

ROADS FINANCIAL PLAN

- 2014 Earthquake Road Projects
- 2017 Storm Roads Projects
- Upcoming Measure T and SB 1 Revenue
- Roads Operation Funding

The 2014 Earthquake and 2017 Storm events created a significant amount of cumulative damage to Napa County roads. The 2017 Fire events also created damage, but at a smaller scale in relation to these two large previous events. Staff has shown great resolve in ensuring that most of the roadways are back in operation and continue to make progress making permanent repairs to the remaining damaged roadways. The purpose of this memorandum is to provide the background of Earthquake and Storm funding, the projects remaining, potential funding requirements moving forward, and staff recommendations. Also included are the following:

- proposals for use of new upcoming revenue sources (Measure T and SB1) as they relate to disaster repairs;
- conducting projects on the overall road system;
- funding the basic functions of road operations, and how all these pieces fit together in the context of various other county resource requirements.

Earthquake Financial Accounting and Tracking

Following the August 24, 2014 South Napa Earthquake (Subdivision 10580-01), was created within the Declared Emergency Division of the General Fund to track all revenue and expenditures related to each individual road project. Funding was initially provided through the County's General Reserve, which can only legally be used during budget adoption or a Declared Emergency.

Although staff has been working with California Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA) to obtain reimbursements for costs incurred, this process is long and uncertain. Additionally, as a best practice the Auditor-Controller has determined that any FEMA funding received should be restricted (not available for use) until final audits are conducted. Some projects are funded not by FEMA/CALOES, but by the Federal Highway Administration (FHWA). While the FHWA process is also circuitous, funding reimbursements are much more likely, and in comparison, much timelier (one to two years), thus the amount of funding required to be restricted for any audit findings years later is relatively low.

At the end of Fiscal Year 2016-17, all emergency repairs were completed and projects were subsequently closed. The General Reserve was replenished using available General Fund excess funds as they became available. There is approximately \$2,000,000 the County has received to date from FEMA and CalOES as advances for approved projects, but will remain as restricted funds until the Agency's conduct their final audits which likely will not occur for years.

Many roads still require permanent repairs. New projects are reflected in the Roads Capital Improvement (Subdivision 20405-00) starting in Fiscal Year 2017-18. Although staff continues to work with the above agencies to maximize reimbursement for these expenses, the immediate burden on the County monetary resources must be recognized as there is both uncertainty in amounts to be received and a considerable lag time before receipt and availability of these reimbursements.

Status of Roads Repairs

2014 Earthquake

As mentioned above, staff has been working with CalOES, FHWA and FEMA to obtain reimbursement funding. Whereas, we have been successful moving forward with the FHWA projects, we have had limited success working with FEMA/CALOES.

A summary of our remaining Earthquake projects is divided into four sections:

- FHWA funded projects; (eighteen (18) projects, all approved for funding by FHWA);
- FEMA funded projects; (Five (5) projects pending FEMA approval)
- FEMA funded Project (2nd appeal); Partrick Road Bridge;
- FEMA Denied; (Nine (9) projects FEMA has denied completely or provided inadequate funding, six (6) despite formal appeals, the other three (3) the County withdrew when it became clear we would not be successful in the FEMA process).

FHWA Projects

The 18 FHWA projects are all approved and moving forward through the FHWA process toward construction and completion. These projects are estimated to cost approximately \$3.2 million with an estimated remaining County share of just under \$500,000. Additionally, \$170,000 has been spent of design work prior to obtaining FHWA approval. This work is not reimbursable, thus reflecting a total County contribution from FHWA projects (past and remaining) of approximately \$700,000.

