



## DEPARTMENT OF PUBLIC WORKS

### MEMORANDUM

**TO:** City Council

**FROM:** Greg de Vinck, P.E., Director of Public Works *GdV*

**DATE:** May 5, 2025

**SUBJECT:** Funding Sources Eligible for Street Paving

At the April 28, 2025, Capital Improvement Program Budget workshop with the Joint Finance Committee and City Council, staff was asked to return with funding options to increase the recommend appropriations for the Annual Citywide Street Resurfacing and ADA Improvement Program project. This memo identifies funding sources that are eligible for paving, the amount of these funds staff has projected to be available in FY 26, and the impacts if funds were reallocated to the resurfacing project.

With the exception of the General Fund, the eligible funding sources for street paving are Gas Tax, Road Maintenance and Rehabilitation Account (SB1), and Proposition C which includes Measure R and Measure M passthroughs. A small portion of Sewer Fund (Storm Drain Assessment Fee) is also used on paving projects to address curb and gutter work when necessary.

| Funding Source                         | FY 2026<br>Projected<br>Revenue | FY 2026<br>Recommended<br>Appropriations | FY 2026<br>Projected Ending<br>Balance |
|--|---------------------------------|--|--|
| Gas Tax                                | 5,656,198                       | 5,234,183                                | 422,015                                |
| Road Maintenance & Rehabilitation Acct | 4,353,588                       | 3,700,000                                | 653,588                                |
| Prop C & Measures M/R Passthrough      | 19,307,870                      | 19,222,314                               | 85,556                                 |
| <b>TOTAL AVAILABLE FOR FY 2026</b>     |                                 |  | <b>\$1,161,159</b>                     |

#### Gas Tax Fund

The State Highway Users Tax Account (HUTA) or gasoline tax is apportioned monthly to the counties and cities throughout California. The funds are allocated to jurisdictions based upon relative percentage share of the California population. This revenue is restricted to expenditures for street or road purposes.

| <b>Gas Tax Fund</b>  | <b>FY 2026<br/>Recommended</b> |
|--|--------------------------------|
| <b>PROJECTED REVENUE</b>   | <b>5,656,198</b>               |
| <b>OPERATING BUDGET - ROADWAY MAINTENNACE</b>                          |                                |
| Personnel (17 FTE)   | 2,018,683                      |
| Services & Supplies (Concrete, Asphalt, Barricades, etc.)              | 772,177                        |
| Internal Services  | 593,323                        |
| <b>Recommended for FY 26</b>   | <b>3,384,183</b>               |
| <b>CAPITAL IMPROVEMENT PROGRAM</b>                                     |                                |
| Curb Ramp ADA Improvements FY 2022 - 2026                              | 100,000                        |
| Guardrail Program FY 2023 - 2027                                       | 100,000                        |
| Bridge Improvement Program FY 2024-2028                                | 100,000                        |
| Annual Citywide Street Resurfacing and ADA Improvement Program FY 2026 | 1,200,000                      |
| LED Street and Safety Lighting Upgrades FY 2023-2027                   | 50,000                         |
| Street Lighting Program FY 2024-2028                                   | 300,000                        |
| <b>Recommended Appropriation FY 26</b>                                 | <b>1,850,000</b>               |
| <b>End Amount Available for Appropriation</b>                          | <b>422,015</b>                 |

The Roadway Maintenance section of the Department of Public Works ensures citywide roadways and sidewalks are maintained and repaired by filling in potholes, providing temporary patching to sidewalks, and illegal dumping and debris removal. This section also deploys barricades for street closures and maintains overgrown vegetation along roadways. If this funding was reduced, it would impact the department's ability to address sidewalk and roadway hazards.

#### **Road Maintenance and Rehabilitation Account**

Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, established the Road Maintenance and Rehabilitation Account (RMRA), which funds local road projects through increases in the fuel excise tax, diesel excise tax, and vehicle registration tax. Each year, the RMRA allocates funding to municipalities to be used specifically for road maintenance, rehabilitation, and critical safety improvements on local streets.

| <b>Road Maintenance and Rehabilitation Account (SB1)</b> | <b>FY 2026<br/>Recommended</b> |
|--|--------------------------------|
| <b>PROJECTED REVENUE</b>                                 | <b>4,353,588</b>               |
| <b>CAPITAL IMPROVEMENT PROGRAM</b>                       |                                |
| Annual Citywide Street and ADA Improvements - FY 2026    | 3,700,000                      |
| <b>Total Appropriated to Capital Projects Fund</b>       | <b>3,700,000</b>               |
| <b>End Amount Available for Appropriation</b>            | <b>653,588</b>                 |



Each fiscal year, a majority (if not all) of this funding source is appropriated to street paving.

### **Proposition C**

In November 1990, the voters of Los Angeles County approved an additional half-cent sales tax for transportation. After a deduction of up to 1.5 percent for Metro administration, the funds are appropriated based upon the following categories: Local Return (20 percent), Security (5 percent), Commuter Rail and Transit Centers (10 percent), Transit on Highways (25 percent), and Discretionary (40 percent). These funds must be used exclusively for public transit purposes, including transit related projects. Proposition C Local Return funds can only be used for the maintenance and improvements to street and highways used as public transit thoroughfares.

