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Item # 8

To: Lemoore City Council
From: Nancy Cota, Finance Director
Date: June 15, 2007
Subject: Proposition 1B/SB286 Local Streets & Roads Funding

Background:

The Assembly and Senate Budget Subcommittees on Transportation made their recommendations for the allocation of the \$2 billion included in Proposition 1B for cities and counties (split evenly at \$1 billion each). While the League of California Cities is advocating for the full \$1 billion to cities in FY 2007-08, both subcommittees are recommending different, and significantly lower funding levels.

The Senate recommendation provides \$400 million, split evenly between cities and counties. This represents just 20 percent of cities' guaranteed allocation. The Assembly recommendation is consistent with the Governor's May Budget Revision, which allocates \$600 million, split evenly between cities and counties.

The issue now goes to the Budget Conference Committee where the Assembly and Senate proposals will be debated and reconciled.

Legislators are urged to support a \$1 billion appropriation for cities in the 2007-08 fiscal year from the Proposition 1B account for local streets and roads. Cities are seeking the full \$1 billion appropriation for the following reasons:

- Voters who passed Prop. 1B (\$19.9 billion transportation bond) in November 2006 were promised \$2 billion would be used to improve local streets, roads and other priority local transportation projects. Voters want and deserve to see immediate results.
- Cities are "ready-to-go" and early allocation means the expenditure of funds for local projects can immediately get underway. Untimely or inadequate Prop.1B funding allocation would unnecessarily cause project delays and limit the construction of many mid- and large-sized projects that are otherwise ready to go.
- Prop. 1B funds will allow projects already underway to continue without interruption. This is especially important because cities will not receive any Prop. 42 (gasoline sales tax) funds for local streets and roads during the 2007-08 year.

- The State can keep faith with voters by demonstrating that the State and local governments are making good on their promise to use bond funding responsibly and efficiently. Additionally, SB 286 (Lowenthal and Dutton) sets forth specific accountability, transparency and deliverability requirements to ensure public funds are spent responsibly and on projects the voters were promised.
- The City of Lemoore's current two year CIP budget lists projects that can utilize Prop. 1B funding. Specifically, these projects are the overlay projects for Lemoore Avenue and Oleander Street, the Hanford Armona Road at Fox Street signal light as well as the North Lemoore Avenue between Bush Street and Club Drive street lights. These projects amount to approximately \$909,000.

Budget Impact:

The City of Lemoore is due approximately \$750,000 from Proposition 1B. As yet, we cannot anticipate when or in what increments its will be disbursed.

Recommendation:

That the City Council, by motion, approve 2007-24 supporting \$1 Billion State Budget Allocation of Prop. 1B Funds to Cities in 2007-08.