Chart EQ 1 (FHWA Funded Projects)

Project Name	Est Design Cost	Est. Const. Cost	Est. Total Project Cost	Funding Agency	Requested Funding	Funding Status	Approved Funding	% of project reimbursement	Current County Share	Project Completion
OAK KNOLL AVE MPM 0.20 - DAF 1	\$4,183	\$41,830	\$46,013	FHWA	\$40,251	E76 Pending	\$40,251	87%	\$5,762	FY 19/20
OAK KNOLL AVE MPM 100 - DAF 2	\$18,285	\$182,845	\$201,130	FHWA	\$175,958	E76 Pending	\$175,958	87%	\$25,172	FY 19/20
OLD SONOMA RD. MPM 0.70 - DAF 5	\$4,827	\$48,267	\$53,094	FHWA	\$52,542	E76 Pending	\$52,542	99%	\$552	FY 19/20
OLD SONOMA RD. MPM 0.78 - DAF 6	\$4,253	\$42,528	\$46,781	FHWA	\$46,252	E76 Pending	\$46,252	99%	\$529	FY 19/20
OLD SONOMA RD. MPM 0.93 - DAF 7	\$4,155	\$41,371	\$45,526	FHWA	\$45,165	E76 Pending	\$45,165	99%	\$361	FY 19/20
OLD SONOMA RD. MPM 2.07 - DAF 8	\$31,124	\$311,234	\$342,358	FHWA	\$299,771	E76 Pending	\$299,771	88%	\$42,587	FY 19/20
OLD SONOMA RD. MPM 2.26 - DAF 9	\$3,222	\$32,218	\$35,440	FHWA	\$35,074	E76 Pending	\$35,074	99%	\$366	FY 19/20
OLD SONOMA RD. MPM 2.80 - DAF 10	\$4,240	\$42,402	\$46,642	FHWA	\$45,104	E76 Pending	\$45,104	97%	\$1,538	FY 19/20
LAS AMIGAS RD. MPM 2.29 - DAF 12	\$3,250	\$32,504	\$35,754	FHWA	\$32,774	E76 Pending	\$32,774	92%	\$2,980	FY 19/20
CUTTINGS WHARF MPM 2.31 - DAF 13	\$24,817	\$248,170	\$272,987	FHWA	\$248,129	E76 Pending	\$248,129	91%	\$24,858	FY 19/20
CUTTINGS WHARF MPM 1.75 - DAF 14	\$78,000	\$62,119	\$140,119	FHWA	\$108,112	E76-PE Approved	\$108,112	77%	\$32,007	FY 20/21
SILVERADO TRAIL MPM 1.47 - DAF 20	\$26,000	\$27,000	\$53,000	FHWA	\$41,609	E76-PE Approved	\$41,609	79%	\$11,391	FY 20/21
SILVERADO TRAIL MP 0.16 - DAF 24	\$78,000	\$129,250	\$207,250	FHWA	\$167,543	E76-PE Approved	\$167,543	81%	\$39,707	FY 20/21
SILVERADO TRAIL MP 10.64 - DAF 25	\$65,000	\$64,900	\$129,900	FHWA	\$101,721	E76-PE Approved	\$101,721	78%	\$28,179	FY 20/21
OLD SONOMA RD. MPM 2.27 - DAF 17	\$195,000	\$654,815	\$849,815	FHWA	\$712,503	E76-PE Approved	\$712,503	84%	\$137,312	FY 22/23
YOUNTVILLE CROSS BRIDGE 21C0116 - DAF 19	\$104,000	\$282,072	\$386,072	FHWA	\$320,542	E76-PE Approved	\$320,542	83%	\$65,530	FY 22/23
SILVERADO TRAIL @ TAPLIN RD - DAF 22	\$78,000	\$64,200	\$142,200	FHWA	\$109,954	E76-PE Approved	\$109,954	77%	\$32,246	FY 22/23
SILVERADO TRAIL MPM 26.50 - DAF 23	\$78,000	\$59,400	\$137,400	FHWA	\$105,705	E76 Pending	\$105,705	77%	\$31,695	FY 22/23
	\$804,356	\$2,367,125	\$3,171,481		\$2,688,709		\$2,688,709	87%	\$482,772	

Five (5) FEMA Large Projects and the Partrick Road Bridge

Staff continues to work with FEMA/CALOES in regards to the next group (classified as Large Projects), **Chart EQ 2 below**, though staff is beginning to make some progress with the first 5 projects on this list. Staff anticipates receiving approximately 50% reimbursement on these projects, though the FEMA/CALOES process can be tedious and time consuming.

