



COMMUNITY WORKSHOP #1

Road Budget

July 2010



Purpose

- Inform

- Key Data & Trends
- Critical Needs & Challenges

- Put Together a Plan

- Community Input
- Options
- Recommendations for Board of Supervisors

3 Public Workshops

- July 14 – Present data, characterize the issues, begin to identify potential options
- August 18 – Evaluate options, identify feasibility, consequences, refine options
- September 15 – Continue to evaluate options, identify best choices, recommendation to Board
- All workshops 6 p.m., Board Chambers



WORKSHOP #1 AGENDA

- Staff Presentation

- Road Budget

- Road Maintenance Operations & Critical Needs

- Strategies

- Discussion

- Questions, Thoughts, Ideas, Information for Next Workshop

Key Points – Road Fund

- Revenues Declining
 - No more “one time” revenue from state or federal
 - Forest receipts phase out after 11/12, reauthorization not assumed
- Expenditures:
 - Reduced Since 2007
 - Now ~ late 90s/early 2000’s level
- Staffing Levels
 - Reduced Road Crew & Vehicle maintenance staffing from late 90’s/early 2000’s level
 - Administrative staff after Community Development/Public Works consolidation = late 90’s level of separate departments
- Road Crew at Minimum Staffing Level to Maintain Historic Level of Service
- **\$500,000 annual operating deficit beginning 12/13**

Public Safety #1

- Board identified #1 priority
- Critical Components:
 - Public Protection – Law Enforcement, Fire Protection & Emergency Services
 - Health & Sanitation – Public Health
 - Public Ways & Facilities – Roads, Buildings, Equipment & Infrastructure
- Requires adequate staffing & resources to do the job



ROAD BUDGET

KEY COMPONENTS

10/11 Year Budget - Roads

- Fund Balance (July 1 2010) = \$1,066,000*
- Revenues = \$1,056,000
- Expenditures = \$1,293,000
- Fund Balance (June 30 2011) = \$829,000
- Structural Deficit = \$237,000
- Declining Revenues – deficit will grow to ~ \$500,000/year

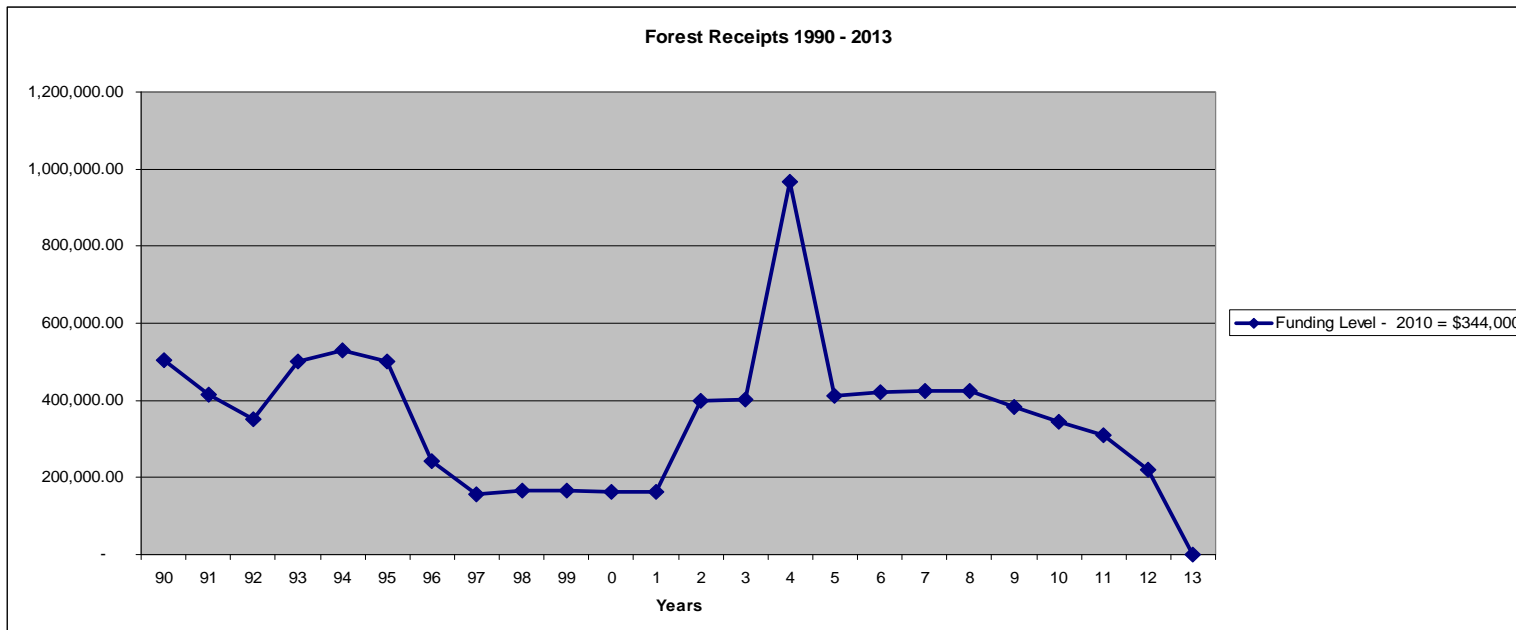
* “One time” revenue in 09/10 of approximately \$283,000 (Prop 1B final payments)

