

Roads Fiscal Review and Long-term Funding Options



COUNTY OF
SANTA BARBARA

March 14, 2023
County Executive Office

Today's Presentation

- Overview of the Issue
- Background on Major Transportation Division Funds
- Roads Operations Fund 0015 Details
- Staff Recommendations

Overview

- Growing budget gap in Roads Operations Fund 0015
- Depleting fund balance to maintain status quo operations
- Driven by flat revenues
- Recommend increasing Measure A and General Fund Contribution to Fund 0015



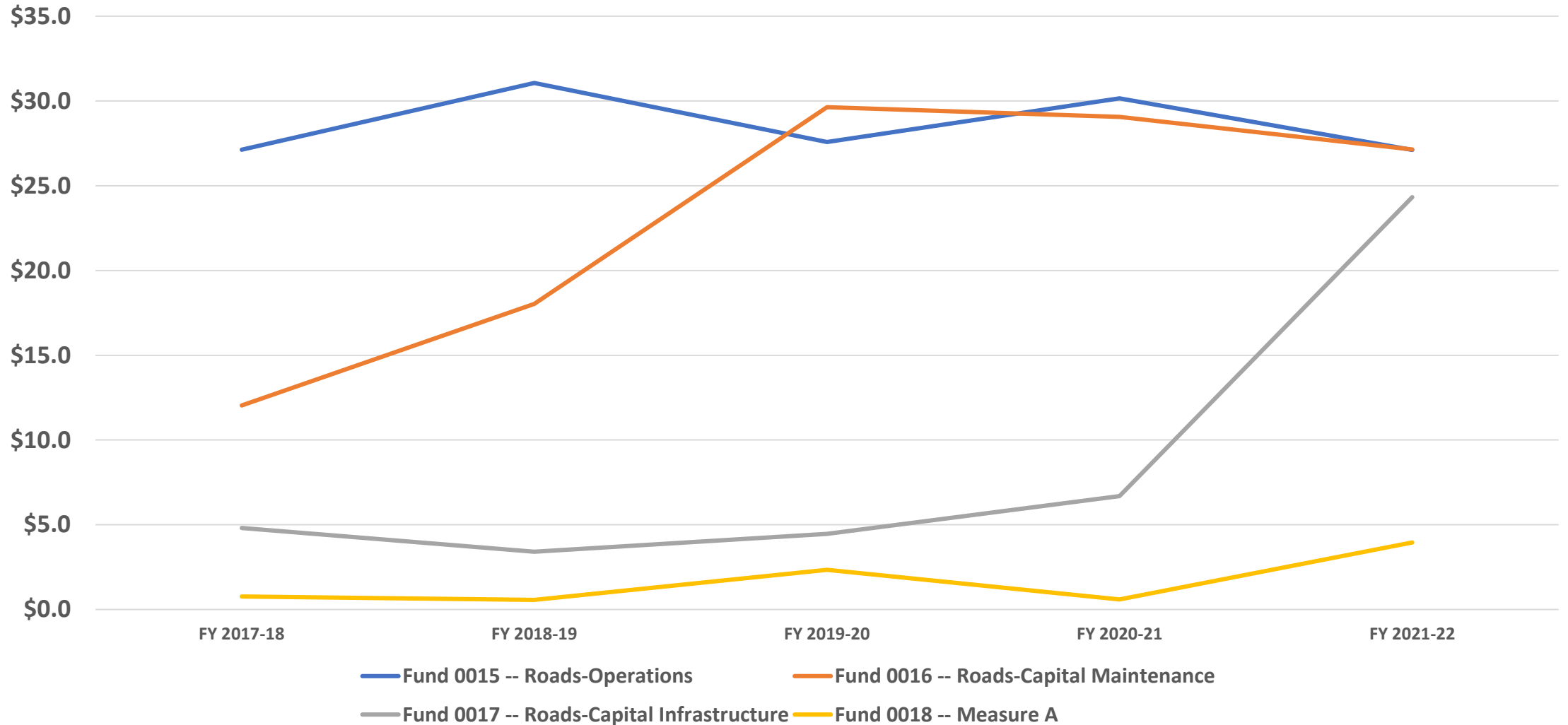
Transportation Division Funds

Major Transportation Funds

- Roads Operations Fund 0015
- Capital Maintenance Fund 0016
- Capital Infrastructure Fund 0017
- Measure A Fund (minor)

