



## Staff Report

---

File #: REPORT 18-0608, Version: 1

---

Honorable Mayor and Members of the Hermosa Beach City Council  
Regular Meeting of October 9, 2018

**CONSIDERATION OF OPPOSITION TO PROPOSITION 6,  
A MEASURE REPEALING SENATE BILL (SB) 1 AND  
RECENTLY ENACTED STATEWIDE ROAD REPAIR  
AND TRANSPORTATION FUNDING**

(Assistant to the City Manager Nico De Anda-Scaia)

**Recommended Action:**

Staff recommends that the City Council:

1. Approve and authorize the Mayor to sign a letter of opposition (**Attachment 4**) to Proposition 6, and direct staff to provide signed copies to the appropriate state and local representatives; and
2. Authorize the City of Hermosa Beach to sign on as a member of the 'No on Prop 6 Coalition, a diverse coalition of local governments, public safety organizations, transportation advocates and other organizations throughout the state.

**Background:**

On April 28, 2017 Governor Jerry Brown signed Senate Bill (SB) 1, known as the Road Repair and Accountability Act of 2017, aimed at addressing deferred maintenance on state highway, local street and roadway systems. Prior to passage of the bill, California had not increased the gas tax in 23 years. Since then, California's population has grown by eight million, with millions more cars and trucks on the roads. Californians also drive more than 350 billion miles a year - more than any other state, yet road and transit investments have not kept pace with this growth. With the growing deterioration of California's local streets and roads along with the state highway system, each California driver spends approximately \$700 per year in extra vehicle repairs caused by rough roads.

To address basic road maintenance, rehabilitation and critical safety needs on both the state highway and local streets and road system, SB 1: increases per gallon fuel excise taxes; increases diesel fuel sales taxes and vehicle registration fees; establishes a fee for zero-emission vehicles (ZEV)s beginning in 2020; and provides for inflationary adjustments to tax rates in future years. Some of these taxes will be phased in and when all taxes are in effect, the state expects SB 1 to raise over \$5 billion, to which the State Constitution requires that nearly all of these new revenues be spent on transportation purposes. Senate Bill 1 dedicates approximately two-thirds of the revenues to highway and road repairs, with the remainder going to other programs such as mass transit.

Proposition 6, the Voter Approval for Future Gas and Vehicle Taxes and 2017 Tax Repeal Initiative, will be appearing before California voters as an initiated constitutional amendment on the November 2018 ballot. If passed, the ballot initiative would repeal transportation funding from SB 1 and

eliminate an estimated \$5 billion annually in existing transportation funds for more than 6,500 transportation improvement projects currently underway or planned across California communities. The Legislature would further be required to get a majority of voters to approve new or increased state fuel and vehicle taxes in the future. Any new proposals to increase the state fuel and vehicle taxes could result in less revenue, as it would depend on future actions by the Legislature and voters.

### **Analysis:**

Following the enactment of SB 1, opponents launched a campaign in an effort to repeal the \$5 billion funding package, resulting in Proposition 6 appearing on the November ballot. They have argued that SB 1 tax increases to fund transportation projects will be diverted and used for programs other than streets, roads and highways. Additionally, formal arguments found in the state voter information guide and the Yes on Prop 6 Campaign include:

- The gas tax hike is unfair. It's a regressive tax that hits working families and the poor much harder than the wealthy.
- California's cost of living is skyrocketing and working families can barely keep up. The new gas and car tax hikes can cost a family of four more than \$500 per year.
- The gas tax keeps going up. By 2021 Californians will be paying close to \$2 more a gallon extra because of taxes, fees and other government mandates - that's \$40 extra each time to fill up your car.

However, the League of California Cities and the State's Legislative Analyst's Office have summarized the possible adverse consequences of the bill for cities' reference (**Attachment 1**), and have concluded that repeal of SB 1 would jeopardize public safety by eliminating thousands of projects aimed at repairing statewide transit-related infrastructure (such as deteriorating bridges, overpasses and roads) and enhancing pedestrian safety. According to the National Highway Traffic Safety Association, there were more than 3,600 fatalities on California roads in 2016, with poor road conditions as a major factor in vehicle collisions and accidents. Proposition 6 would eliminate more than \$52 billion over the 10 years in existing transportation funding, including the \$15 billion in direct apportionments, and \$11 billion in available competitive grant funding, to cities and counties statewide.

More specifically, Proposition 6 would eliminate future funding allocated to the City of Hermosa Beach for investments in future transportation improvement projects in our community. Each year the City is required to identify the street repair projects that will utilize funds from this new revenue stream and submit a summary to the California Transportation Commission. **Attachment 2** includes a summary of the projects identified for the 2018/19 Fiscal Year, also described below:

#### CIP 14-173 8<sup>th</sup> Street Improvements

*Estimated Total Project Cost: \$1,065,206 (\$325,744 State Gas Tax Fund, \$76,489 Tyco Fund, \$354,535 Grants Fund, and \$308,438 Capital Improvement Fund)*

The project consists of improvements that will improve walkability and provide safe pedestrian access on 8th Street from Valley Drive to Hermosa Avenue. Improvements include continuous

sidewalk; ADA curb access ramps on 8th Street; drainage improvements; installing crosswalks on both sides of 8th Street at intersections of: Manhattan Avenue, Monterey Blvd, Loma Drive, Cypress Avenue, Bard Street and Valley Drive. Construction costs are estimated at \$783,123 for the street rehabilitation road improvement portion.

#### CIP 17-186 Street Improvements - Various Locations

*Estimated Total Project Cost: \$1,340,000 (\$144,995 State Gas Tax Funds, \$59,000 Prop A Funds, \$470,789 Prop C Funds, \$250,000 Measure R funds, \$443,748 Measure R Funds, and \$221,468 Measure M Funds)*

This project provides for pavement rehabilitation of streets at various locations. The project will also repair/replace deteriorated portions of sidewalk, curb & gutter and curb ramps. Construction costs are estimated at \$986,200 for the street rehabilitation road improvement portion.

Proposition 6 has been opposed by more than 300 organizations including the League of California Cities, California Association of Councils of Governments, California Professional Firefighters, California Chamber of Commerce, and the Los Angeles County Board of Supervisors (**Attachment 3**).

A draft letter of opposition from the City of Hermosa Beach is provided as **Attachment 4**.

#### **Fiscal Implications:**

There is no direct fiscal impact associated with this Council action. However, a repeal on the gas tax would potentially eliminate approximately \$325,744 annually in future years.

#### **General Plan Consistency:**

As part of PLAN Hermosa, the City set goals and adopted policies aimed at being a leader and partner in the region to capitalize on our role and responsibility to collaborate with other agencies and nearby jurisdictions on issues of mutual concern. The relevant policies from PLAN Hermosa are listed below:

#### **Governance Element**

*Policy 4.1 Regional Governance.* Play an active role in the South Bay Cities Council of Governments, the Southern California Association of Governments and other regional agencies to protect and promote the interests of the City.

*Policy 4.4 Regional transportation and infrastructure decisions.* Actively support regional transportation and infrastructure projects and investment decisions that benefit the City and the region.

#### **Attachments:**

1. Summary of Impact from the Legislative Analyst's Office
2. Senate Bill 1 Proposed Project List
3. Coalition Members of No on Prop 6
4. Hermosa Beach Draft Letter of Opposition to Prop 6

**Respectfully Submitted by:** Katrina Nguyen, Management Analyst

**Concur:** Nico De Anda-Scaia, Assistant to the City Manager

**Approved:** Suja Lowenthal, City Manager