Roads – Primary Funding Sources

\$1,056,000 revenue in 10/11

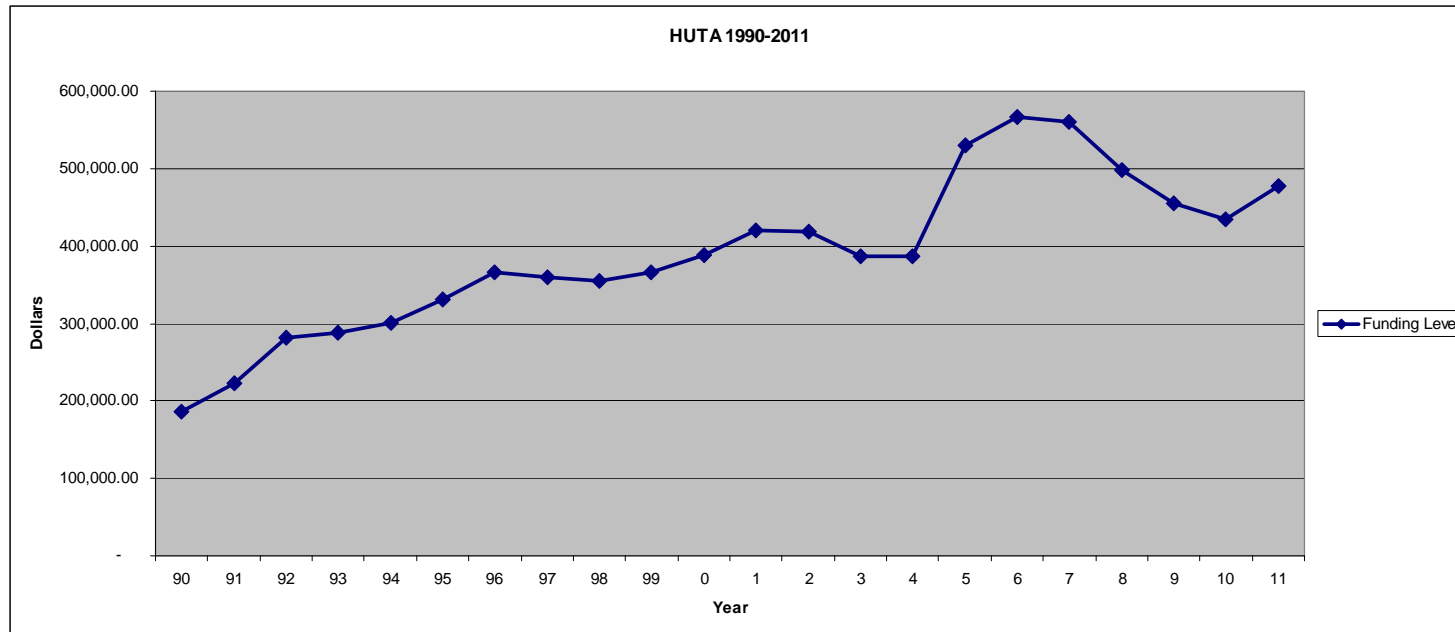
- 29% Federal (\$310,000)
 - Secure Rural Schools (“Forest Receipts”)
- 64% State of California (\$673,000)
 - Fuel tax “swap” with Prop 42 funding; formerly Highway Users Tax Account (HUTA = “gas tax”)
 - State Exchange (related to Federal transportation funding)
- 7% Miscellaneous (\$73,000)
 - Interdepartmental transfers
 - Other miscellaneous (interest income, rents, etc.)
- Local:
 - No local tax revenue in Road fund

Forest Receipts – 1990-2013



- Current FY \$310,000
- To Zero in FY 2012/2013
- Re-authorization, future funding levels ?????