The Partrick Road Bridge is classified by FEMA as a small project even though the County has analyzed the bridge with the assistance of outside bridge designers and determined approximately \$2,000,000 of repairs are needed. Clearly, the County and FEMA/CALOES are not in agreement on the scope of repair. The County has submitted the 2nd appeal on this project (the 1st appeal was denied), but it has been nearly one year since the 2nd appeal was filed with FEMA/CALOES. Of note, since FEMA/CALOES

considers this a small project, it is holding up close out and reimbursement of all the other small projects from the earthquake, thus delaying reimbursement on those projects.

Chart EQ 2 (Large Projects and the Partrick Road Bridge)

Project Name	Est Design	Est. Constructon	Est. Total Project	Funding	Requested	Funding Status	Approved	% of project	Current	Project
	Cost	Cost	Cost	Agency	Funding		Funding	reimbursement	County Share	Completion
WHITEHALL LANE BRIDGE #1	\$120,000	\$314,000	\$434,000	FEMA/CalOES	\$406,875	Pending	\$0	0%	\$434,000	FY 21/22
WHITEHALL LANE BRIDGE #2	\$82,000	\$132,000	\$214,000	FEMA/CalOES	\$200,625	Pending	\$0	0%	\$214,000	FY 21/22
THIRD AVENUE BRIDGE LOP 208	\$30,000	\$45,000	\$75,000	FEMA/CalOES	\$70,313	Pending	\$0	0%	\$75,000	FY 21/22
THIRD AVENUE BRIDGE LOP 209	\$130,000	\$64,000	\$194,000	FEMA/CalOES	\$181,875	Pending	\$0	0%	\$194,000	FY 21/22
MANLEY LANE CULVERT	\$230,000	\$272,000	\$502,000	FEMA/CalOES	\$470,625	Pending	\$0	0%	\$502,000	FY 22/23
PARTRICK ROAD BRIDGE	\$500,000	\$1,500,000	\$2,000,000	FEMA/CalOES	\$1,875,000	2nd Appeal	\$0	0%	\$2,000,000	FY 22/23
	\$1,092,000	\$2,327,000	\$3,419,000		\$3,205,313		\$0	0%	\$3,419,000	

Denied FEMA Projects

The last group of projects (**Chart EQ 3**), with an estimated cost of \$6.5 million, have already been rejected by FEMA through the appeals process or the County abandoned the appeal process when it was clear there was no hope of prevailing with FEMA/CALOES in the context of their costly and untimely process. Essentially the issues come down to disagreement on the scope of repair between FEMA and the County and/or when the scope is in agreement there is significant disagreement on the overall cost of the repair. Staff is recommending these projects abandon the FEMA/CALOES process and be scheduled as part of the normal County Roads Capital Improvement Project (CIP) process. Staff is recommending these be included as part of the Roads 5-year CIP plan, which would require 100% County funding. Of note the Board has already approved SB 1 funding for the Buhman Rd. and Mt. Veeder Road Bridge projects, which are the most urgent of this set of projects. The remaining projects will be factored into later years of Measure T or SB 1 funding.

Chart EQ 3 (Denied FEMA Projects)

