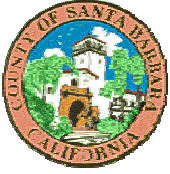


**SANTA BARBARA COUNTY  
AGENDA BOARD LETTER**



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Room 407  
Santa Barbara, CA 93101  
(805) 568-2240

Agenda Number:  
Prepared Date: February 26, 2005  
Department: **Public Works Transportation**  
Budget Unit: **054/02**  
Agenda Date: **03/15/05**  
Placement: **Departmental**  
Estimated Time: 45 Min.  
**Continued Item: NO**

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**TO:** Board of Supervisors

**FROM:** Phillip M. Demery, Director  
Public Works

**STAFF**

**CONTACT:** Scott D. McGolpin, Deputy Director  
Transportation – 568-3064

**SUBJECT:** Measure "D" 1/2 Cent Sales Tax for Transportation for all Supervisorial Districts

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**RECOMMENDATIONS:** C.A. Recommendation: \_\_\_\_\_

- A. Adopt the attached Resolution for the Measure "D" Five-Year Local Program of Projects for Fiscal Years 2005/06 through 2009/10, for submittal to the Santa Barbara County Local Transportation Authority for acceptance;
- B. Reaffirm Resolution 89-465, which established priorities and policies for the use of the local portion of the one-half cent sales tax for the transportation needs in Santa Barbara County;
- C. Approve Notice of Exemption pursuant to the County's California Environmental Quality Act (CEQA) guidelines for the above; (Post);
- D. Reaffirm the Measure "D" distribution formula (50% lane miles/50% population) for allocation of revenues to Supervisorial Districts;
- E. Consider revenue options in response to the recent storm emergency (Option A, B or C);
- F. Direct staff to prepare Fiscal Year 2005/06 Road Maintenance Annual Plan (RdMap) based upon approved Measure "D" distribution formula.

**ALIGNMENT WITH BOARD STRATEGIC PLAN:**

The recommendation is primarily aligned with Goal No. 1, An Efficient Government Able to Anticipate and Respond Effectively to the Needs of the Community.

## **EXECUTIVE SUMMARY & DISCUSSION:**

### History:

On November 7, 1989 the voters of the County of Santa Barbara approved Measure "D", the Santa Barbara Transportation Improvement Program, with a 55% majority vote. As a result of the passage of Measure "D", the local sales tax was increased countywide by one-half cent, effective April 1, 1991. The transportation sales tax will remain in effect for 20 years, with the revenues being allocated for transportation improvements.

As part of the local guidelines of the Measure "D" 1/2 cent sales tax, the Board of Supervisors must annually adopt a resolution indicating the program of projects and certifying the intent to allocate the required local discretionary funds to satisfy the "Maintenance of Efforts" provision of Measure "D".

Each and every year your Board reaffirms Resolution 89-465, which established priorities and policies for the use of Measure "D" funds, prior to the vote of the people. Public Works' staff recommends reaffirmation of the Resolution again for this year. The eligible use of Measure "D" funds is defined by ordinance and jurisdictional Measure "D" expenses, which are audited by SBCAG.

The revenues generated countywide by this transportation sales tax are currently distributed with 70 percent going to local agencies for local street repair. The remaining 30 percent are allocated to state and regional highway projects. The County of Santa Barbara is required on an annual basis to develop a five-year program for proposed projects to be funded with these sales tax monies. The Department of Public Works approaches your Board every spring for approval of the County's program. Upon approval, the program is sent to the Santa Barbara County Association of Governments (SBCAG) for approval and incorporation into the countywide plan.

The County's approved five-year program of projects is the basis by which the Department constructs the Road Maintenance Annual Plan (RdMap). This plan is the Public Works Department's road maintenance strategy for the coming year. In the plan, needed maintenance work, both corrective and preventive, is identified. Measure "D" is currently the County's primary source of revenue for preventive maintenance that includes, overlays, seal coats and hardscape repairs. Preventive maintenance work is the majority of the County's unfunded road maintenance backlog that in total is a \$120 million need at this time, \$63 million alone is pavement. This estimate is based on a pavement re-evaluation conducted in 2004 and consists of all four components of the Transportation Infrastructure System (pavement, concrete, bridges and drainage). This backlog has increased by \$9 million since last year due in part to the non-local revenue that has been decreased or delayed over the last two fiscal years as well as normal degradation of the system. Also, as reported to your Board on October 5, 2004 there has been a sharp increase in costs associated with asphalt material and oil over the course of the last year. This estimate does not include the damage that this calendar year's storms have caused and will be included in next year's projections after a pavement evaluation has been made.