Highway Users Tax – 1990-2011



- Current FY = \$477,000
- Legislative “deal” in 2010 – Fuel tax swap with Prop 42 funds
- Some future increase possible, but none assumed

Road Fund Expenditures 1990-2010

- Comparisons difficult due to structural changes in budgets over the years
- Variation 1990 to 2000
- Steady increase 2000-2007
 - \$1.18 million in fy 99/00
 - \$1.95 million fy 07/08
 - Factor in “one time” expenditures
- Reduced since 2007
 - \$1.3 million current year (10/11)

Road Fund

Expenditure Categories – 2010/2011

- Total Budget ~ \$1,300,000
- Salary & Benefits = \$622,000 (48%)
- Services & Supplies = \$671,000 (52%)
 - Equipment Charges = 150,000
 - Fuel = 70,000
 - Materials (sand, etc) = 50,000
 - Pavement Striping = 30,000
 - BV Snow Removal = 90,000
 - Road repair = 60,000
 - Utilities = 25,000
 - Insurance = 53,000
 - Administration (CD & Indirect) = 100,000
 - All other = 43,000

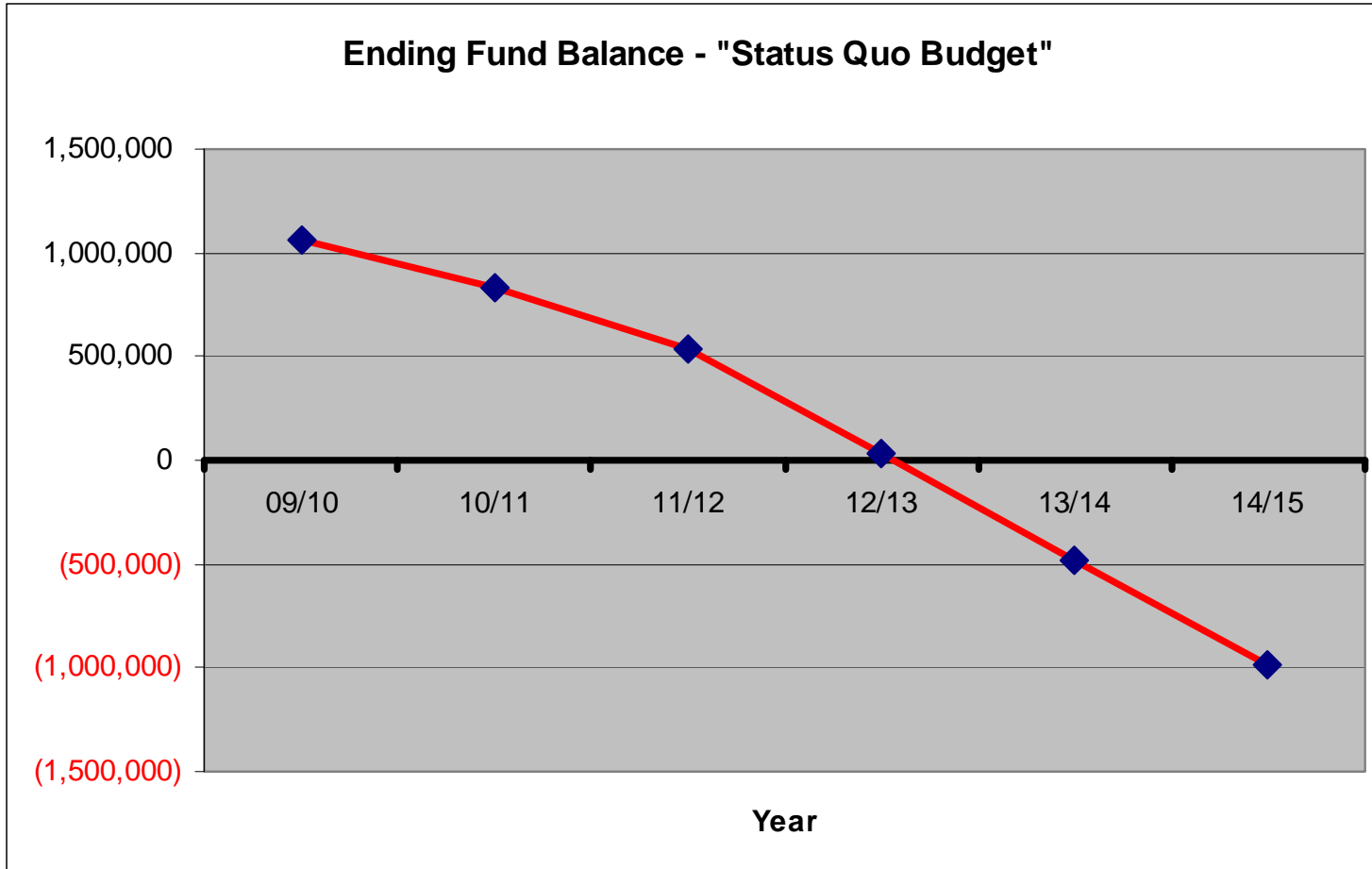
Staffing Levels

- Road Crew: 6.5 fte; reduced by 2.5 fte in 08/09
 - East Side: 5 full time, 1 seasonal (Nov-Apr)
 - Bear Valley: 1 full time
- Vehicle maintenance: 1 fte; reduced from 2 fte in 1990s
- 9.5 average staffing 1990-2010 (road crew + vehicle maintenance)
- Community Development/Public Works consolidation
- Administration = late 1990s staffing level of separate departments

Road Budget Outlook

	09/10	10/11	11/12	12/13	13/14	14/15
Beginning Balance	920,000	1,066,000	829,000	538,000	29,000	(480,000)
Revenues	1,439,000	1,056,000	959,000	741,000	741,000	741,000
Expenses	1,293,000	1,293,000	1,250,000	1,250,000	1,250,000	1,250,000
Annual Net	146,000	(237,000)	(291,000)	(509,000)	(509,000)	(509,000)
Ending Balance	1,066,000	829,000	538,000	29,000	(480,000)	(989,000)

Fund Balance Budget Trend





ROAD MAINTENANCE

KEY OPERATIONS &
CRITICAL NEEDS



Road Maintenance

- 130 miles in County-maintained system
- Winter: Snow removal (36 miles), guide posts, signs
- Spring: Drainage, snow removal, road openings
- Summer: Shoulder repair, culvert maintenance & repair, road grading, airport maintenance, Bear Valley maintenance
- Fall: Guide post markers, tree & brush removal, road grading
- All year: Rock removal, sign repair, emergency repairs (weather permitting), clean & maintain equipment

Snow Removal – Bear Valley

- Contracted
- Contract determines service level
- Cost shared between CSA & Road budgets
