



California State Association of Counties
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July 14, 2017

Ms. Laura Pennebaker
Associate Deputy Director
California Transportation Commission
1020 N Street
Sacramento, CA 95814

Re: Comments on the Draft SB 1 Local Streets and Roads Funding Reporting Guidelines

Dear Ms. Pennebaker,

The California State Association of Counties (CSAC) and the League of California Cities (League) submit the following comments on the California Transportation Commission's (Commission) Draft Local Streets and Roads Funding Reporting Guidelines (Draft Reporting Guidelines). SB 1 (Chapter No. 5, Statutes of 2017), which enacted the Road Repair and Accountability Act of 2017, includes robust transparency and accountability provisions to ensure the public is aware of the benefits the new transportation funding provides to communities across the state, and to the State as a whole. CSAC and the League take this mandate seriously, and we appreciate the opportunity to use our collective experience and knowledge on local streets and roads reporting issues to help craft the reporting guidelines to ensure, to the greatest extent possible, consistency and accuracy in reporting from California's 58 counties and 482 cities.

We would also like to thank your staff for their ongoing outreach and consultation efforts. Overall, we find that the Draft Reporting Guidelines accurately reflect the statutory mandates on both the Commission in overseeing project list submittal and fiscal year expenditure reporting as well as mandates on cities and counties. Moreover, through the Draft Reporting Guidelines, it's clear the Commission intends to provide technical assistance to cities and counties, which we welcome to ensure accurate and consistent reporting across our combined memberships. For your information, CSAC and the League are actively working with our memberships to educate cities and counties and build capacity at the local level to meet the accountability and transparency requirements. Finally, according to the Draft Reporting Guidelines, the Commission will use the data from the expenditure reports from cities and counties to aggregate statewide information on the local streets and roads program. This is a vital role the Commission is taking on to ensure elected officials, the public and the media are aware of the important projects and multiple benefits of SB 1 across the state.

Program Schedule

FY 2017-18

CSAC and the League respectfully request adjustments to the program schedule for FY 2017-18 found on page 3, in Appendix C, and again referenced on page 9. The Draft Reporting Guidelines make project lists from cities and counties due to the Commission on September 15, 2017. However, most counties and a handful of cities do not adopt their final budgets until the end of September or early October. The majority of counties follow the process in state law that requires a recommended budget by June 30 and a final budget by October 2, and a small number of cities have fiscal years that begin October 1. Some cities adopt multi-year budgets. SB 1 requires an eligible city or county to adopt a list of projects as part of an adopted budget and submit this list to the Commission. The passage of SB 1 in April came too late in the budget cycle for many counties to incorporate required project lists in their recommended budgets this year. **Accordingly, a deadline of October 16, 2017 will allow every jurisdiction to adopt project lists within city and county budgets and comply with SB 1's accountability and transparency provisions before project list submission to the Commission.** Moreover, apportionment of SB 1 funding for local streets and roads will be unique in the first year. The first taxes allocated to the Road Maintenance and Rehabilitation Account (RMRA) will not take effect until November 1, 2017, and cities and counties will not see their first apportionments until sometime in January or February 2018 which provides the Commission more time to collect, approve and transmit to the State Controller a list of eligible jurisdictions.

FY 2018-19 and future fiscal years

With respect to FY 2018-19 and beyond, CSAC and the League also request that the Commission defer setting the future program schedule until next year. A deadline of May 2018 for project lists is likely impossible for cities and counties to meet within their existing budget processes. While counties and cities that follow the budget process whereby a final budget must be adopted by October 2 are able to incorporate SB 1 project lists into the recommended budget adopted by June 30, May is simply too early in the annual budget process to provide an approved list to the CTC. As such, CSAC and the League intend to pursue clean-up legislation to SB 1 to ensure that timeframes for report submission coincide with the appropriate steps in the local budget process, or allow an alternative pathway for compliance with SB 1's important accountability and transparency provisions, such as including planned RMRA-funded projects in a capital improvement plan.

Project List Submittal

The discussion of the project list submittal process as required by SB 1 found on page 6 should be revised to make it abundantly clear that amendments to an adopted city or county budget are an allowable way in which to adopt project lists. Our recommended language is as follows (bold, italics):

9. Content and Format of Project Lists

Pursuant to SHC Section 2034(a)(1), prior to receiving an apportionment of RMRA funds from the State Controller in a fiscal year, a city or county must submit to the Commission a list of

projects proposed to be funded with these funds pursuant to an adopted city or county budget, *which may include pertinent budget amendments.*

Commission Submittal of Eligible Entities to the State Controller's Office

CSAC and the League appreciate the Draft Reporting Guidelines recognition that it may take some additional work, especially in the first year, to ensure timely submission of project lists from every city and county (page 10). Cities and counties are committed to working cooperatively with the Commission to achieve 100% compliance. CSAC and the League continue to work with our members to ensure they are developing project lists as part of their budgets but unexpected circumstances can arise, especially in small jurisdictions with limited staff. Again, we appreciate the Commissions understanding and willingness to work with locals to ensure SB 1 funding is allocated to every jurisdiction in the state.

Project Expenditure Reporting and Auditing

SB 1 requires cities and counties to submit a report to the Commission for each fiscal year detailing specified information for each completed project that RMRA funds were used on. The Draft Reporting Guidelines accurately reflect statutory mandates on fiscal year expenditure reports. However, cities and counties are interested in full disclosure, transparency and accountability in SB 1 expenditures and as such, we intend to pursue clean-up language that would expand fiscal year expenditure reports to include all RMRA expenditures on projects in a given fiscal year, whether the project was completed that year or not. CSAC and the League want to fully meet the spirit of SB 1's accountability and transparency provisions and the public will have a much clearer understanding of the benefits to their community from SB 1 with more inclusive reporting. **To that end, within the Final Reporting Guidelines, we recommend the Commission request counties and cities include project information for all projects with expenditures of SB 1 funds in the report and provide for this in the standard format.**

Once again, CSAC and the League appreciate the Commission's efforts to develop clear and concise guidance on reporting local streets and roads expenditures from SB 1. We look forward to continuing our work together to be fully accountable and transparent in the implementation of SB 1. Please do not hesitate to contact us should you have questions or need clarification on any aspect of our comments.

Sincerely,



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