State Transportation Improvement Plan (STIP) revenue, is another source of maintenance funding, is significantly lower than was projected when the 2002 STIP was adopted by the California Transportation Commission (CTC). As such, many projects in California have been delayed and placed on a waiting list for funding. Originally, State Transportation funding in the amount of \$6.3 million was made available for the

County's backlog of pavement maintenance needs. However, the CTC has re-programmed this pavement rehabilitation funding to FY 2006-2007.

This decision had two negative implications for the Transportation Infrastructure System: a delay in much needed surface treatments is experienced by the County; and by the time this funding becomes available for our use the proposed strategies will more than likely change, requiring additional revenue to complete the plan.

In 2001, the Governor signed AB 2928 which later became voter approved Proposition 42, approximately \$1 billion was distributed directly to cities and counties for preservation of the local road system. The County's portion of this bill was based on an allocation formula of 75% registered vehicles and 25% maintained road miles. Again, due to the State Budget shortfalls these revenues for FY 2004/05 were suspended and FY 2005/06 are proposed to be suspended as well due to a caveat in the proposition. The fiscal impact to the County is approximately \$1.4 million less in revenue to maintain our Transportation Infrastructure System this fiscal year in FY 2004/05 as well as FY 2005/06.

As a result of the revenue losses described above the Department and the Transportation Division has had to make budgetary reductions due to the timing of the States' impacts on local transportation, the Public Works Department was forced to prepare a budget for Fiscal Year 2004/05 based on a release of approximately \$3 million reserves, in turn, the Department has been working diligently to reduce expenditures and capture additional revenue in this fiscal year and for Fiscal Year 2005/06. First, the overall organization within the Transportation Division was reviewed to develop a plan to streamline positions that would still allow fulfillment of the overall mission. This exercise has resulted in the Department recommending the reduction of 20 full-time positions in the Division as well as unfunding an additional 6 positions for next fiscal year. Overall this will be a proposed reduction of 15.2% for your Board to consider from our overall budgeted staff for Transportation. As the resource need arises and the outside revenue becomes available our plan is to fund the unfunded positions. Secondly, the Department actively sought all opportunities to perform reimbursable work with our existing staff allowing us to bring unanticipated revenues into the road fund to assist in minimizing the use of reserves. To date, the Division has performed in-house asphalt leveling operations, an in-house fog seal project is scheduled, and re-vegetation mitigation work has been completed for both Transportation and Flood Control District projects.

#### County Measure "D" Distribution Formula:

After the approval of Measure "D" by the voters of this County in 1989, your Board decided to distribute the revenues to each Supervisorial district based on a formula that was solely based on unincorporated population. In Fiscal Year 1999-2000 the Grand Jury published a report titled, "Our County Roads" in which they stated that the County's rural road system was in a state of disrepair due in part to the original distribution formula. The Grand Jury went on to say; "To correct the imbalance of Measure "D" funding allocated among the County Districts, the Board of Supervisors and PWD should consider allocating funds by road lane-miles..." After this report was published your Board revised the formula to one based on a 75% population and 25% lane mile distribution.

This revision of the original distribution formula provided additional funding to the Third and Fifth Supervisorial Districts where there are more rural areas thus more lane miles for similar populations. Two years ago your Board revised this distribution formula to one based on 50% population and 50% lane miles within each District. Staff requests that your Board reaffirm the Measure "D" distribution formula for allocation of revenues within Supervisorial Districts approved two years ago.

	<b>Supervisorial District</b>					<b>Totals</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
<b>Distribution Percentage by 50% Population/50% Lane Miles</b>	<b>12.29%</b>	<b>16.42%</b>	<b>37.27%</b>	<b>26.24%</b>	<b>7.79%</b>	<b>100.00%</b>

Storm Emergency Impacts:

This winter the County has experienced heavy rainfall events. The Transportation system at this time has sustained damage estimated to be \$20 million due to these rainfall events. With a State and Federal emergency declaration, the county is eligible for response and recovery reimbursement. However, a county match is usually required and typically Measure "D" has been the source to provide the local revenue match for storm damage transportation repairs. The Department anticipates the majority of the storm damage reimbursement to come from the Federal Emergency Management Agency (FEMA), State Office of Emergency Services (OES) and the Federal Highway Administration (FHWA). Of the total storm repairs anticipated to be completed in Fiscal Years 2004/05 and 2005/06, for the total amount of \$11.9 million, County Transportation Engineers estimate the local revenue match to be \$650,000. Utilizing Measure "D" revenues for the local match, will reduce monies available for future preventive maintenance. Various options exist for consideration to provide the local revenue match and are listed below:

