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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Peterson, Robert - Director
Public Works
REPORT BY: Michael Stoltz, Deputy Director of Public Works, 299-1365
SUBJECT: Roads Budget Analysis and Report

RECOMMENDATION

Presentation by the Director of Public Works regarding the programs supported by the Roads budget.

EXECUTIVE SUMMARY

During budget hearings, the Board of Supervisors requested that the Director of Public Works return with a presentation that focused on the Roads Budget. This presentation was to provide a beginning point for future discussions focused on whether to invest potential unanticipated General Fund Balance as a source of revenue for Surface Treatment projects.

The presentation will be made in a workshop setting, and will provide a better understanding of :

1. Programs supported by the Roads budget;
2. Revenue sources available to the Roads budget;
3. Benchmarking data of the County of Napa road system in comparison with Metropolitan Transportation Commission (MTC) counties and other rural counties that attract tourism;
4. Benchmarking data of investment per mile of MTC counties and other rural counties that attract tourism;
and
5. Programmatic and Financing alternatives.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The following information provides an outline of the issues to be discussed at the workshop. The Board of Supervisors will be provided a separate document in advance of this discussion that will provide more information. The document will also be made available for the public at the Clerk of the Board's office prior to the meeting.

PROGRAMMATIC ACTIVITIES

There are basically five categories of activities funded through the Roads budget:

1. **Maintenance** - provides for labor intensive operational activities which provide for the convenience and safety of the traveling public, and for other activities that affect County roads. It includes:
 - a. Patching and sealing paved surfaces
 - b. Overlay repairs
 - c. Vegetation management to maximize clearance and sight distances and provide for fire safety
 - d. Cleaning out and stabilizing roadside drainage systems
 - e. Replacing and improving regulatory and warning signs
 - f. Painting pavement stripes and markings
 - g. Safety improvements
 - h. Road lights and traffic signal maintenance
 - i. Providing road closures for emergencies
 - j. Cleaning up spills
 - k. Storm damage (non declared emergencies)
 - l. Providing utility services for intersection lighting and signals
 - m. Coordinating and issuing permits for special events on county roads
 - n. Issuing encroachment and oversize permits
 - o. Litter removal
 - p. Sanding for ice conditions (and infrequent snow removal)
 - q. Rule 20A Utility Undergrounding program
 - r. Rights of Way purchase
2. **Capital Improvement Program (CIP) - Surface Treatment Program** - provides for surface treatment applications (for example, asphalt overlay, chip seal, and/or slurry seal treatments) for resurfacing of existing pavement which has deteriorated with age, use or damage. This program extends the useful life of our roadways.
3. **CIP – Other Road Improvements** - includes other non-surface treatment capital improvement projects that benefit the road system such as replacement of bridges, drainage and roadway structures and widening of existing road surfaces for bicycle pathways and turn lanes.
4. **Overhead/Support Services** - provides for a fair share contribution to other county departments for their support services and for Public Works administrative costs that are incurred in the business management of the Road Fund.
5. **Declared Emergencies** - The Road Fund has been required, in the past, to pay for the cleanup and repair costs of damage to the road infrastructure as the result of declared emergencies, and to seek reimbursement of as much of these costs as possible from FEMA and OES. The difference between what is spent and what is reimbursed has always been the responsibility of the Roads Fund to absorb.

FUNDING SOURCES

The Roads Budget consists of three classifications of funding sources:

1. Discretionary Road Fund Revenue - This revenue source can be used for any of the five categories of activities funded through the Roads budget. The Fiscal Year (FY) 2007-08 Road Fund budget estimated approximately \$4.9 million in discretionary revenue from:
 - a. Gasoline Taxes
 - b. Proposition 42
 - c. Federal/State Exchange Match
 - d. General Fund, and
 - e. Permits and Reimbursement for Services
2. Restricted Road Fund Revenue - typically this revenue is available in the form of grants from State or Federal funding programs and is restricted to capital projects on arterial and collector roads only, which are our most heavily used roads, or on roads designated as bike routes. Most of these programs require a local match in order to obtain the grant funds. This is the case for sources such as the Federal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) grants that are administered through MTC and the Napa County Transportation Planning Agency (NCTPA). The total amount of funds available through these programs in any given year can vary but generally will amount to a little over \$1 million per year, which is insufficient to effectively fund a Surface Treatment Program.
3. One Time Revenue - Funding from Proposition 1B is scheduled to begin disbursement to the County this year. It does not require a match and can be used for limited maintenance projects as well as capital projects on any county road. The amount allocated to Napa County is limited to \$5 million total and will be distributed to us over a period of five to six years. For FY 2007-08 we have assumed \$816,000 will be appropriated. Also in this category are the reimbursement funds from the Federal Emergency Management Agency (FEMA) and State Office of Emergency Services (OES) for recovery work caused by the flood of 2005/06.