 - \$176,000/year total cost (60% CSA; 40% Road)
 - Road Share = \$70,000
 - Road also pays full cost of annual subdivision road opening ~ \$20,000
- County contribution to CSA
 - 15% of County property tax revenue in CSA area
 - \$215,000/year*

* County contribution to area/district budget, over and above revenue generated from area/district assessment

Snow Removal – East Side

- County road crew
- Two 3-person shifts in winter for snow removal, 20 hours/day coverage; standby for weekends & holidays
- Board policy establishes service level
- Federal & State funding, no local (“County”) contribution
- Estimated Cost = \$235,000/year

Snow Removal East Side Policy

- Board revised in 2006 and 2008
- Priorities established
 - 3" accumulation threshold
 - School bus routes & main arteries first, then neighborhoods
 - 36 miles receive snow removal
- No snow removal for
 - Driveway berms
 - New subdivision roads not accepted by County (Trail Dust, West Fork, Carson Ridge, others)
 - Private roads
 - Airport Road, Shay Creek area, Hung-A-Lel-Ti

Snow Removal - Kirkwood

- KMPUD, KMR and private HOAs
- County Contribution to KMPUD
 - 20% of County property tax revenue in KMPUD service area
 - \$730,000/year*
- Service level determined locally and by resort

*County contribution to area/district budget, over and above revenue generated from area/district assessment

Snow Removal

Cost to Road Budget (5 yr. average)

- Bear Valley:
 - \$176,000/year contract cost (60% CSA; 40% Road)
 - Road Share = \$90,000 (\$70K of contract cost, \$20K subdivision road opening)
- East Side:
 - \$235,000/year
 - \$6000/mile for season (includes direct & overhead costs)
- Kirkwood:
 - No Road fund cost, part of KMPUD budget
- Total cost to Road fund = \$325,000/year

Pavement Management

- Deteriorating Surface Conditions of Local Roads
 - Statewide Report – Alpine County = Poor condition
- County Pavement Management System
 - Local Evaluation Completed – 87% of road miles require more than routine maintenance, significant deterioration since 2000
- Reconstruction/significant overlays – capital project funding
 - Alpine/Emigrant project funded – State and “Stimulus 1”
 - Hot Springs Road bridge replacement – possible 100% funding through state bridge replacement fund
 - Future needs – Identified in Pavement Management System; possible state funding for capital construction, not certain



