RESOLUTION - ACTION REQUESTED 2014-242

MEETING: May 27, 2014

TO: The Board of Supervisors

FROM: Peter Rei, Public Works Director

RE: Support RCRC and CSAC Effort to Increase the Share of Gas Tax Loan Repayment Funds to Counties

RECOMMENDATION AND JUSTIFICATION:
Approve Letters Supporting the Regional Council of Rural Counties (RCRC) and California State Association of Counties (CSAC) Efforts to Increase the Share of Gas Tax Loan Repayment Funds to Counties, and Authorize the Board of Supervisors Chair to Sign the Letters.

In his May revised budget, the Governor has proposed an early repayment of $337 million in past loans from the State Highway Users Tax Account (Gas Taxes) to the State General Fund. The Governor's proposal calls for $227 million to be repaid to the State and $100 million to be repaid to cities and counties.

RCRC and CSAC are requesting Board support of an action to request the legislature to increase the amount of repayment funding to counties. The RCRC/CSAC proposal requests that the traditional split of Highway Users Taxes be used as a fairer way to divide up the repayment funds rather than the split proposed by the Governor. The traditional method of splitting these funds would allocate $192.7 million (56%) to the State and $148.3 million (44%) to cities and counties.

As noted in the attached spreadsheets, the Governor's proposal would allocate $56,613 to Mariposa County while the RCRC/CSAC proposal would allocate $207,048. This difference is particularly significant as the CSAC estimates for Highway Users Tax receipts for Mariposa County are forecast to decline from $2,337,000 for the 2013/14 fiscal year to $2,006,078 for the 2014/15 fiscal year.

This represents a decline of $339,922 in expected Gas Tax funding for Mariposa County in one year! In order to maintain current road maintenance service and staffing levels that size of a funding decline will require either replacement funding from the County General Fund to the Road Fund or a loss of 3-4 staff positions for the upcoming fiscal year.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
The Board has traditionally supported actions that will enhance the lives and services provided to the citizens of Mariposa County.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
The Board could choose not to approve sending the letter.

ATTACHMENTS:
- HUTA Loan Repayment Form Letter to Berryhill (PDF)
- HUTA Loan Repayment Form Letter to Bigelow (PDF)
- Email dated May 21, 2014 from CEAC Transportation Committee (PDF)
- Estimated HUTA Load Repayment Revenues (PDF)
- HUTA 2014-15 Projections (PDF)
- Gas Tax Revenues (XLSX)

CAO RECOMMENDATION
Requested Action Recommended

[Signature]
Rick Benson, County Administrator/Office

RESULT: ADOPTED BY CONSENT VOTE [UNANIMOUS]
MOVER: John Carrier, District V Supervisor
SECONDER: Merlin Jones, District II Supervisor
AYES: Stetson, Jones, Bibby, Cann, Carrier
The Honorable Frank Bigelow  
Member, California State Assembly  
State Capitol, Suite 6027  
Sacramento, CA 94249-0005

Re: Budget Proposal for HUTA Loan Repayment

Dear Assemblyman Bigelow:

On behalf of the County of Mariposa, I am writing in support of the early repayment of Highway User Tax Account loans to the General Fund and to suggest an alternative allocation of the early loan repayment proceeds. Our proposal would follow the formula that guides the distribution of the incremental gas excise tax revenues that were the source of the loan, with 44% allocated to cities and counties and 56% percent allocated to the state.

The most recent California Statewide Local Streets and Roads Needs Assessment Report (2012), which evaluates the present condition and future requirements of California’s pavement, bridges, sidewalks and other essential transportation components of the local street and road network, found that the pavement condition on the local transportation network is deteriorating at an accelerating rate. Without a reinvestment in the system, 25% of local roads will be in a “failed” condition by 2022. California’s cities and counties are facing an $82 billion funding shortfall over the next 10 years just for maintenance of the existing system. In Mariposa County alone, the current backlog of road maintenance projects is estimated to be approximately $60 million.

Since nearly every trip, whether by personal vehicle, mass transit, or active transportation begins and ends on a local road, this figure is startling. Mariposa County recognizes that there are similar needs for other components of the system, including the state highway system and transit. Californians demand and deserve a safe, seamless, efficient and multi-modal transportation network; as such, the needs of the local system are critical to the mobility of the state.
Governor Brown’s proposed budget includes the early repayment of $337 million in HUTA revenues loaned in 2010 ($328 million loan plus $9 million in interest). His proposal would provide $210 million to the SHOOP for repairs to the state highway system and improvements to traffic management systems, $100 million for cities and counties for maintenance of the local street and road system, and $27 million for interregional road maintenance. Mariposa County instead proposes that the loans be repaid in accordance with the formulas that follow the source of the funds. Specifically, a 44%-56% local and state funding split, which would provide $148.3 million for cities and counties and $192.7 million for state highways, with the funding for cities and counties apportioned based on population and a population and maintained mileage, respectively.

We agree that loan funds should be invested in a cost-effective approach. Locally, Mariposa County uses a pavement management system to maximize our investments in road maintenance and reduce future costs. Moreover, additional loan repayment funds in 2014-15 will be put to work immediately in an effort to maintain our current level of Road Crew staffing and preventative maintenance efforts.

Thank you in advance for your consideration of our perspectives and alternative budget proposal. Please do not hesitate to contact us if you need additional information from us, or would like to discuss our request in greater detail.

Sincerely,

[Signature]

Supervisor Kevin Cann,
Chair of the Mariposa County Board of Supervisors

cc: The Honorable Jim Beall, Chairman, Senate Budget Subcommittee No. 2
The Honorable Richard Bloom, Chairman, Assembly Budget Subcommittee No. 3
The Honorable Tom Berryhill  
Member, California State Senate  
State Capitol, Room 3076  
Sacramento, CA 95814

Re: Budget Proposal for HUTA Loan Repayment

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