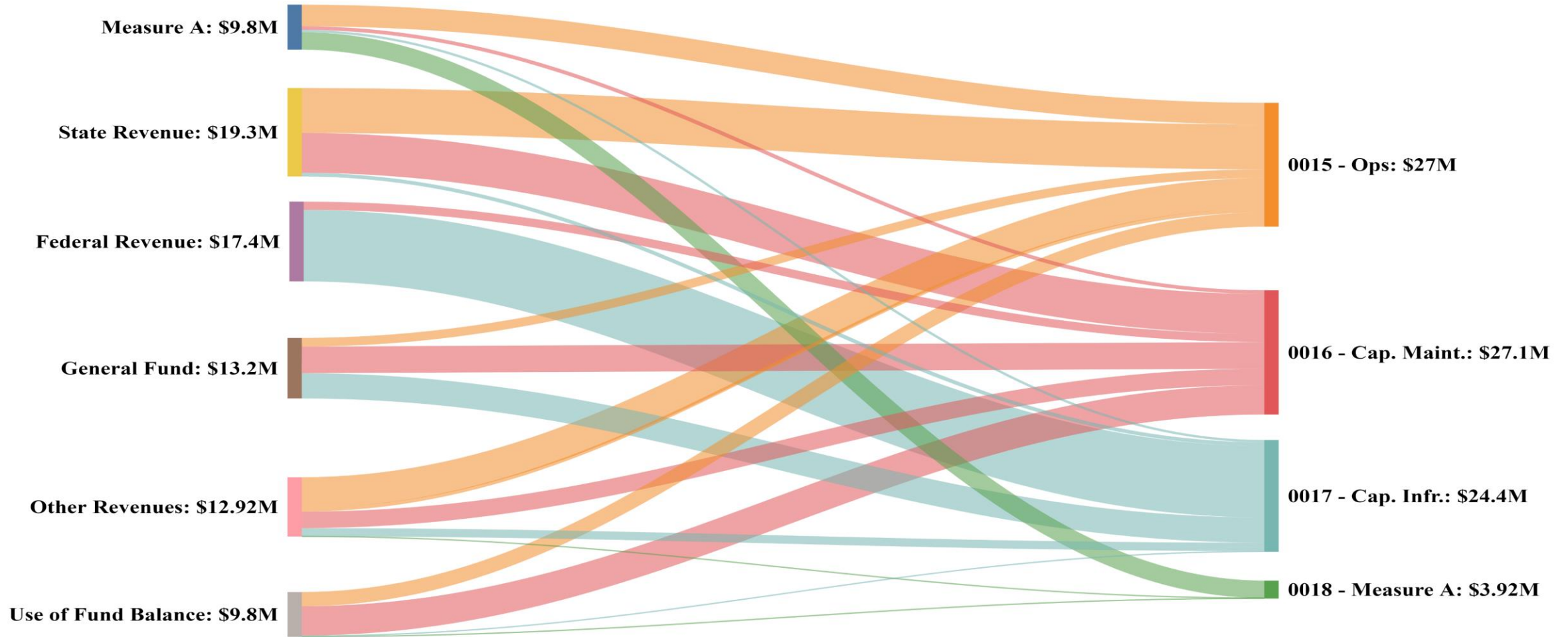
Major Transportation Funds

Total Sources of Revenue



Transportation Division

FY 2021-22 Actuals





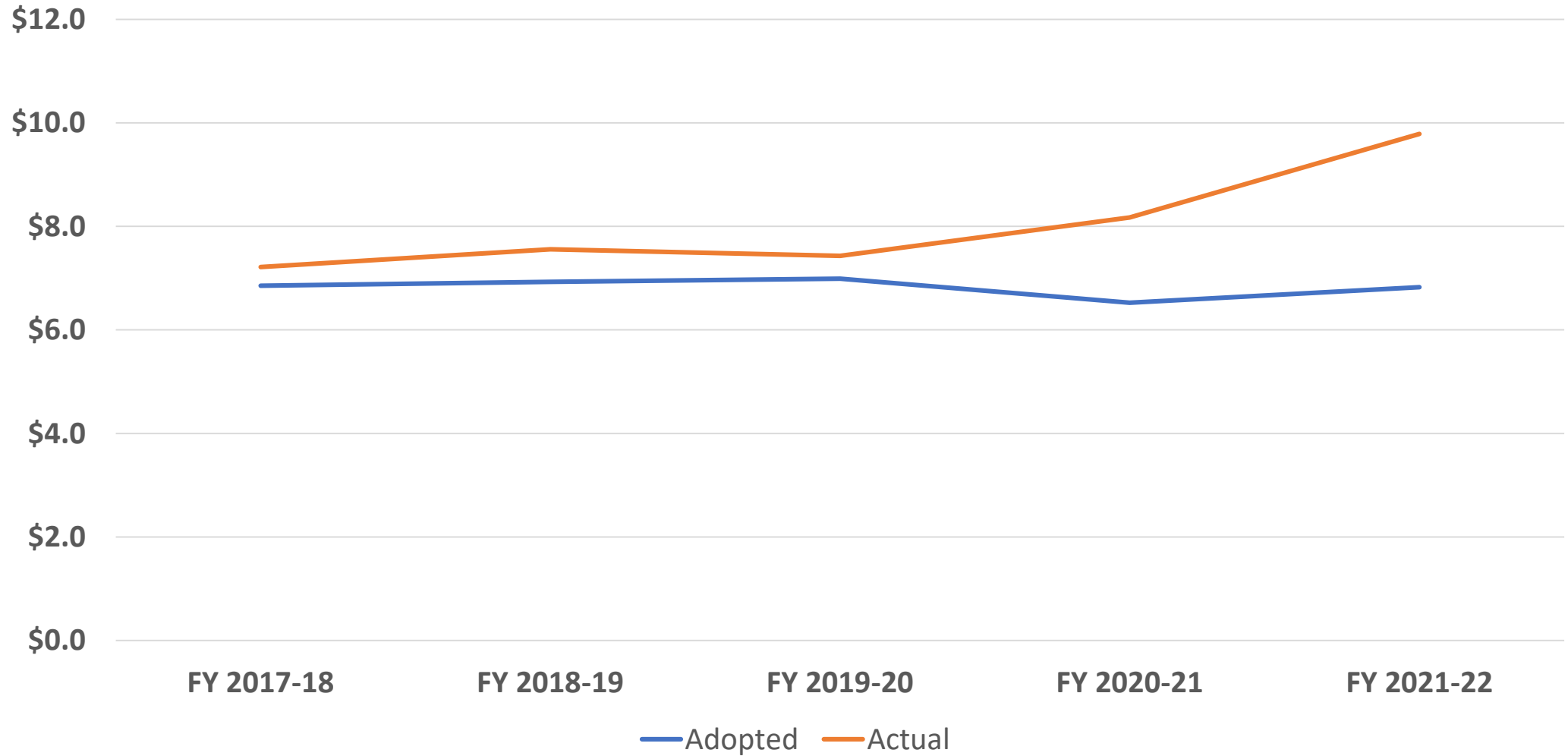
Fund 0015 Fiscal Details

Measure A Revenue

- Local ½ percent sales tax for regional transportation
- Flexible funding with various allowed uses across the three major Funds
- Public Works recommends allocations each spring in Program of Projects
- Typically recommends \$6 million to Fund 0015
- Revenue in excess of budgeted amounts put into fund balance

