

**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 23, 2006**
Department: **Public Works Transportation**
Budget Unit: **054/02**
Agenda Date: **03/21/06**
Placement: **Departmental**
Estimated Time: 45 Min.
Continued Item: NO

TO: Board of Supervisors

FROM: Phillip M. Demery, Director x3010
Public Works

**STAFF
CONTACT:** Scott D. McGolpin, Deputy Director x3064
Transportation

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

RECOMMENDATIONS :

C.A. Recommendation: _____

- A. Adopt the attached Resolution for the Measure "D" Five-Year Local Program of Projects for Fiscal Years 2006/07 through 2010/11, 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 or revise the Measure "D" distribution formula (50% lane miles/50% population) for allocation of revenues to Supervisorial Districts;
- E. Direct staff to prepare Fiscal Year 2006/07 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 the Santa Barbara County Association of Governments (SBCAG).

The revenues generated countywide by this transportation sales tax are currently distributed with 70 percent going to local agencies for their local needs. 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. However, Measure "D" expires in 2010 and SBCAG has and can only provide revenue estimates for the final four years of the current Measure "D" program. The Department of Public Works approaches your Board every spring for approval of the County's program. Upon approval, the program is sent to SBCAG for approval and incorporation into the countywide plan.

As your Board is aware, the Public Works Department has had a difficult time in obtaining reimbursements from the Federal Highway Administration (FHWA) for damages sustained and costs expended in the 2005 winter storms. At this time, the Department is waiting for funding guarantees that total approximately \$11.4M to be delivered to the County for execution. Upon receipt of such guarantees, the County will be able to invoice for our expenses that have already been approved. If for any reason these funding guarantees do not materialize as promised or are delayed, then the Public Works Department will be required to modify the Measure D expenditure plan accordingly. Staff will provide any updated information regarding the reimbursements at the noticed Hearing.

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 \$135 million need at this time; \$70 million alone is pavement. This estimate is based on a pavement re-evaluation conducted in 2005 and consists of all four components of the Transportation Infrastructure System (pavement, concrete, bridges and drainage). This backlog has increased by \$15 million since last year due in part to the non-local revenue that has been decreased or delayed over the last three fiscal years as well as normal degradation of the system at a rate of 3% annually. Also, in 2005 asphalt prices continued to rise and rose over 65% for this fiscal year alone.

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. Unfortunately, due to the log jam created at the State level for funding STIP projects, the CTC created a priority system for allocating projects. Under the priority system, road rehabilitation projects were determined to be "tier 3" projects and were not likely to receive funding until sometime in the future. 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. In FY 2005/06 this funding was originally proposed to be suspended as well due to a caveat in the proposition but local agencies ended up receiving these revenues. Due to the late notification by the State of this funding coming to us we were not able to program the funding in last fiscal year's RdMap; however this funding will be built into this upcoming year's surface treatment program. After FY 2005/06, we were advised that Proposition 42 funding would once again be suspended for two fiscal years as decided by the State. However, we recently were informed that the State has worked out a financial arrangement that will allow this funding to continue through the next two fiscal years. The fiscal impact to the County could have been approximately \$1.4 million less in revenue annually to maintain our Transportation Infrastructure System in fiscal years FY 2006/07 as well as

FY 2007/08. This funding has not yet been programmed as we want to actually receive the funding from the State prior to putting a plan together; our hope would be to approach your Board in the second quarter with a surface treatment plan for Proposition 42 revenues.

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 State's 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 worked diligently to reduce expenditures and capture additional revenue in 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 resulted in the Department recommending the reduction of 20 full-time positions in the Division as well as unfunding an additional 6 positions into the future. Overall, this was a 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, and re-vegetation mitigation work has been completed for both Transportation and Flood Control District projects. We are committed to continue searching for, and completing any and all reimbursable work to assist us through the State's financial troubles.

County Measure "D" Distribution Formula:

After the approval of Measure "D" by the voters of this County in 1989, your Board distributed 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. Three 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 or revise the Measure "D" distribution formula for allocation of revenues within Supervisorial Districts approved three years ago.

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

Pursuant to the County’s CEQA guidelines, the Department of Public Works has determined this project to be exempt from 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 with this action.

FACILITIES AND FISCAL IMPACT :

The local share of the sales tax will generate an estimated \$6,985,789 this year for use on the County’s Transportation Infrastructure System and \$30,108,989 over the subsequent four years as the final normal disbursement of Measure D revenues will take place in June of 2010.

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 attention of Cecelia Barnes, Public Works Transportation Division.

Concurrences:

- County Executive Officer
- County Counsel
- Auditor-Controller
- Risk Management

Attachments:

- #1. Resolution for the Measure "D" Five-Year Local Program of Projects for Fiscal Years 2006/07 through 2010/11
- #2. Resolution 89-465
- #3. Notice of Exemption
- #4. Options for Measure “D” Distribution Methods - FY 06/07
- #5. Unfunded Backlog of Transportation Infrastructure Needs

Board Letter Authored By: Scott McGolpin, #3064