### **Measure R Local Return**

In 2008, the voters of Los Angeles County approved an additional half-cent sales tax to fund transportation projects and improvements. After a deduction of 1.5 percent for Metro administrative costs, 15% is appropriated to Measure R Local Return. Eligible expenses include public transit services, recreational transit services, public transit capital, transit administration, transportation marketing, planning, engineering and/or study, congestion management programs, local funding contributions, traffic control measures, bikeway and pedestrian improvements, and streets and roads improvements. Pasadena utilizes this Measure R Local Return exclusively for Pasadena Transit operations and capital.

### **Measure M Local Return**

In 2016, the voters of Los Angeles County approved an additional half-cent sales tax to fund transportation projects and improvements. The measure also made permanent the half-cent tax increase adopted via Measure R in 2008. In addition to funding Metro projects, funds are also made available by Metro to local jurisdictions via the Metro Subregional Program (MSP), Metro Active Transportation, Transit and First/Last Mile (MAT) Program, and Local Return. Eligible expenses include public transit services, public transit capital, transportation administration, active transportation, local funding contributions, transit-oriented community investments, transportation marketing, traffic control measures, planning, engineering and/or study, Congestion Management Program "CMP", and streets and road improvements. Pasadena utilizes this Measure M Local Return exclusively for Pasadena Transit operations and capital.

### Combined Funds – Proposition C and Measures R/M Passthrough

Pasadena Transit operations are funded with Proposition C, Measure M Local Return and Measure R Local Return. Pasadena Transit provides an essential service to the residents and businesses within the City of Pasadena and surrounding communities, with approximately 1.2 million rides annually. Based on ridership data from 2024:

- Approximately 30% of rides are taken by seniors or disabled passengers, 14% are K-12 students and 3.5 % are college students.
- 85% of riders live in Pasadena and Altadena, and nearly 50% live in Northwest Pasadena.
- 80% of riders do not have access to a car and 34.5% are low-income (less than \$15k household income)
- The service is used for essential trips including work, school, shopping & medical appointments

| <b>Prop. C and Measures R/M Passthrough</b>                               | <b>FY 2026<br/>Recommended</b> |
|---|--------------------------------|
| <b>PROJECTED REVENUE (Proposition C, Measure R &amp; Measure M)</b>       | <b>19,307,870</b>              |
| <b>OPERATING BUDGET - PASADENA TRANSIT OPERATIONS</b>                     |                                |
| Personnel (9.5 FTE)   | 846,264                        |
| Services & Supplies (Pasadena Transit Operations)                         | 10,444,898                     |
| Internal Services   | 1,635,885                      |
| Trans to Computing & Comm Fund  | 6,942                          |
| <b>Total Expenses</b>   | <b>12,933,989</b>              |
| <b>LOCAL MATCH, FUTURE OPERATIONS &amp; FUEL ALLOCATIONS SET ASIDE</b>    |                                |
| <b>Vehicle Purchases - Local Match/Trans. to CIP (FY 2026-2030) TOTAL</b> | <b>3,286,825</b>               |
| FY 26 Local Match for 17 buses (Total \$25.5M Grant Funds)                | 206,446                        |
| FY 27 Local Match for 17 buses (Vehicle price escalation 3% per year)     | 800,000                        |
| FY 27 Local Match for Bus Stop Enhancement Project                        | 1,280,379                      |
| FY 30 Local Match for 8 additional FCEB                                   | 1,000,000                      |
| <b>Operations &amp; Fuel Allocations TOTAL</b>                            | <b>3,001,500</b>               |
| FY 26 Increased Operations  | 330,000                        |
| FY 27 Operations (TOMF, Hydrogen Fuel Station, etc.)                      | 500,000                        |
| FY 28 Fuel (Estimated cost increase for 1 year)                           | 2,171,500                      |
| <b>Total Set-Aside</b>  | <b>6,288,325</b>               |
| <b>Ending Amount Available for Appropriations</b>                         | <b>85,556</b>                  |

DOT staff is actively pursuing grant funding to implement the Zero Emission Vehicle Rollout Plan adopted by City Council in January 2023. In addition to the annual operating costs identified above, approximately \$3.3M is committed as local match to grant funding. Currently, \$1,486,825 is the local match to \$25.5M in grants for Hydrogen Fuel Cell Electric Buses and associated infrastructure. An additional \$800K has been allocated for the anticipated increase in vehicle purchase prices. Any reduction in this funding would impact and/or jeopardize the awarded grant funding.

An additional \$3M has been set aside for future operations and fuel allocation for FY 2026 – FY 2028. This includes funding for temporary bus parking and operational needs during the construction of both the Transit Operations and Maintenance Facility and Hydrogen Fueling Facility, both necessary to implement the Zero Emission Vehicle Rollout Plan. This also includes an allocation of \$2.2M to account for increased fuel costs.