

Folsom City Council Staff Report

MEETING DATE:	6/8/2021
AGENDA SECTION:	New Business
SUBJECT:	Resolution No 10648 – A Resolution of Support for the Sacramento Abandoned Vehicle Service Authority to Pursue Extension of the Vehicle Registration Fee for Abatement of Abandoned Vehicles
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to approve Resolution No 10648 – A Resolution of Support for the Sacramento Abandoned Vehicle Service Authority to Pursue Extension of the Vehicle Registration Fee for Abatement of Abandoned Vehicles.

BACKGROUND / ISSUE

California Vehicle Code section 22710 permits the creation of a service authority for the abatement of abandoned vehicles in a county if the Board of Supervisors of the County, by two thirds vote, and a majority of the cities having a majority of the incorporated population adopt resolutions providing for the creation of the Authority and the imposition of a one dollar (\$1) vehicle registration fee. The fee is collected by the Department of Motor Vehicles (DMV) and allocated to the Authority by the State Controller pursuant to California Vehicle Code section 9250.7. The revenue received by the Authority shall be used only for the abatement, removal, and disposal of any abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property. Member agencies implement, manage, and enforce their respective programs.

The Sacramento County Abandoned Vehicle Authority (AVA) Program was established in 1992 with the creation of the Sacramento Abandoned Vehicle Service Authority (SAVSA), the Governing Board that sits concurrently as the Sacramento Transportation Authority Governing Board (Board). AVA programs were initially authorized for a period of ten years

and could be extended in ten-year increments thereafter. The Board extended the program for an additional ten years in 2001 and in 2011.

The County of Sacramento and the Cities of Isleton, Galt, and Sacramento were the original members of the Sacramento AVA program. The City of Folsom joined in 1999 (Resolution 5754), followed by the City of Citrus Heights in 2000, the City of Elk Grove in 2003 and the City of Rancho Cordova in 2014. The City of Isleton withdrew from the program in 2014. There are currently seven member agencies in the Sacramento County AVA program.

Revenue collected by the DMV is distributed by formula (per California Vehicle Code section 22710) on a quarterly basis to the SAVSA members. The formula is based on two factors; 50 percent based on relative population of the SAVSA entities and 50 percent based on relative number of abatements. On average, the Sacramento Transportation Authority (STA) deducts two percent of the total revenues to pay for administration and overhead costs.

In the nearly 30 years of the program's existence, the program has generated about \$30 million in revenues and abated over 300,000 vehicles in Sacramento County. With Sacramento County's steady population growth over the last ten years, revenues have increased 24 percent and abatements by 207 percent. Over the last five-year period, Folsom's allocation of these funds has been equivalent to approximately \$70,000 annually to help cover the City's cost for removal of abandoned vehicles.

The current SAVSA fee program will expire on April 30, 2022. STA/SAVSA legal counsel has advised that the SAVSA fee qualifies as a tax under California Proposition 26 and, therefore, its extension would require a public vote with a supermajority (2/3) adoption threshold. An election effort in support of a SAVSA fee extension will incur ballot inclusion costs as well as discretionary polling and public information/education costs. SAVSA's budget does not include any set aside funds for covering the expenses related to taking a measure to public vote—the costs would have to be covered by SAVSA member agencies or other outside funding.

The SAVSA Board is requesting input from its seven member agencies about whether and how to proceed with an extension request. That feedback will inform the Board decision later this month for timely actions relative to a potential ballot measure.

POLICY / RULE

All powers of the City are vested in the City Council pursuant to Section 2.02 of the City Charter.

ANALYSIS

As a SAVSA member agency, Folsom has received quarterly distributions for vehicle abatement from the SAVSA since 1999. For Folsom, these quarterly payments over the last five-year period have resulted in annual total of approximately \$70,000 for vehicle abatements. The table below lists Folsom's annual distribution since 2010:

Year	AVA Annual Distribution
2020	\$60,033
2019	\$74,875
2018	\$75,187
2017	\$75,899
2016	\$63,273
2015	\$25,302
2014	\$39,820
2013	\$39,102
2012	\$95,435
2011	\$53,600
2010	\$59,699

Other than enforcement procedures and reporting, there have not been additional costs to the City of Folsom to participate in this program. The distribution simply helps the City offset the costs of cleaning up the blight that can be associated with abandoned vehicles, which is consistently one of Folsom's highest volume of code enforcement complaints. SAVSA receives about two percent of total revenue for program administration.