Project Name	Est Design	Est. Constructon	Est. Total Project	Funding	Requested	Funding Status	Approved	% of project	Current	Project
	Cost	Cost	Cost	Agency	Funding		Funding	reimbursement	County Share	Completion
VICHY ROAD BRIDGE	\$83,000	\$140,000	\$223,000	FEMA/CALOES	\$209,063	Denied	\$0	0%	\$223,000	FY 21/22
BUHMAN ROAD	\$300,000	\$610,000	\$910,000	FEMA/CALOES	\$853,125	Denied	\$0	0%	\$910,000	FY 21/22
SKELLENGER LANE	\$114,000	\$260,000	\$374,000	FEMA/CALOES	\$350,625	Denied	\$0	0%	\$374,000	FY 21/22
WASHINGTON STREET BRIDGE	\$80,000	\$120,000	\$200,000	FEMA/CALOES	\$187,500	Denied	\$0	0%	\$200,000	FY 22/23
REDWOOD ROAD BRIDGE LOP 203	\$30,000	\$220,000	\$250,000	FEMA/CALOES	\$250,000	Denied	\$0	0%	\$250,000	FY 18/19
PARTRICK ROAD CULVERT	\$94,800	\$641,200	\$736,000	FEMA/CALOES	\$736,000	Denied	\$0	0%	\$736,000	FY 24/25
MT. VEEDER ROAD BRIDGE - 125' N OF REDWOOD RD MPM 0.0	\$75,300	\$238,000	\$313,300	FEMA/CALOES	\$313,300	Denied	\$0	0%	\$313,300	FY 24/25
BENNET LANE BRIDGE	\$36,500	\$32,600	\$69,100	FEMA/CALOES	\$69,100	Denied	\$0	0%	\$69,100	FY 25/26
MT. VEEDER ROAD BRIDGE MPM 02.13	\$247,000	\$3,173,400	\$3,420,400	FEMA/CALOES	\$3,420,400	Denied	\$0	0%	\$3,420,400	FY 25/26
	\$1,060,600	\$5,435,200	\$6,495,800		\$6,389,113		\$0	0%	\$6,495,800	

It has been the experience of Public Works staff that conducting projects using the FEMA/CALOES process adds 30% to 40% to the project costs (through increased design, permit costs, time increases causing construction escalation). Only when FEMA funding appears more likely (or the impact is so large, as in the case of the Patrick Road Bridge), does the cost benefit analysis supports continuing through the FEMA process. At this time, with all the variables being analyzed, it is staff's recommendation to discontinue moving forward with all FEMA funding for any earthquake project not listed in Chart EQ 2, but continue pursuing FHWA funding for the 18 projects, as this funding source continues to be significantly more reliable. In the recommendation section below, staff has outlined a proposed plan to address the remaining earthquake road repair work moving forward.

2017 Storms

During and immediately after the 2017 storms, the Roads Department response included significant emergency efforts including removing downed trees and cleanup of hundreds of small slides. They then transitioned into the recovery and repair process, stabilizing those areas that required immediate attention (such as Silverado Trail and Pratt Ave.), conducting permanent repairs where possible (such as at Mund Rd.), and providing barricades and signage for safety at approximately 40 locations where road damage was beyond immediate repairs. Clean-up, winterization, and site repair efforts still continue at some locations in anticipation of the next rain season.

Although there are still a significant number of damaged sites that require permanent repairs, only Old Howell Mountain Road is fully closed, and this closure does not prevent any property owner from accessing their property. The Department of Public Works has been working with CalOES, FEMA and FHWA to obtain funding for these repairs. Although the County has recently (November 2017) received approval for preliminary design work on a portion of the storm projects staff is still not confident the process will yield the significant amount of reimbursement to warrant the increased time and cost of going through the FEMA/CALOES process.

A summary of the storm projects is divided into three sections:

1. Roads Department Response; (which includes both emergency response costs and those permanent repair projects that Roads has or will conduct themselves);
2. Six Emergency Projects for 2017; (the six projects (three of which are FEMA funded, and the other three FHWA funded) the Board previously authorized for emergency repairs to be conducted this calendar year);
3. Remaining Storm Repairs.

The first two sections (#1 and #2 above) have been funded by previous Board actions. Of the six approved projects in section two, the cost of these six emergency projects was less than the original estimate of \$11.7 million (total was \$9.7 million). The third section contains projects that will be conducted over the next 4 years. Staff believes it will be in the best interest of the County to not pursue FEMA funding (except on the three (3) FEMA eligible emergency storm projects outlined above). FHWA reimbursement (similar to the earthquake) should be pursued on all eligible projects (the other three (3) emergency storm projects mentioned above and two additional projects that will come later). As stated above, this will reduce aspects of the project cost by 30% to 40% and with the low likelihood of FEMA reimbursement staff believes it would be a larger overall benefit to receive these cost savings rather than hope FEMA approvals occur.

