



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: AUGUST 7, 2007

ITEM NUMBER: \_\_\_\_\_

**SUBJECT:** BUDGET ADJUSTMENT FOR TRAFFIC CONGESTION RELIEF FUNDS

**DATE:** JULY 26, 2007

**FROM:** PUBLIC SERVICES/ADMINISTRATION DIVISION

**PRESENTATION BY:** WILLIAM J. MORRIS, DIRECTOR OF PUBLIC SERVICES

**FOR FURTHER INFORMATION CONTACT:** FARIBA FAZELI, SENIOR ENGINEER, 714-754-5378

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## **RECOMMENDATION:**

Approve Budget Adjustment #08-004 (Attachment 1) in the amount of \$1,196,472 to appropriate Traffic Congestion Relief Revenue to use as matching funds for the Arterial Highway Rehabilitation Grant funded street improvement projects.

## **BACKGROUND:**

In 2002, voters passed Proposition 42 directing a portion of existing State sales tax on gasoline to local counties and cities for transportation needs (Traffic Congestion Relief Program (TCRP)). In the first two fiscal years (2003/2004 & 2004/2005), the State suspended TCRP funding to local agencies and used the funds to help reduce the State's General Fund budget deficit. As a compromise, the State "loaned" local agencies funds from the State Transportation Improvement Program (STIP) with the understanding that local agencies would forego their TCRP funds in fiscal years 2006/2007 and 2007/2008 as repayment to the State of the STIP funds.

In Fiscal Year 2005/2006, the State resumed payment of TCRP allocations to cities and counties. In addition, the State repaid the borrowed TCRP funds from fiscal years 2003/2004 and 2004/2005. To date, Costa Mesa has received TCRP 2005/2006 allocations and repayment of borrowed funds totaling \$1,196,472.

Costa Mesa did not receive TCRP funds for fiscal year 2006/2007 nor will we receive funds for fiscal year 2007/2008 as repayment from the State for the loaned STIP funds.

## **ANALYSIS:**

TCRP funds must be used only for street and highway pavement maintenance, rehabilitation, and reconstruction of necessary associated facilities such as curb, gutter and sidewalks. The TCRP funds are proposed to be used as part of the City's match of Arterial Highway Rehabilitation Funds (\$8,485,037) allocated to thirteen (13) street improvement projects listed on Attachment 2. The total cost to improve these streets is estimated at

\$24,818,554. Additional funds will be utilized from previously appropriated Gas Tax and Measure M funds.

The improvements will include pavement removal and reconstruction, repair of damaged curb and gutter and sidewalk, traffic striping, and any other associated work. The design of these 13 projects is now complete, and construction is expected to tentatively begin on a staggered schedule in October of this year. All projects are expected to be completed by June of 2008.

A requirement of receiving TCRP funds is a “use it or lose it” stipulation, which requires the monies be expended by June 30<sup>th</sup> of the following fiscal year in which it was received. Thus, the \$1,196,472 recently received must be spent by June 30, 2008.

**ALTERNATIVES CONSIDERED:**

City Council could choose to not approve the Budget Adjustment, thereby disqualifying the City from meeting the June 30, 2008 spending deadline. This alternative would require the City to return the \$1,196,472 TCRP allocation and to find other funding sources for the AHRP grant match.

**FISCAL REVIEW:**

The attached Budget Adjustment 08-004 will appropriate the \$1,196,472 of TCRP funds from undesignated fund balance in the Gas Tax Fund to the Citywide Street Maintenance project to rehabilitate 13 arterial and collector streets as listed on Attachment 2. Additional funds will be utilized from existing Measure “M” and Gas Tax funds. In addition, \$8,485,037 of Arterial Highway Rehabilitation grant funds are allocated to the 13 street improvement projects. This will provide for full project funding in the amount of \$24,818,554.

**LEGAL REVIEW:**

A Legal review is not required.

**CONCLUSION:**

In order to proceed with the reconstruction of 13 arterial streets and to comply with the State’s “use it or lose it” provision, it is requested that City Council approve Budget Adjustment #08-004 appropriating \$1,196,472 of TCRP funds.

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WILLIAM J. MORRIS  
Director of Public Services

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MARC R. PUCKETT  
Director of Finance

DISTRIBUTION: City Manager  
City Clerk  
Director of Finance  
Staff

ATTACHMENTS: 1 [Budget Adjustment #08-004](#)  
2 [AHRP Street Improvement Project List](#)