BENCHMARKING

MTC has provided a report on the pavement conditions of regional roads in 2005 and ranked the counties of Napa, Marin and Sonoma as having some of the worst pavement conditions for the jurisdictions within the MTC. This analysis determined that the average Pavement Condition Index (PCI) for the County of Napa was "53" for 435 miles of paved roads. An analysis of the FY 2003-04 and FY 2004-05 State Auditor's report demonstrates that there is a correlation between the PCI ratings and the dollars invested in maintaining the existing transportation system infrastructure. Based upon the MTC and State Road Fund Auditor reports, a listing of the average PCI and the investment per mile is provided.

<u>Jurisdiction</u>	<u>PCI Average</u>	<u>Investment per Mile</u>
Contra Costa	83	\$33,084
Santa Clara	79	\$48,015
Alameda	71	\$53,426
San Mateo	66	\$49,997
Solano	58	\$17,574
Napa	53	\$14,114
Marin	47	\$13,412

Sonoma	44	\$15,636
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A number of local counties that have a better PCI rating are also self-help counties because the voters have approved a dedicated sales tax for transportation purposes. The local counties that have had a tax for sometime include Contra Costa, Santa Clara, Alameda and San Mateo. In most cases the majority of this funding goes for construction of new improvements, although some funding is made available for Surface Treatment and Safety Projects. These counties are also more urban, and therefore have a higher population density which provides for a more favorable return on gasoline tax revenue based upon a formula of miles and registered vehicles.

Benchmarking information will also be provided regarding other rural counties outside of the MTC region that attract tourism.

SUMMARY

The Department faces two issues impacting its Roads Program:

- | There is a structural imbalance between operating revenues and expenditures for maintenance activities that will require reductions to a program presently operated at a minimum level of service
- | The present Surface Treatment Program is inadequate with the County presently having one of the worst PCI ratings within the MTC.

The County concentrates the largest portion of available discretionary revenue on Maintenance activities because they are essential services that provide for the safe day to day operations of our roads for the traveling public. The County also sets aside the necessary match funds to take advantage of federal funds that become available for Surface Treatment projects, and other capital improvements such as bridge replacements and bicycle lanes. This does not allow any additional funds to increase the County's Surface Treatment Program beyond what we obtain from Federal sources, nor do we have the ability to set aside funds for future declared emergencies.

A study done for the MTC in 2004 indicates that the County of Napa will need an additional \$201 million over the next twenty-five years above our present level of effort to properly fund an effective Surface Treatment Program and provide for other maintenance programs. The \$201 million was stated in current year dollars and did not consider the impact of inflation. Assuming a minimum annual inflation rate of three percent (3%), \$293 million would be needed over a twenty-five year time period, or \$11.7 million per year above the current expenditure level.

The Roads Budget is now in a position where it can no longer fund both maintenance services and provide the match for federal funds without dipping into retained earnings, which are pretty much nonexistent following the flood of 2005/06. In this fiscal year, we will use Proposition 1 B revenue to provide the match for the federal funds we have applied for to build the projects listed in the budget. This is a temporary fix and not sustainable beyond the five or six years of the Proposition 1 B program. The Department had hoped to be able to use Proposition 1B funds for surface treatment projects on local roads, which are not eligible for the Federal STP funds. An additional source of sustainable revenue will need to be identified for maintenance activities as well as for the Surface Treatment Program or significant program reductions will need to be made in future fiscal years.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi