



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

**SUBJECT: MEASURE B VEHICLE
REGISTRATION FEES
AGREEMENT**

DATE: May 29, 2012

Approved

Date

6/4/12

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute a funding agreement with the Santa Clara Valley Transportation Authority (VTA) for the receipt of Measure B Vehicle Registration Fees approved by Santa Clara County voters on November 2, 2010, and collected by the California Department of Motor Vehicles.

OUTCOME

Enable the City to receive payment from VTA's Measure B Vehicle Registration Fee (VRF) Program to fund pavement maintenance projects.

BACKGROUND

In 2009, Senate Bill 83 (Hancock) was signed into law authorizing countywide transportation agencies such as VTA to implement a Vehicle Registration Fee (VRF) of up to \$10 on motor vehicles registered within the county for transportation programs and projects. The statute requires that the fees collected be used only to pay for programs and projects that have a relationship or benefit to the owners of motor vehicles paying the fee and that are consistent with the Regional Transportation Plan (RTP).

On October 7, 2010, the VTA Board of Directors adopted administrative procedures related to the transportation programs and projects to be funded by the VRF and included the adopted programs and projects in the Expenditure Plan for the measure. On November 2, 2010, Santa Clara County voters approved Measure B by majority vote and the California Department of Motor Vehicles began collecting the fee in April 2011. The initial distribution of VRF revenues from VTA to the fifteen cities and the County of Santa Clara is expected to occur in July 2012. Based on the procedures adopted by the VTA Board, 80% of the VRF funds will be distributed

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based on each jurisdiction's population and these funds are to be dedicated to the Local Road Improvement and Repair program. The current VRF revenue estimate for the Local Road Improvement and Repair program is approximately \$10,300,000. The City of San José will be eligible for an allocation of roughly \$4,900,000 based upon its population share. 15 percent of the revenue from the VRF will be made available for a competitive Countywide Program that is currently estimated at \$2,100,000. Up to 5% of the VRF revenue is reserved for Program Administration with unused funds disbursed through the Countywide Program.

The Attachment provides the projected distribution of the Local Road Improvement and Repair program funds based upon the approved Expenditure Plan methodology and the latest revenue estimates. VTA staff will review and update these revenue estimates and distributions each July using actual revenue amounts, the latest population data from the State Department of Finance, and road data from the Metropolitan Transportation Commission (MTC).

ANALYSIS

The proposed Funding Agreement will govern the transfer of Local Road Improvement and Repair Program funds from VTA to the City. The agreement would be in effect so long as VTA continues to make disbursement of funds to the member cities and county as approved by the voters of Santa Clara County. Below is a summary of the key points:

- The proposed agreement reflects the requirement that each member agency must certify that it will make a good faith effort to maintain a level of expenditures on VRF eligible activities equivalent to the expenditures on these activities during the FY 2011 year. This means that the VRF funds will be used to supplement the 2011 (base year) and not replace funds that had been previously committed to similar improvements. The base year may be revised every five years, if needed, and will exclude VRF revenues in the calculation.
- The funding agreement also discusses the required annual report of expenditures of Local Road Improvement and Repair Program funds. Each report will cover 12 months consisting of the previous State fiscal year. Reports must be submitted to VTA by October 15 of each year as a condition of receiving the funds. VTA staff will distribute report forms to all member agencies after the funding agreement has been executed. The City is required to use the funds for only eligible projects approved by Measure B and all interests earned on the funds must be used on the eligible projects.

VTA will issue the initial Local Road Improvement and Repair program fund disbursement, consisting of funds received by VTA from the California Department of Motor Vehicles which will include revenues through June 30, 2012. VRF funds will be distributed following receipt of each agency's signed funding agreement and initial report and the initial funds are expected to be available July of this year.

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These funds may be used for pavement rehabilitation and reconstruction, traffic control signals, curb and gutter rehabilitation and reconstruction, roadway related facilities to improve safety, automobile related environmental mitigation including roadway sweeping and litter control. As previously discussed with the City Council, the City currently has significant unfunded needs in pavement maintenance; therefore, as part of the Proposed 2013-2107 Capital Improvement Program, staff is recommending to use all of the VRF funding for pavement maintenance purposes.

EVALUATION AND FOLLOW-UP

Staff will follow up with the City Council with reports and recommended budget actions on the future use of Measure B VRF funding.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

In accordance with Criterion 1, this memorandum will be posted on the City's website for the City Council agenda.

COORDINATION

Preparation of this report was coordinated with the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to preserving and improving transportation assets and facilities.

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COST SUMMARY/IMPLICATIONS

The recommendations in this memo would initiate the process required for the VTA to provide funds to the City of San José in an amount of approximately \$4,900,000 annually.

CEQA

Not a Project, File No. PP10-066.

/s/

HANS F. LARSEN

Director of Transportation

For questions, please contact Ben Tripousis, Manager of Regional Transportation Planning and Policy at (408) 975-3717.

Attachment

Vehicle Registration Fee: Local Road Improvement and Repair Program

\$12,910,000 VRF receipts from DMV for 2012
\$1,936,500 Revenue for countywide program. (15%)
\$645,500 Revenue for program administration (5%)
\$10,328,000 Revenue for local road and repair program (80%)
\$1,549,200 Local road and repair program-Santa Clara County amount
\$8,778,800 Local road and repair program-amount for cities

Agency	Population	Pop % without county	City Guarantee Amount
Total County	1,797,375		
Campbell	39,664	2.32%	\$203,428
Cupertino	58,747	3.43%	\$301,300
Gilroy	49,391	2.89%	\$253,315
Los Altos	29,176	1.70%	\$149,637
Los Altos Hills	7,980	0.47%	\$40,928
Los Gatos	29,651	1.73%	\$152,073
Milpitas	67,476	3.94%	\$346,069
Monte Sereno	3,364	0.20%	\$17,253
Morgan Hill	38,309	2.24%	\$196,478
Mountain View	74,723	4.37%	\$383,237
Palo Alto	64,943	3.79%	\$333,078
San Jose	958,789	56.01%	\$4,917,412
Santa Clara	118,169	6.90%	\$606,062
Saratoga	30,195	1.76%	\$154,863
Sunnyvale	141,099	8.24%	\$723,665
Unincorporated County	85,699	0.00%	see above
Total Without County	1,711,676	100.00%	\$8,778,800

Totals may not equal sum due to independent rounding.

Source: California Department of Finance, Report E-1: City/County Population Estimates with Annual Percent Change (1/1/2011 data)