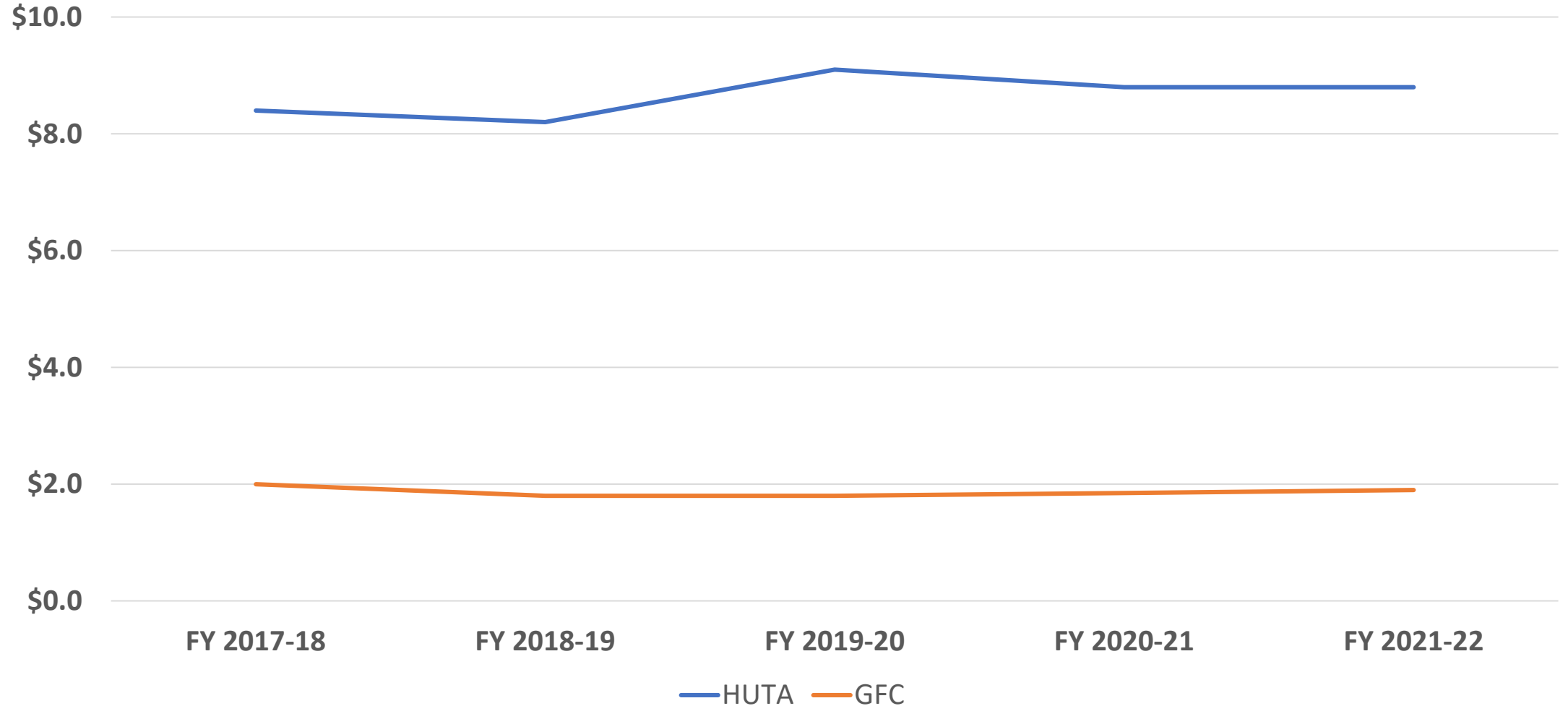
Measure A – 5-year Trend

(in millions)