The breakdown of all 2017 Storm projects is outlined in **Chart Storm 1-3 below.**

Chart Storm 1 (Roads Department Response)

	ESTIMATED	EST CONST	ESTIMATED TOTAL	FUNDING	FUNDING	FUNDING	FUNDING	APPROVED	
PROJECT	DESIGN COSTS	Cost	PROJECT COSTS	AGENCY	AMOUNT	AMOUNT	STATUS	TO DATE	
Cat. A Debris Cleanup & Cat. B Emergency Protective Measures	\$15,000	\$595,000	\$610,000	FEMA/CALOES	\$571,875	\$38,125	Approved	\$492,325	BASED ON ACTUAL COST SUBMITTED
Mund Road MPM 0.11	\$0	\$16,000	\$16,000	FEMA/CALOES	\$15,000	\$1,000	Approved	\$15,712	BASED ON ACTUAL COST SUBMITTED
611 White Cottage Rd.	\$0	\$7,000	\$7,000	FEMA/CALOES	\$6,563	\$438	Approved	\$7,129	BASED ON ACTUAL COST SUBMITTED
Oakville Crossroad Bridge Offsite-Mitigation Area	\$2,000	\$26,000	\$28,000	FHWA - Oakville Project	\$24,788	\$3,212	Approved	\$28,000	
DAF 7 - WOODEN VALLEY RD MPM 2.5	\$3,750	\$24,750	\$28,500	FHWA	\$25,231	\$3,269	Approved	\$3,750	E76 FOR PE - WORK COMPLETED
Steele Canyon Road MPM 2.25	\$15,000	\$235,000	\$250,000	FEMA/CALOES	\$234,375	\$15,625	Approved	\$281,251	
Mr. Veeder Road MPM 3.51	\$5,000	\$58,000	\$63,000	FEMA/CALOES	\$59,063	\$3,938	Pending Approval	\$0	WORK COMPLETED
Stagecoach Canyon - MPM 0.15	\$10,000	\$30,000	\$40,000	FEMA/CALOES	\$37,500	\$2,500	Approved	\$53,254	WORK COMPLETED
Surreal Court (End) - (Circle Oaks)	\$5,000	\$15,000	\$20,000	FEMA/CALOES	\$0	\$20,000	Debris removal approved - CAT A	\$0	UPHILL SLOPE - ONLY CAT A - SLOPE STABILIZATION BY ROADS
Oakville Cross Road - MPM 0.90	\$2,000	\$13,000	\$15,000	ROADS	\$0	\$15,000	Approved	\$12,915	
DAF 4 - WOODEN VALLEY RD MPM 3.0	\$20,000	\$230,000	\$250,000	FHWA	\$221,325	\$28,675	Approved	\$284,000	E76 FOR PE - WORK COMPLETED - SITE IS BEING OBSERVED
DAF 8 - WOODEN VALLEY RD MPM 3.1	\$7,000	\$13,000	\$20,000	FHWA	\$17,706	\$2,294	Approved	\$7,000	E76 FOR PE - WORK COMPLETED
	\$84,750	\$1,262,750	\$1,347,500		\$1,213,425	\$134,075		\$1,185,336	

Chart Storm 2 (Six Emergency Projects 2017)

Project	FY 17-18 Budget	New Requested Budget	Change
S7115 Howell Mountain Road MPM 3.62	\$ 1,373,350	\$ 1,100,000	\$ (273,350)
S7104 Redwood Road MPM 1.31	\$ 1,202,410	\$ 1,595,000	\$ 392,590
S7118 Wooden Valley Road MPM 2.75	\$ 1,150,270	\$ 1,150,270	0
S7314 Berryessa Knowxville Road MPM 4.4	\$ 2,518,230	\$ 1,400,000	\$ (1,118,230)
S7103 Redwood Road MPM 5.07	\$ 3,850,000	\$ 2,900,000	\$ (950,000)
S7310 Redwood Road MPM 4.2	\$ 1,650,000	\$ 1,550,000	\$ (100,000)
Total	\$ 11,744,260	\$ 9,695,270	\$ (2,048,990)