Given that this program will sunset on April 30, 2022, there are a few options that were considered by the STA/SAVSA Board on May 13, 2021 as follows

1. Allow the SAVSA program to sunset with no intention to continue;
2. Move forward with consideration of a fee extension, which may include polling, cost estimating and sourcing in coordination with member agencies, and coordination with County Elections Office; or
3. Engage Self Help Counties Coalition (SHCC) to work with the State Legislature to create a statutory amendment to classify the AVA program as an exception to the Proposition 26, and increase the one dollar (\$1) annual fee to reflect inflationary costs

At that meeting, the Board asked Staff to determine level of support from member agencies to fund the required ballot measure to extend the program. Most agencies are waiting to hear what the two largest member agencies (City and County of Sacramento) will do because full participation is essential for reasonable cost burden. Some member agencies are requesting preliminary polling of a potential ballot measure before supporting ballot measure funding.

Prior to the passage of Proposition 26, there were 41 active AVA programs statewide compared to 30 current active programs. To date, nine counties have proposed AVA tax measures with seven passing and two failing, resulting in program termination. Five other counties chose to voluntarily end their AVA programs.

The SAVSA estimated costs to place a measure on the ballot is \$1.5 million. Using the quarterly distribution formula, SAVSA staff have calculated how much each SAVSA member agency would have to cover in the cost allocation table below. Folsom’s share of the ballot cost would be \$41,904 as shown in the table below.

BALLOT MEASURE COST ALLOCATION

Estimated Costs		\$1,500,000.00						
	2020 Population		50% alloc. based on population	2020-21 Abatements		50% alloc. based on abatements	Ballot Cost Allocation	
Citrus Heights	87,811	5.65%	\$ 42,365.19	607	2.70%	\$ 20,217.16	\$ 62,582.35	
Elk Grove	176,154	11.33%	\$ 84,987.04	2,985	13.26%	\$ 99,420.46	\$ 184,407.50	
Folsom	81,610	5.25%	\$ 39,373.46	76	0.34%	\$ 2,531.31	\$ 41,904.77	
Galt	25,849	1.66%	\$ 12,471.08	456	2.03%	\$ 15,187.85	\$ 27,658.93	
Rancho Cordova	78,381	5.04%	\$ 37,815.60	1,590	7.06%	\$ 52,957.63	\$ 90,773.23	
Sacramento	510,931	32.87%	\$ 246,503.14	14,145	62.82%	\$ 471,123.10	\$ 717,626.24	
Sacramento County	593,801	38.20%	\$ 286,484.50	2,659	11.81%	\$ 88,562.48	\$ 375,046.98	
Totals	1,554,537	100.00%	\$ 750,000.00	22,518	100.00%	\$ 750,000.00	\$ 1,500,000.00	

At this point, staff is recommending that the City Council adopt a resolution of support for SAVSA to pursue the extension of the AVA program through vehicle registration fees. That support should be contingent upon full participation of the seven member agencies to either fund preliminary polling of a potential ballot measure or to fund appropriate ballot measure costs in accordance with the distribution formula established for the AVA program. Any specific fund expenditure would come back to the City Council for consideration and action.

FINANCIAL IMPACT

The proposed resolution of support does not have a direct financial impact. However, if all seven SAVSA member agencies support the pursuit of program extension, staff will return to the City Council with a specific funding request for fair share funding of preliminary polling and/or ballot measure costs. SAVSA staff estimated costs to place a measure on the ballot at \$1.5 million with Folsom’s share of the ballot cost estimated at \$41,904. That cost could not qualify for reimbursement from the AVA program dollars.

ENVIRONMENTAL REVIEW

The project does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to Government Code 65651(b)(2) and is therefore exempt from (CEQA) analysis.

ATTACHMENT

1. Resolution No 10648 – A Resolution of Support for the Sacramento Abandoned Vehicle Service Authority to Pursue Extension of the Vehicle Registration Fee for Abatement of Abandoned Vehicles
2. Sacramento Abandoned Vehicle Service Authority (SAVSA) Member Staff Memo

Submitted,

Pam Johns, Community Development Director

ATTACHMENT 1

RESOLUTION NO. 10648

A RESOLUTION OF SUPPORT FOR THE SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY TO PURSUE EXTENSION OF THE VEHICLE REGISTRATION FEE FOR ABATEMENT OF ABANDONED VEHICLES

WHEREAS, California Vehicle Code section 22710 permits the creation of a service authority for the abatement of abandoned vehicles in a county if the Board of Supervisors of the County, by two thirds vote, and a majority of the cities having a majority of the incorporated population adopt resolutions providing for the creation of the Authority and the imposition of a one-dollar (\$1) vehicle registration fee to be collected by the Department of Motor Vehicles (DMV) and allocated for the abatement, removal, and disposal of any abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property; and