Highway User Tax and GFC

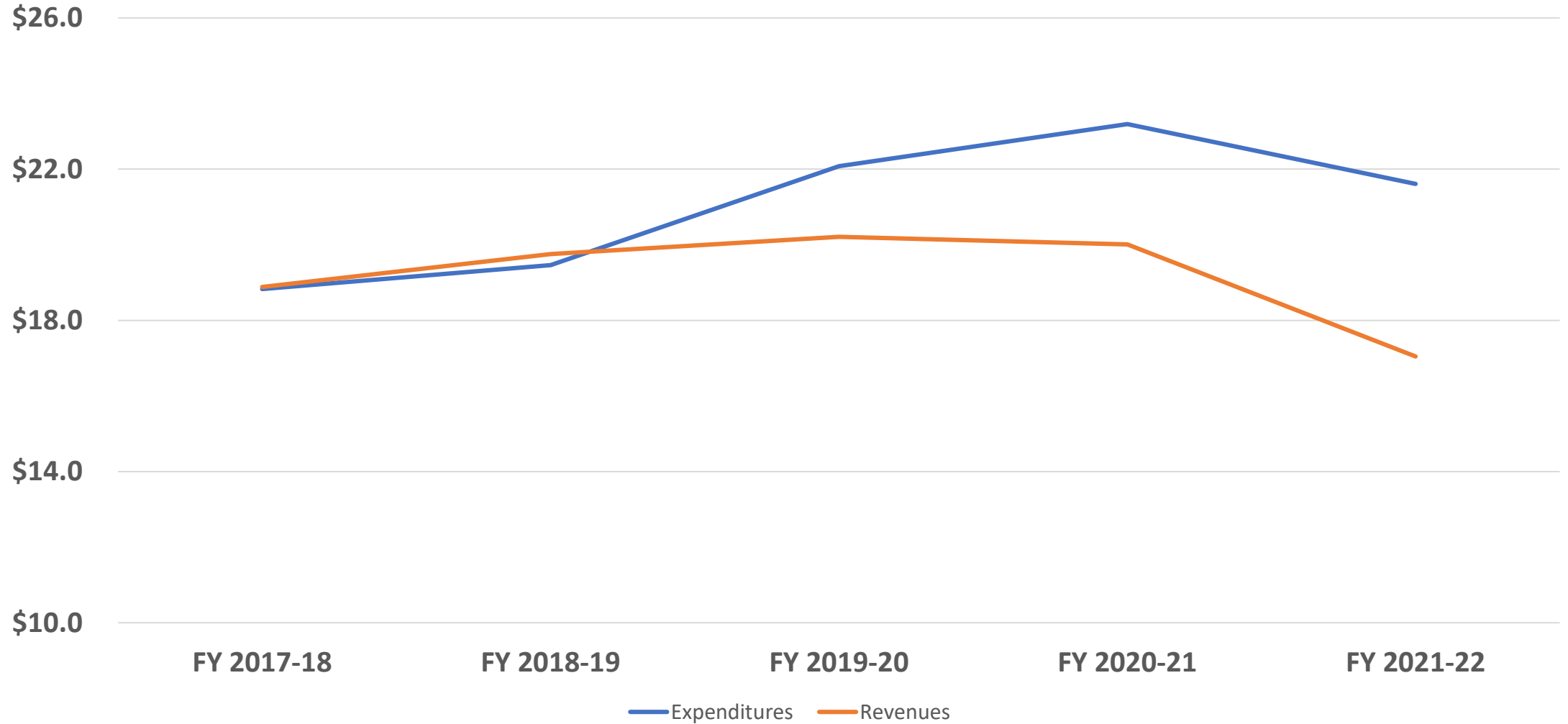
(in millions)



Permit Fees

- Funds staff time for permit processing, plan checks, and inspections
- Permits issued for work done in public road right of way
- Road encroachment permit fees last updated 2011
- Public Works returning in spring with fee update
- Estimated additional \$450,000 to cover cost of services

Ongoing Operations Revenues and Expenditures (in millions)





Recommendations

Recommendation One

Measure A Budget Policy

- Adopt a policy to:
 - Budget Measure A primarily in Fund 0015
 - Continue maintaining programs and project matches in other Funds
 - Budget at fully anticipated amounts
 - Recognize and allocate unanticipated revenue during year, including to Fund 0015 if necessary
- Helps Fund 0015 stay in balance with Measure A growth
- Maintains flexibility for use in Funds 0016 and 0017

Recommendation Two

Increase General Fund Contribution

- Increase Fund 0015 GFC by \$1.0 million in FY 2023-24 budget
- About 50% increase in GFC to this Fund
- Helps address substantial general liability rate increases over past five years
- Prevents service level impacts

Recommendation Three

Permit Fee Increases

- Consider increases when Public Works returns in spring
- Existing policy directs departments to seek full cost recovery
- Should include annual increases to keep up with escalating costs

Alternatives to Recommendations

- Reducing Fund 0015 ongoing costs – impacts could include:
 - Eliminating tree maintenance contracts
 - Cease programmatic replacement of traffic signals, culverts, guard rails, and equipment
 - Reduce materials purchased for maintenance work
- Larger GFC increase than \$1.0 million proposed
 - Would preclude funding of other Board priorities
 - Exacerbates projected General Fund deficits in forecast years

Recommended Actions:

- a) Receive and file a report on the fiscal status of Roads Operations Fund 0015; and
- b) Approve three staff-recommended long-term funding measures, including establishing a budget policy related to Measure A funding, increasing general fund contribution in the FY 2023-24 Recommended Budget to cover liability insurance rate increases, and returning to the Board for consideration of permit fee increases; and
- c) Provide other direction as appropriate; and
- d) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), because pursuant to sections 15378(b)(4) and 15378(b)(5) the recommended actions consist of organizational, administrative or fiscal activities of government that will not result in direct or indirect physical changes in the environment.