Chart Storm 3 (Remaining Storm Projects)

Project	Amount
Dry Creek Road - MPM 10.75	\$315,000
Sunnyhill Drive	\$ 1,200,000
Mt. Veeder Road MPM 5.2	\$1,415,000
Mt. Veeder Road MPM 4.0	\$1,000,000
Redwood Road MPM 1.75	\$ 77,000
Dry Creek Road - MPM 10.5	\$ 833,000
Dry Creek Road - MPM 7.75	\$ 833,000
Diamond Mountain Road MPM 1.1	\$ 924,000
Mt. Veeder Road MPM 4.75	\$ 2,000,000
Ridgecrest Drive (Circle Oaks) - MPM 0.40	\$ 665,000
Dry Creek Road - MPM 7.51	\$ 1,050,000
Berryessa/ Knoxville Road, MPM 20.50 to 22.00	\$ 1,050,000
Mt. Veeder Road MPM 1.85	\$ 700,000
Redwood Road MPM 5.76	\$ 700,000
Dry Creek Road - MPM 9.75	\$ 700,000
Berryessa Knoxville Road MPM 22.1	\$ 98,000
Dry Creek Road - MPM 4.50	\$ 122,000
Redwood Road MPM 2.50	\$ 350,000
Redwood Road MPM 3.50	\$ 1,400,000
Total	\$15,432,000

Funding Requirements/Recommendations

The General Fund will have made additional \$17.5 million (assuming the Board approves the proposed one-time \$5.8 million appropriation for the next set of emergency storm projects as shown below) in Roads contributions/loans beyond the annual General Fund contribution in the past three (3) years. Of the \$17.5 million provided staff believes it will receive FHWA reimbursement in the amount of \$7.6 million. There is a possibility to receive an additional \$3 to \$4 million in FEMA/CALOES reimbursement but staff believes the likelihood of receiving this funding is low (for all the reasons outlined in the earlier sections). The breakdown of the \$17.5 million in additional General Fund Roads contributions/loans is as follows:

- Summer 2016- \$1 million
 - Additional roads work (pulling forward some additional projects such as guardrails)
- January/February 2017-\$1 million
 - Funding to address immediate assessments related to the 2017 Storms

- FY 2017-2018 Budget
 - \$11.7 million for emergency storm repair projects (only \$9.7 million was required)
- Winter 2017- \$5.8 million (For Board approval as part of this agenda item)
 - Slide on Silverado Trail at Pratt Ave.
 - Pope Canyon Road stabilization and repair
 - Brookside Drive stabilization and repair

Staff is recommending the Board take as conservative an approach as possible when using General Fund resources to cash flow various road projects. The majority of the roads listed above are operational. Slightly delaying the implementation of the majority of the road work does not create an immediate operational concern and allows time for other dedicated roads revenue such as increased Highway User Tax Account (HUTA) funding, SB 1 funding, and Measure T funding to be realized and is the most appropriate funding for this purpose.

Below staff is providing a financial strategy that staff believes meets the following objectives:

- Protects the jail commitment;
- Maintain a balance in the non-jail Accumulated Capital Outlay (ACO) fund to protect against future immediate non-jail capital needs;
- Ensure enough operational contingency is available this fiscal year to address potential cost increases (in FY 2017-18) from the new MOU;
- Balance the long term fiscal needs of the General Fund with the operational needs of the Roads Fund;
- Take advantage of FHWA funding opportunities.

Funding Recommendation

The overall philosophy staff is recommending to the Board is to provide the Roads fund with the appropriate level of funding while maintaining the utmost flexibility for the Board to utilize its discretionary general funds. The Roads fund will be receiving a significant amount of additional revenue, starting in FY 2018-19, approximately \$10.5 million in year one (increasing annually) (though less than half of this will be available in the first year due to the actual timing of revenue receipts). That said, this financial strategy outlined below provides for some additional funding from the General Fund to assist Public Works in balancing the need to continue repairs from the 2014 Earthquake and 2017 Storm while also delaying, but meeting the spirit and legal measure of the objectives of the county's Measure T and the State's SB 1 tax measure.