WHEREAS, the Sacramento County Abandoned Vehicle Authority (AVA) Program was established in 1992 with the creation of the Sacramento Abandoned Vehicle Service Authority (SAVSA), the Governing Board that sits concurrently as the Sacramento Transportation Authority Governing Board (Board). AVA programs were initially authorized for a period of ten years and could be extended in ten-year increments thereafter. The Board extended the program for an additional ten years in 2001 and in 2011.; and

WHEREAS, the City of Folsom joined Sacramento AVA program in 1999 (Resolution 5754), along with six other agency members over time including the County of Sacramento and the Cities of Galt, Sacramento, Citrus Heights, Elk Grove and Rancho Cordova; and

WHEREAS, since 1999, revenue collected by the DMV has been distributed to the SAVSA members based on a set formula; 50 percent based on relative population of the SAVSA entities and 50 percent based on relative number of abatements. In the recent five-year period, Folsom has received approximately \$70,000 annually to help offset the cost of abandoned vehicle abatement; and

WHEREAS, the current SAVSA fee program will expire on April 30, 2022. Since the AVA fee qualifies as a tax under California Proposition 26, its extension would require a public vote with a supermajority (2/3) adoption threshold. Election costs associated with the ballot measure for extension would not be covered by SAVSA administration fees. Rather, agency members would collectively be responsible for funding the ballot measure at a total estimated cost of \$1.5 million. With full agency member participation at the current funding distribution formula, Folsom's fair share of the election cost is estimated at \$41,904; and

WHEREAS, the SAVSA Board is requesting that agency members identify level of support to fund the required ballot measure to extend the AVA program:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom declares support for the SAVSA to pursue extension of the vehicle registration fee for abatement of abandoned vehicles. If supported by all seven agency members, Folsom will take subsequent action to consider fair share funding support for preliminary polling of a potential ballot measure

or funding appropriate ballot measure costs for extension of the AVA Program; and

PASSED AND ADOPTED this 8th day of June, 2021, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2



SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY
Sacramento Transportation Authority
801 12th Street, 5th Floor | Sacramento, California 95814

MEMO

To: Sacramento Abandoned Vehicle Service Authority (SAVSA) Members

From: Jennifer Doll, Special Programs Manager

Date: June 1, 2021

Re: **2022 SAVSA Sunset & Potential Tax Measure**

BACKGROUND

The Sacramento County Abandoned Vehicle Authority (AVA) Program was established in 1992 with the creation of the Sacramento Abandoned Vehicle Service Authority (SAVSA), the Governing Board that sits concurrently as the Sacramento Transportation Authority Governing Board (Board). AVA programs were initially authorized for a period of ten years and could be extended in 10-year increments thereafter. The Board extended the program for an additional ten years in 2001 and in 2011.

Revenue collected by the DMV is distributed by formula (per California Vehicle Code section 22710) on a quarterly basis to the SAVSA members. The formula is based on two factors: relative population of the SAVSA entities – 50 percent and relative number of abatements - 50 percent. On average, SAVSA deducts two percent of the total revenues to pay for administration and overhead costs. Per Vehicle Code section 9250.7 revenue shall be used only for the abatement, removal, and disposal of any abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property. Member agencies implement, manage, and enforce their respective programs

In the nearly 30 years of the program's existence, the program has generated about \$30 million in revenues and abated over 300,000 vehicles in Sacramento County. With Sacramento County's steady population growth over the last ten years, revenues have increased 24 percent (24%) and abatements by 207 percent (207%). See attachment A for performance metrics.

BEYOND THE 2022 SUNSET

The current SAVSA fee program will expire on April 30, 2022. SAVSA legal counsel has advised that the SAVSA fee qualifies as a tax under California Proposition 26 and, therefore, its extension would require a public vote with a supermajority (2/3) adoption threshold. An election effort in support of a SAVSA fee extension will certainly incur ballot inclusion costs as well as discretionary polling and public information/education costs. SAVSA's budget does not include any set aside

funds for covering the expenses related to taking a measure to public vote—the costs would have to be covered by SAVSA member agencies or other outside funding.

At the May 13th Board meeting all Board Members voted to pursue a potential ballot measure to extend the SAVSA program. Therefore, directing SAVSA staff to research the costs of polling/outreach/advocacy, the costs of placing a tax measure on the ballot and SAVSA members' ability to cover all possible tax measure costs.

