



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Public Works
Department No.: 054
For Agenda Of: March 17, 2009
Placement: Set Hearing
Estimated Tme: 45 Minutes (30 min Staff)
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director Scott D. McGolpin, Public Works Director, 568-3010
Contact Info: Dacé Morgan, Deputy Director-Transportation, 568-3064
SUBJECT: Measure "D" ½ Cent Sales Tax for FY09/10 for Transportation for all Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

Set a hearing to consider recommendations regarding the 2009/2010 Measure "D" Final-Year Local Program of Projects (Set Hearing for April 7, 2009) (Est. Time: 30 minutes staff; 45minutes total)

- A. Adopt the attached Resolution for the Measure "D" Final-Year Local Program of Projects for Fiscal Year 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 or consider revision to the Measure "D" distribution formula for allocation of revenues within Supervisorial Districts;
- E. Direct staff to prepare Fiscal Year 2009/10 Road Maintenance Annual Plan (RdMap) based upon approved Measure "D" distribution formula.

Summary Text:

As part of the local guidelines of the Measure "D" one-half 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 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 in 1989. 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).

Background:

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, 1990. The transportation sales tax will remain in effect for 20 years, with the revenues being allocated for transportation improvements. Measure "D" will sunset in April 2010; however, because the payments of sales tax is two months in rears, the County will receive Measure "D" funds through June 2010. On November 4, 2008, the voters of Santa Barbara County approved Measure "A", which is a renewal of the ½ cent sales tax for transportation improvements and will begin once Measure "D" sunsets.

The revenues generated countywide by Measure "D" are currently distributed with 70 percent going to local agencies to meet their local needs, and the remaining 30 percent allocated to state and regional highway projects. On an annual basis, the County of Santa Barbara is required to develop a program of proposed projects to be funded with these sales tax monies. The Department of Public Works presents this program to your Board every spring for consideration and approval. 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 final-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 fiscal 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, which includes overlays, seal coats and hardscape repairs. Preventive maintenance work is the majority of the County's unfunded road maintenance backlog that is currently a \$226 million need, \$116 million of which is pavement alone. This estimate is based on an annual pavement re-evaluation conducted in 2008, and consists of all four components of the Transportation Infrastructure System (pavement, concrete, bridges and drainage).

Unfunded Backlog by Supervisorial District

Infrastructure Component	Supervisorial District					Totals by Component
	First	Second	Third	Fourth	Fifth	
Pavement	\$11,670,000	\$17,505,000	\$46,680,000	\$24,507,000	\$16,338,000	\$116,700,000
Concrete	\$1,302,562	\$11,378,250	\$10,736,400	\$14,459,130	\$793,658	\$38,670,000
Bridge Maintenance	\$15,306,250	\$340,000	\$20,333,750	\$510,000	\$90,000	\$36,580,000
Drainage	\$3,339,336	\$3,624,192	\$15,217,488	\$5,968,248	\$6,170,736	\$34,320,000
Totals of Unfunded Backlog Need by District	\$31,618,148	\$32,847,442	\$92,967,638	\$45,444,378	\$23,392,394	\$226,270,000
Percent of Unfunded Backlog Need by District	13.97%	14.52%	41.09%	20.08%	10.34%	100%

This backlog has increased by \$12 million since last year. In 2008, this backlog increased dramatically over previous years. This year’s increase is more modest due to the fact that oil prices have dropped on the worldwide market and the Department continues to research and utilize cost effective pavement treatments to keep as much of our system in a state of pavement preservation as possible. This year’s \$12 million increase is due to the continuing decrease in available State and Federal revenues for Pavement Preservation, as well as the continuing decline of the pavement condition of those roads in the County’s Transportation Infrastructure inventory that are not in a state of pavement preservation. The Department estimates that the pavement portion of the County’s Transportation Infrastructure System requires an estimated annual expenditure of \$5.1 million to maintain the system’s current condition of “Good” (PCI 69) for FY 2009/2010. On average, the Department spends between \$2.5 and \$3.0 million on pavement preservation annually, which is less than half of what is needed to maintain the system at a PCI of 69. Further delays in non-local revenues will continue to increase the County’s unfunded road maintenance backlog in future years. The County has been fortunate that oil prices and construction costs have decreased in the last year; it is uncertain how long these costs will remain. If oil prices on the world market and construction costs increase, the unfunded backlog for our County’s Transportation Infrastructure will continue to grow at a more rapid pace.

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. The County has received the first two quarters of Proposition 42 payments for Fiscal Year 2008/09 totaling approximately \$1.6 million. According to the budget that was recently signed by the Governor, the remaining two quarters of Proposition 42 funds for Fiscal Year 2008/09 will be available. The County anticipates receiving another \$1.7 million in Proposition 42 funds for Fiscal Year 2008/09. The State is projecting that the County would receive approximately \$3.6 million in Proposition 42 funds for Fiscal Year 2009/10.