Funding for next three (3) emergency 2017 Storm projects and Extension of an Existing Loan to be used for 2014 Earthquake Projects

The next three (3) most urgent storm projects are as listed below. Staff is recommending additional one-time funding to the Roads fund in the amount of \$5.8 million in order to address the following projects:

- Slide on Silverado Trail*
- Pope Canyon Road*
- Brookside Drive

Two (2)* of the three (3) projects are FHWA reimbursable, thus the County expects to receive approximately \$3.7 million in reimbursable funding for these two projects. Staff expects the FHWA funding to be received sometime before the end of calendar year 2019. It is critical that these three (3) projects move forward, as reimbursable funding on the first two from FHWA will expire if progress is not made, and the remaining project (Brookside) has some probability of failing (and causing additional damage) if it is not addressed soon. As mentioned earlier Measure T and SB 1 fund are not immediately available, and thus not useful in addressing the needs of these three projects.

The resources to provide the \$5.8 million in additional one-time funding are as follows:

- \$4 million from the available fund balance in the Accumulated Capital Outlay fund of which \$3.7 million (the equivalent amount of FHWA reimbursement Public Works believes they will receive from the two FHWA storm projects) will be a loan to the Roads Fund. The additional \$3.7 million dollar loan to the Roads Fund will increase the total loan balance of the Roads Fund loan to \$6.2 million. The \$3.7 million loan will be due no later than December 30, 2019 which is the timetable estimated to receive the FHWA reimbursement. Interest on the loan shall be payable at the same rate of interest that the County applies to funds on deposits in the Accumulated Capital Outlay Fund.
- After the \$4 million is utilized from the ACO, the remaining available (non-jail commitment) fund balance, used for non-jail, non-roads capital projects, will be \$1.4 million. When the FHWA reimbursement is received it will replenish the available fund balance within the ACO
- Utilize \$1.8 million from the FY 2017-18 operational contingency leaving \$3.425 million remaining to address any unknown issues and/or MOU cost increases (approximately \$3 million required) in FY 2017-18.

Addressing 2014 remaining earthquake project funding (FHWA reimbursable)

In order to address a significant amount of FHWA reimbursable 2014 Earthquake projects, and the few remaining FEMA/CALOES reimbursable projects, staff is recommending that repayment of the remaining \$2.5 million of the loan to the Roads Fund (part of the original loan provided to the Roads fund in 2015 which was successfully used to complete the Greenwood and Oakville Bridges and paving a section of Silverado Trail) be deferred under a revised payment schedule in order to provide cash flow and cover the County portions of the remaining 2014 earthquake roads projects. Staff is recommending the loan term date be moved from June 30, 2019 to June 30, 2022. Staff recommends all interest provisions remain as outlined in the original loan.

Annual General Fund Contribution to Roads Fund

If approved by the Board, the increase in total new revenue coming into the Roads fund is an opportunity to reduce General Fund support to roads from its current level of \$3.7 million to \$1.8 million, providing the Board its best discretion when addressing the upcoming increases in costs facing the County in so many areas. The impact of the recent labor negotiations, increased pension liability, and cost of operating and building a new jail all have significant immediate financial constraints on the General Fund. Utilizing General Fund resources for the purpose of cash flow for all the Storm and Earthquake projects in an attempt to secure FEMA funding would drain limited General Fund discretionary resources, result in project delays and increased overall costs, and effectively remove the flexibility and strategic options for the Board. Conversely, the roads funding described above (Measure T and SB 1) is restricted for this exact purpose, making it the best source of funds to cash flow the storm and earthquake remaining projects and with a balanced and strategic approach staff believes the Roads fund will have the resources to be successful in achieving these objectives.