- A. Increase the Department's total General Fund Designations for Fiscal Year 2005/06 to \$1,150,000-** This option to increase general fund designations by \$650,000 would provide the local revenue match for storm damage repairs in FY 2004/05 and FY 2005/06. Also, this additional revenue will provide for the same level of service for the preventive maintenance program which we have experienced over the last three fiscal years of \$500,000. In discussions with the CEO, this option would require consideration by the Board of several sub-options as there is already extensive competitive pressure on limited General Fund dollars (property tax, sales tax and transient occupancy tax). These sub-options include:
1. Consider this \$650,000 as a priority budget expansion for budget adoption in June if either the 2004-05 budget generates more revenues and/or less expenditures than now projected for June 30, 2005.
  2. Authorize the CEO to apply the first \$650,000 of higher than estimated General Fund surplus to this issue if such a higher surplus is determined when the books are closed in July.
  3. Reduce other General Fund programs in various departments in the Proposed Budget to cover this. Board direction about which areas it would consider for such reductions would be needed now. This is because as noted above the County is stretched to provide basic law and justice services which are largely funded by the General Fund component of the budget as well as the local matches on the Social Services and Public Health safety net.
  4. Use \$650,000 of the General Fund strategic reserve if none of the above develop.
  5. Authorize the CEO to use any combination of the above during July 2005 in order to resolve the issue.

The Department has been advised that an initiative is being carried in Sacramento by Assemblyman Nava which if passed would require the State to provide the local revenue match for storm damage. This approval process will take time to complete. If this legislation is ultimately successful the General Fund could be recompensed upon receipt of this funding. **(Attachment A)**

- B.** *Utilize Measure "D" as the local revenue match by District to rebuild their storm-damaged sites on the Transportation Infrastructure System-* This option is the historical approach to funding the local revenue match for storm damage. This option will decrease the surface treatment program within District's 1, 2, 3 and 5. **(Attachment B)**
  
- C.** *Utilize Measure "D" as the local revenue match to rebuild storm damaged portions of the Transportation Infrastructure System first, then distribute the remainder to each District based upon the Board approved distribution formula-* This option is a regional approach to repairing Transportation damaged infrastructure. This option decreases the surface treatment program within all Five Supervisorial Districts. **(Attachment C)**

No matter which option is selected for fulfilling the local match requirements, transportation dollars will be used to front monies until the Federal and State governments reimburse expenses. For this reason, the Department will be carefully monitoring cash flow and may accordingly request a short-term loan.

Pursuant to the County's CEQA guidelines, the Department of Public Works has determined this project to be exempt for further environmental review. Approval of this Notice of Exemption shall indicate the Board of Supervisors approval and shall commence the appeal period.

**MANDATES & SERVICE LEVELS :**

No change in programs or service level provided General Fund Designations are approved for the local revenue match required for storm damage repairs for Fiscal Years 2004/05 and 2005/06. If not then either suspended or decreased surface treatment work within all Five Supervisorial Districts is possible and reduced overall ride quality and safety of the system will be experienced.

**FACILITIES AND FISCAL IMPACT :**

The local share of the sales tax will generate an estimated \$6,421,059 this year for use on the County's Transportation Infrastructure System and \$34,825,747 over the subsequent five years.

**SPECIAL INSTRUCTIONS :**

The Department noticed the hearing for the Measure "D" 1/2 Cent Sales Tax. The notice has been published for one week in the Santa Maria Times and the Santa Barbara Newspress.

Please return one copy of the executed resolution and a certified stamped Minute Order to the Transportation Div.,  
attn: Cecelia Barnes.

**Concurrence:**

County Administrator  
County Counsel

Subject: Measure "D" 1/2 Cent Sales Tax for Transportation  
All Supervisorial Districts  
Agenda Date: 03/15/05  
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Auditor-Controller  
Risk Management

**Attachments:**

Resolution for the Measure "D" Five-Year Local Program of Projects for Fiscal Years 2004/05 through 2008/09  
Resolution 89-465  
Notice of Exemption  
Unfunded Backlog of Transportation Infrastructure Needs  
Options for Measure "D" Distribution Methods- FY 05/06  
Option A  
Option B  
Option C

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