In December 2008, the County submitted to the State Controller’s office, an approved plan for \$1.07 million of 2008 Supplemental Proposition 1B funds; however, we have been informed that these funds are on hold due to the financial difficulties with the Pooled Money Investment Account (PMIA) selling bonds due to the State’s financial crisis. The County was also due to receive \$773,000 for Fiscal Year 2008/09; however, given the uncertainty of the timing of these funds, the Department has delayed programming these funds until Fiscal Year 2009/10. The Department has heard that the PMIA could

start selling bonds again when the national economy improves, perhaps late 2009. These Proposition 1B funds are used for both preventive and corrective maintenance activities.

Unfortunately, both Propositions 42 and 1B cannot be relied upon to fund ongoing operations within the Division due to the fact that the State may borrow this funding or the revenue will eventually expire and no longer be available for our agency to utilize. Measure "D" is a vital maintenance funding source for the County of Santa Barbara to conduct our Nationally Recognized Pavement Preservation Program and to maintain our Transportation Infrastructure System. It was important that Measure "A" was passed by the voters; however, SBCAG made many concessions to special interest groups to obtain approval. As a result, we will see a 20% reduction in the amount of Measure "A" funds (over Measure "D") that will be available to the County for road maintenance. The Department will return to your Board this summer to discuss these reductions in detail.

Due to the decline in the nation's economy, the revenues from sale taxes are declining and are expected to continue for the foreseeable future. As a result, the estimates for Fiscal Year 2009/10 Measure "D" revenue have been reduced by approximately \$800,000 over the estimate for Fiscal Year 2008/09, which will result in less available funding for our preventive maintenance program. On February 17, 2009, the 2009 American Recovery and Reinvestment Act (ARRA) was signed by the President. As a result of this act, the County will initially receive approximately \$2.2 million to be invested in our Transportation Infrastructure. These are federal dollars and thus come with the challenges of obligating and spending. Three small cities within our County: Solvang, Buellton, and Guadalupe, are not equipped to spend these federal dollars in the short timelines that are required as part of the Act. The Department was approached by SBCAG staff to exchange \$304,000 of the County's Fiscal Year 2009/10 Measure "D" revenues for an additional \$304,000 of federal economic stimulus funds. As a result of this exchange, the Cities of Solvang and Buellton will each receive an additional \$100,000 in Measure "D" funds, the City of Guadalupe will receive an additional \$104,000 in Measure "D" funds, and the County will receive a total of approximately \$2.5 million in economic stimulus funds. The County will lose some flexibility by agreeing to this exchange; however, the loss of the flexibility is out weighed by the fact that we are able to use the 2009 ARRA funds sooner than we could have used the Measure "D" funds. The exchange will allow the County to put a road rehabilitation project on the street in April 2009 with the 2009 ARRA funds, rather than waiting until Fiscal Year 2009/10 to perform this work. The 2009 ARRA funds will be required to be utilized only on Federal-Aid Routes and cannot be used for corrective maintenance activities, which are performed by our maintenance crews. Staff reviewed our Fiscal Year 2009/10 proposed budget and felt that we could accomplish our mission and still be able to help the three small cities; therefore, we agreed to this exchange of funds.

The County has been approached by the City of Carpinteria requesting a similar exchange of their approximately \$227,000 in 2009 ARRA funds for Measure "D" funds. After reviewing our Transportation Budget for Fiscal Year 2009/10, it was determined that we cannot honor the City's request for the exchange of Measure "D" funds due to the loss of flexibility. As another alternative, staff has been working with the City of Carpinteria to determine the feasibility of incorporating their 2009 ARRA contract work into the County's contract. At this time, it appears that the scope of the City of Carpinteria work will not be compatible with the County's.

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 using a formula that was based solely 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. Your Board again 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. A list of options for your Board to consider can be found in Attachment 4.

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

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.

Performance Measure:

RPM 0025 - Maintain a ride quality of “good” (Pavement Condition Index of 70 or better) on 40% of the lane miles of Arterial, Collectors and Major Rural roads.

RPM 0041 - Re-evaluate the pavement condition of 33% of the center lane miles of Arterials, Collectors and Major Rural roads of county maintained road system annually.

RPM 0186 - Maintain an average Pavement Condition Index (PCI) of 65 or better on the 1667 lane miles within the County maintained system to protect the community’s investment in transportation infrastructure.

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

The Measure "D" One-Year Local Program of Projects will bring in \$6,610,686 of revenue to maintain the County's Transportation Infrastructure. This amount has been reduced by \$304,000 as a result of the exchange of Fiscal Year 2009/10 Measure "D" funds for 2009 American Recovery and Reinvestment Act funds with the cities of Solvang, Buellton, and Guadalupe.

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions:

The notice of hearing for the Measure "D" ½ Cent Sales Tax 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 Gena Valentine Felix, Public Works Transportation Division.

Attachments:

1. Resolution for the Measure "D" Two-year Local Program of Projects for Fiscal Year 2009/10
2. Resolution 89-465
3. Notice of Exemption
4. Options for Measure "D" Distribution Methods-FY 09/10

Authored by:

Dacé Morgan, Deputy Director, Public Works – Transportation, 568-3064