SAVSA staff is currently working on estimated costs for advocacy and outreach but have a basic minimum cost for placing a tax measure on the ballot per the County Elections Office fee schedule of just over \$1.2M. For quick reference, a chart calculating the minimum ballot costs and the County Election's office fee schedule can be found on attachment B. Additionally, staff suggests distributing any tax measure costs among the SAVSA members based on the quarterly SAVSA distribution formula. Until we get a more detailed cost break down, we used \$1.5M as the tax measure total costs to be allocated among the members. This chart is included on attachment B with the other ballot costs.

SAVSA staff will continue to gather cost information, ballot processes and timeline information to share with the members. But to move forward with a tax measure to continue the SAVSA program and collection of the \$1 registration fee, the SAVSA members will have to agree and pay for any costs related to a tax measure.

Attachments

SAVSA Performance



30 mil

Revenue since program inception



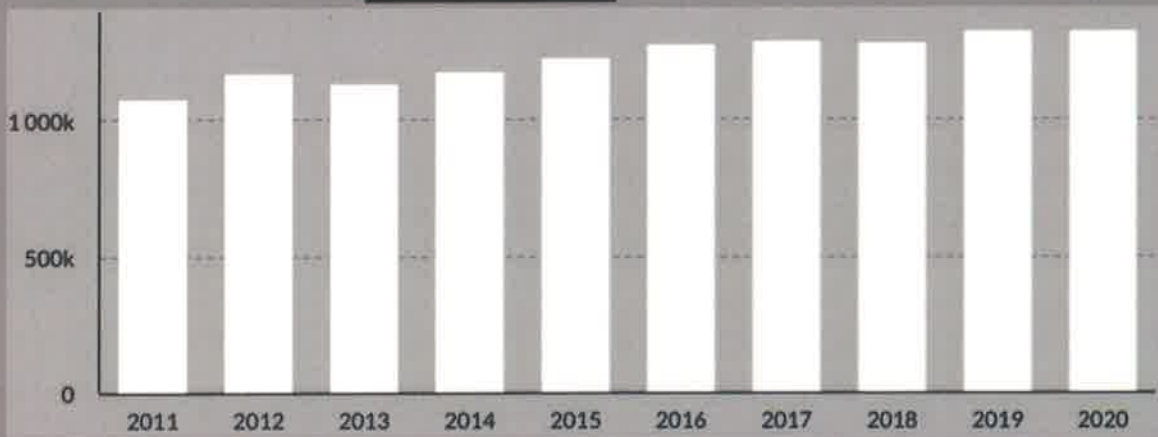
300,000

Abated vehicles since program inception

PROGRAM REVENUE

\$1,225,772

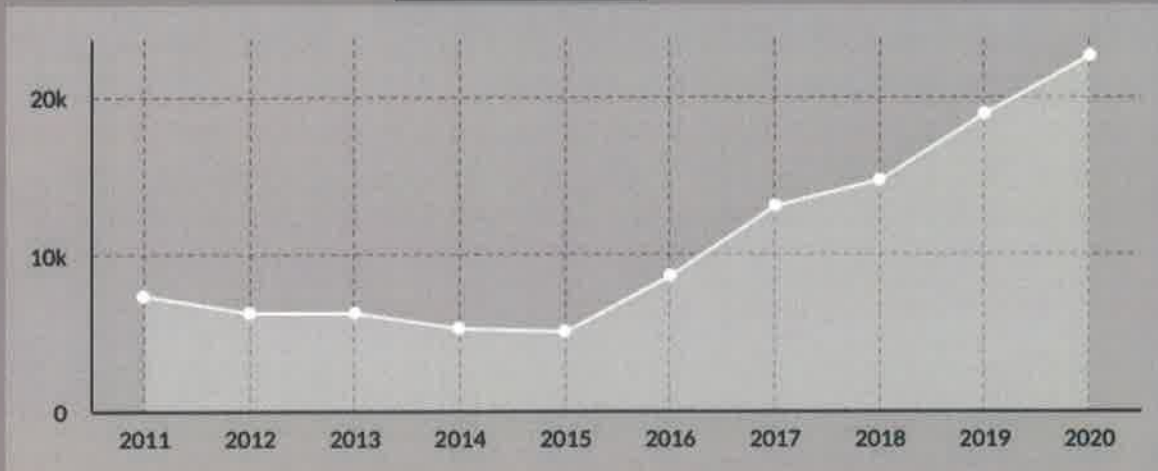
Yearly Average



VEHICLE ABATEMENTS

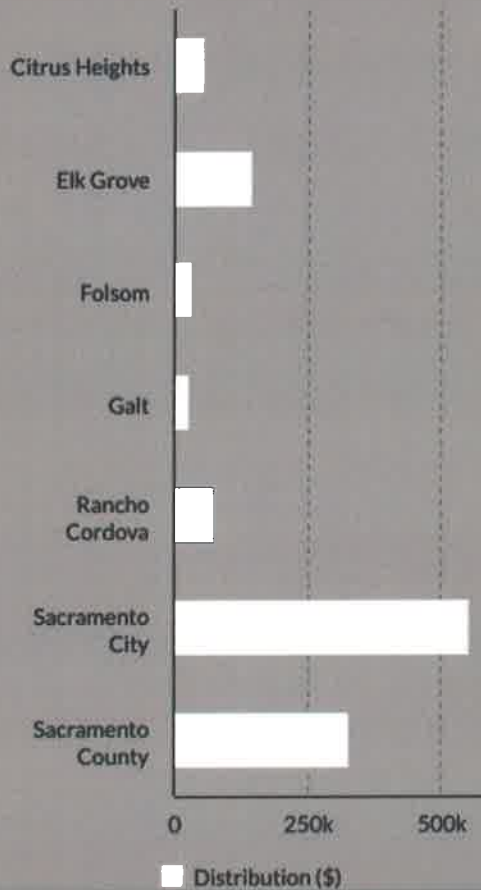
10,775

Yearly Average



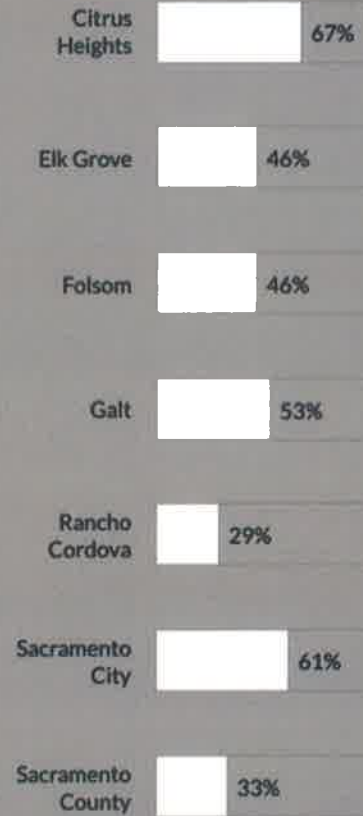
MEMBER DISTRIBUTION

Yearly Average (2018-2020)



MEMBER CLAIM COVERAGE

Yearly Average (2018-2020)



\$1,225,872

Member Distribution

yearly average

\$2,717,106

Member Claim

yearly average

24%

Revenue Growth