The plan for the General Fund contribution to the Roads fund is to maintain the \$3.7 million currently provided by the General Fund through FY 2019-2020, the first two years of Measure T, and in FY 2020-2021 reduce the General Fund contribution to \$1.8 million (the \$1.3 million Maintenance of Effort for Measure T and SB 1 and \$500,000 for the estimated amount of annual funding required in Measure T for class 1 bike lanes) and continue this level moving forward. A chart of the Roads funding by fiscal year is outlined below. As a reminder, the below chart does not include any additional Federal, State, or grant revenue that may be received by the County.

As with any plan that attempts to balance multiple needs, this plan is not without its downsides. Using Measure T funds to fund the bulk of the 2017 Storm projects will of course delay the onset of basic Measure T paving and sealing projects. On the whole, we will see a one to one and one half year delay as to where we would have been if the Measure T funds did not need to be diverted to this need. Similarly, as General Fund support to basic road operations is decreased, this decrease will be made up by SB 1 funding in order to ensure the basic functions of the Roads Department are maintained, thus reducing available funds for larger paving, street, and structure repair projects.

FY 2017-2018 through FY 2020-2021 (funding level would be maintained moving forward)

	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-2020</u>	<u>FY 2020-2021</u>
Additional GF Contribution	\$ 6,000,000	\$ -	\$ -	\$ -
GF Contribution	\$ 3,700,000	\$ 3,700,000	\$ 3,700,000	\$ 1,800,000
HUTA	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
SB 1	\$ 1,000,000	\$ 3,000,000	\$ 4,200,000	\$ 4,700,000
Measure T	\$ -	\$ 7,500,000	\$ 7,700,000	\$ 7,900,000
Total (including additional GF funding)	\$ 14,000,000	\$ 17,500,000	\$ 18,900,000	\$ 17,700,000

Public Works estimates the annual cost to operate the standard roads crew operations is between \$6.5 million and \$7.5 million per year (based on current year dollars) leaving approximately \$9.5 million to \$10.5 million for new Roads projects. Although this balanced plan results in some delays, it is sufficient, over time, to allow Public Works to meet the Pavement Condition Index (PCI) goals set by the Board. This does not include additional funding that can be obtained through other Federal, State, and grant sources.

If additional General Fund support is desired by the Board it is staff's recommendation that this be evaluated each fiscal year as doing so ensures Public Works and the roads systems within Napa County can absorb the significant amount of increased road work as all local jurisdictions will be increasing roads projects due to Measure T funding. This approach provides the most flexibility to the Board especially as additional resources are required for other county priorities.

Public Works staff has provided an outline of the five-year plan for disaster and non-disaster repairs, which also includes the required 5 year plan which must be submitted to Napa Valley Transportation Authority (NVTa) in accordance with Measure T. Staff request Board approval of this 5 year plan.

2017 Napa Fire Complex

Although the focus of this memo and funding plan is addressing 2014 Earthquake, 2017 Storms, and ongoing roads operational funding the recent Napa Fires will have an impact on Roads workload. That being said, Public Works staff have assessed the County roadways following the fire event and deemed no damage has occurred to the roadways excluding the need for ongoing tree removal, guardrail repairs, and roadway sign replacement. The cost of tree removal and guardrail repair will be addressed in the larger context of funding the cost from the 2017 Napa Fire Complex.

<Summary of funding recommendations is located on the next page>

Summary of Funding Recommendations

- Provide an additional \$5.8 million to the Roads Fund from the General Fund; \$3.7 million will be structured as a loan due by December 2019 (related to the timing of FHWA reimbursement) to address three 2017 Storm projects
- Defer the current \$2.5 million Road's loan balance until June 30, 2022 to be used to fund FHWA and FEMA 2014 Earthquake projects
- In FY 2020-2021 reduce the General Fund contribution to the Roads Fund from \$3.7 million to \$1.8 million (the \$1.3 million Maintenance of Effort for Measure T and SB 1 and \$500,000 for the estimated amount of annual funding required in Measure T for class 1 bike lanes)
- Approve the Five-Year Measure T plan