



SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY: RECOMMENDED CHANGES TO FUNDING ALLOCATION

Action Requested: Approve staff recommendation to amend SAVSA fund allocations

Key Staff: Norman Hom, Administrative Services Officer III

Recommendation

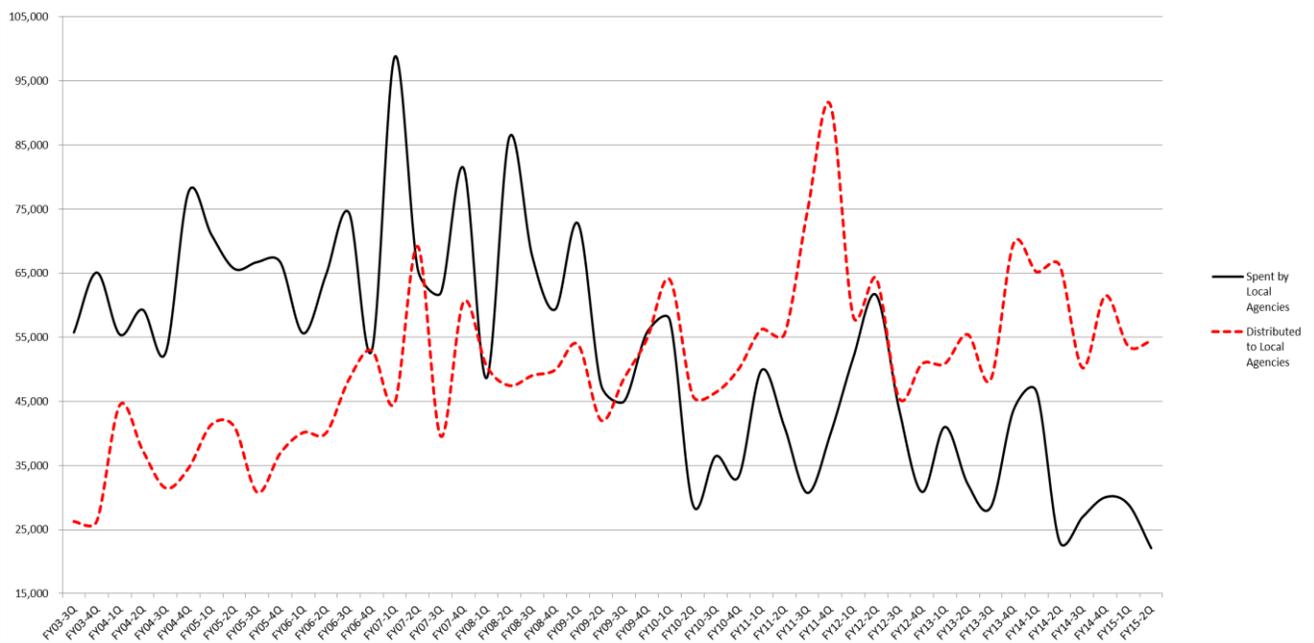
Direct staff to withhold allocating quarterly AVA funds to SAVSA agencies with fund balances exceeding their previous year's AVA expenditures and encourage those agencies to step up their AVA efforts.

Discussion

The Sacramento Abandoned Vehicle Service Authority (SAVSA) has been in existence since 1992. In that time, the \$1 vehicle registration fee has generated over \$15 million to fund the abatement of over a quarter million abandoned vehicles in Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton, and the unincorporated County.

The allocation formula for the \$1 vehicle registration fee in Sacramento County is as follows: 50 percent of the funds received are allocated to each participating jurisdiction by relative population and 50 percent is allocated by the relative number of abatements performed. Until about six years ago, all of the abandoned vehicle abatement (AVA) funds were regularly expended every quarter.

Chart 1: Total SAVSA Funding and Spending, Last 10 Years



Since then, all the active SAVSA agencies cut back on their abandoned vehicle abatement (AVA) activities. But, three of the SAVSA agencies reduced their AVA expenditures much more significantly, leading to an increasingly widening gap between revenues and expenditures as shown by the two lines in Chart 1 above.

In FY2013-14, the three most-active SAVSA agencies—Citrus Heights, Sacramento, and Sacramento County—together spent 111 percent of their allocation on AVA. Conversely, Elk Grove, Folsom and Galt only spent 57 percent of their allocation, leaving unspent funds in their local accounts. Currently, the total unspent funds for Elk Grove, Folsom and Galt exceed \$465,000 (see Table 1) and the balance continues to grow.

California Vehicle Code Section 9250.7(a)(2)(b) limits the accumulation of unspent AVA funds to the total amount spent in the previous fiscal year which, in the case of SAVSA, was \$1.116 million. Above that, the collection of the \$1 fee in the County is subject to suspension. The low levels of spending in Elk Grove, Folsom and Galt will cause SAVSA to exceed the total accumulation limit in four years at current rates. Action is needed now to avoid exposing the SAVSA program to risk.

Table 1: Current AVA Account Balances

Elk Grove	\$257,465
Folsom	\$84,209
Galt	\$123,797
Citrus Heights	\$11,560*
Sacramento	\$0
Sacramento County	\$0
Total	\$477,031

Table 2: FY2013-14 Total Expenditures

Elk Grove	\$60,870
Folsom	\$39,821
Galt	\$36,989
Citrus Heights	\$77,406
Sacramento	\$513,690
Sacramento County	\$387,561
Total	\$1,116,336

**This positive balance for the Citrus Heights is a recent anomaly; it is typically zero.*

To ensure uninterrupted funding for local abandoned vehicle abatement, staff recommends a two-pronged approach:

1. Suspend allocations to any local agency whenever their fund balance exceeds their previous fiscal year's expenditures (Table 2).

Programs sitting on excess funds will have unlimited time to spend down their monies; once their balances reach acceptable levels, they will resume receiving quarterly allocations. Quarterly allocations will still be made among the other agencies, allowing the more active programs to receive larger reimbursements more commensurate with their AVA efforts and expenditures.

2. Continue to encourage Elk Grove, Folsom and Galt to step up their AVA efforts.

Funds are available for expanded abandoned vehicle abatement activities but these local agencies need to spend money up front in order to be reimbursed for any additional expenses.

Staff's recommended approach: 1) allows the SAVSA agencies to keep the money that has already been allocated to them, 2) applies to all the SAVSA agencies going forward, not just to the ones that are currently underspending, 3) protects the entire program from possible suspension, and 4) prevents the buildup of idle funds.