2011-2020

207%

Abatement Growth

2011-2020

Attachment B

Estimated Ballot Costs

Expense Type	Description	Rate	Qty *	Total
Base	General Election Base Admin Fee	\$ 1,887.00	1	\$ 1,887.00
Base	First Contest	\$ 1.2995	864,914	\$ 1,123,955.74
Additional	Additional Contest	\$ 0.1035	864,914	\$ 89,518.60
Additional	More than 4 pages in Voter Guide	\$ 0.0149	864,914	\$ 12,887.22
Additional	Contest requiring additional ballot cards	Actual Cost		
Estimated Total				\$ 1,228,248.56

* Registered Voters (5/14/21 count)

County Election's Office Fee Schedule (Most Recent)

November 3, 2020 Presidential General Election					
District Base Set-Up, including Measures	\$1,887.00		EC	\$\$	10002 10520
First Contest, including Measures	\$1.2295	per registered voter	EC	\$\$	10002 10520
Additional Contest, including Measures	\$0.1035	per registered voter	EC	\$\$	10002 10520
Additional Page over 4 in the County Voter Information Guide – Measures only	\$0.0149	per registered voter	EC	\$\$	10002 10520
Contest Requiring Additional Ballot Card(s)	Actual Cost		EC	\$\$	10002 10520
Special Elections	Actual Cost		EC	\$\$	10002 10520

Link to Fee Schedule

<https://elections.saccounty.net/Documents/Fee-Schedule.pdf>

Total Estimated Tax Measure Cost Allocation

Estimated Costs \$1,500,000.00

	2020 Population		50% alloc. based on population	2020-21 Abatements		50% alloc. based on abatements	Cost Allocation
Citrus Heights	87,811	5.65%	\$ 42,365.19	607	2.70%	\$ 20,217.16	\$ 62,582.35
Elk Grove	176,154	11.33%	\$ 84,987.04	2,985	13.26%	\$ 99,420.46	\$ 184,407.50
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