 1, 2017, the Controller began depositing various portions of the Program funding into the RMRA. A percentage of the RMRA funding is apportioned, by formula, to eligible cities and counties pursuant to Streets and Highways (S&H) Code § 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads systems.

Statutory Requirements

In order to receive RMRA funds, the City must comply with all relevant Federal and State laws, regulations, policies, and procedures. The main requirements for the Program are codified in S&H Code §§ 2034, 2036, 2037, and 2038 and include the following:

- Annually, prior to receiving an apportionment of funds, a list of proposed projects must be submitted to the California Transportation Commission (Commission). The project list must be adopted by the City Council at a regular public meeting [S&H Code § 2034(a)(1)];

- The project list must include a description, and the location, of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement [S&H Code § 2034(a)(1)];

- The project list shall not limit the flexibility of the City to fund projects in accordance with local needs and priorities, so long as the projects are consistent with RMRA priorities as outlined in S&H Code § 2030(b) [S&H Code § 2034(a)(1)];

- The Commission will report to the Controller the cities and counties that have submitted a list of projects, and are therefore eligible to receive an apportionment of RMRA funds for the applicable fiscal year [S&H Code § 2034(a)(2)];

- The Controller, upon receipt of the report from the Commission, shall apportion RMRA funds to eligible cities and counties pursuant to S&H Code § 2032(h) [S&H Code § 2034(a)(2)];

- For each fiscal year in which RMRA funds are received and expended, the City must submit documentation to the Commission, including a description and location of each completed project, the amount of funds expended on the project, the completion date, and the estimated useful life of the improvement [S&H Code § 2034(b)]; and

- Any city or county, receiving an apportionment of RMRA funds, is required to sustain a Maintenance of Effort (MOE), by spending at least the annual average of its General Fund expenditures during the three fiscal years of 2009–2012, for street, road, and highway purposes from that city's or county's General Fund (S&H Code § 2036) as determined by the Controller.

Program Schedule

The following schedule lists the major milestones for the Program.

Activity	Timeframe
Project list from City due to the Commission	July 1st each year
Commission adopts initial list of eligible cities and counties	August Commission meeting each year
Commission submits initial list to Controller	No later than August 31st each year
Annual reporting of fiscal year expenditures by City due to Commission	December 1st each year

Funding

The State of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on diesel fuel, and registration taxes on motor vehicles, and dedicates those revenues to transportation purposes. Portions of those revenues flow to cities and counties through the Highway Users Tax Account (HUTA), and the established RMRA created by SB 1.

The Program is administered by the Commission, in partnership with the Controller, and is supported by RMRA funding, which includes portions of revenues, pursuant to S&H Code § 2031 from the following sources:

- An additional 12 cents per gallon increase to the gasoline excise tax, effective November 1, 2017.
- An additional 20 cents per gallon increase to the diesel fuel excise tax, effective November 1, 2017.
- An additional vehicle registration tax called the “Transportation Improvement Fee” with rates based on the value of the motor vehicle, effective January 1, 2018.
- An additional $100 vehicle registration tax on zero emissions vehicles (ZEV) of model year 2020 or later, effective July 1, 2020.
- Annual rate increased to the above taxes beginning on July 1, 2020 (July 1, 2021, for the ZEV fee), and every July 1st thereafter, equal to the change in the California Consumer Price Index.

S&H Code § 2032(h)(2) specifies 50% of the balance of revenues deposited into the RMRA, after certain funding is set aside for various programs, will be continuously appropriated for apportionment to cities and counties by the Controller pursuant to the formula in S&H Code §§ 2103(a)(3)(C)(i) and (ii).

Estimation and Disbursement of Funds

While neither the Commission, nor the Controller, prepares formal estimates of RMRA funds, the Department of Finance (DOF) estimates the total amount of funding that will be deposited into the RMRA annually. The California State Association of Counties and the League of California Cities then use the information from the DOF to develop city and county level estimates of RMRA funds. The City is estimated to receive $1,249,867 in RMRA revenues during FY 2026-27.

Each fiscal year, upon receipt of a list of cities and counties eligible to receive an apportionment of RMRA funds pursuant to S&H Code § 2032(h)(2) from the Commission, the Controller is required to apportion RMRA funds to eligible cities and counties consistent with the formula outlined in S&H Code §§ 2103(a)(3)(C)(i) and (ii). It is expected the Controller will continuously apportion RMRA funds on a monthly basis to eligible cities and counties using a process and system similar to Highway Users Tax Account apportionments. RMRA funding is continuously apportioned and is not provided on a reimbursement basis.

The Commission does not approve project lists, or provide authorization to proceed with RMRA-funded projects. The Commission receives project lists, determines they are complete, meet basic statutory requirements outlined in S&H Code § 2034, and then approves and submits a statewide list to the Controller of cities and counties eligible to begin receiving monthly RMRA funding apportionments.

Discussion:

Pursuant to S&H Code § 2034(a)(1), prior to receiving an apportionment of RMRA funds from the Controller in a fiscal year, cities/counties must submit a list of projects proposed to be funded to the Commission. Staff proposes utilizing FY 2026-27 RMRA funds to offset the costs of eligible Street Maintenance Division work, including, but not limited to:

a) Street Maintenance Division pavement work (crack sealing, pothole patching, digout repairs, and other pavement maintenance and rehabilitation); and

b) Street Maintenance Division traffic control device work (lane line striping; stencil painting; sign fabrication, installation, and repair; traffic signal maintenance and repairs; and other traffic control device work).

Fiscal Impact:

The City's estimated $1,249,867 of FY 2026-27 RMRA revenue, is proposed to be spent on important maintenance of existing roadways by the City's Street Maintenance Division.

The City Council's approval of a list of proposed projects to be funded from SB 1 funds is required for the City to be eligible to receive RMRA funds. Submittal of the adopted list to the Commission prior to July 1st each year, is required for eligibility. Failure to approve and/or submit the list of projects would forfeit the City's monthly allocation from the Controller until the City meets eligibility requirements. If the City did not meet the July 1st

deadline, then the City would have 90 days to meet eligibility requirements for forfeited monies to be recoverable once eligibility is met. If after 90 days the City still did not meet eligibility requirements, then the funds revert to the state and would be unavailable to the City.

Conclusion:

All sources of road maintenance and rehabilitation funds are critically needed to maintain the City's pavement and street infrastructure. RMRA revenue for operations and maintenance of City roadways is a critical resource for the City's Street Maintenance Division and capital projects. Staff proposes to expend the City's share of RMRA funds for the street maintenance uses listed in Resolution No. 6817(26). Resolution No. 6817(26) adopts the required list of projects for the City to meet the program eligibility requirements.

Respectfully submitted,

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Robin Dickerson, Assistant Public Works Director/City Engineer

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

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Craig Dierling, Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

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Dean Albro, City Manager

Attachment: Resolution No. 6817(26)