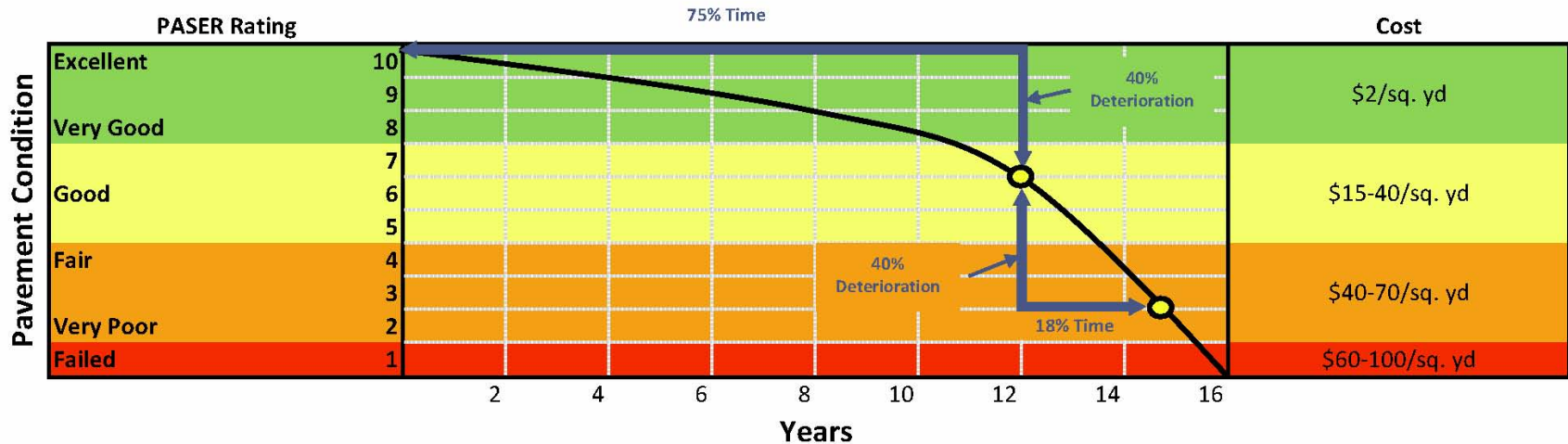
Pavement Management

Keep Good Roads Good

- Preventative maintenance =lower long term costs
- Take care of safety issues (potholes)
- Conserve maintenance dollars (no maintenance on very poor to failed roadways)

Pavement Management

PAVEMENT DETERIORATION CURVE



- Green-crack seals, slurry seals
- Yellow/orange-rehabilitation (overlay)
- Orange/red-reconstruction

Pavement Maintenance – Crack Sealing

- Slow further deterioration, avoid or delay need for total reconstruction
 - Prior years – contracted \$120K - \$150K/year; not funded past 2 years
 - Use County crews
 - Purchase new equipment - \$85,000 one time expenditure
 - Crack seal material ~ \$10,000/year
 - Potential to generate revenue if we contract with others



Road Maintenance Equipment

- Three large plow trucks – 1980 & 1988
- Loaders - 1979 & 1992
- Grader – 1982
- Snow blowers – 1983 & 1993
- Water truck – 1983
- Pick Ups – 1997, 2005, 2007
- Backhoes - 1979, 2001
- Dump Trucks 1985, 2008

Critical Needs

- Pavement Maintenance
 - Deteriorating Surface Conditions
 - Crack seal, slurry, overlay, shoulders, drainage
 - \$85,000 to purchase crack seal equipment, paid by ISF
 - \$10,000/year materials cost to Road fund
- Pavement Management – major capital needs not currently funded
- Heavy Equipment Replacement
 - Aging fleet
 - Possible lease purchase through CSAC, paid through ISF
 - \$40,000/year for 10 years (based on 2 pieces @ \$150,000 each)
- Diesel Emission Retrofits – State law
 - Researching potential exemption
- Staffing & resources to meet community service level expectations



SRATEGIES

SHORT & LONG TERM



Short Term Strategy

- Maintain road crew and vehicle maintenance staffing
- Add funding for priority critical needs
 - Plow truck replacement
 - Pavement maintenance
- 3 years until operating deficit depletes fund balance “roll over”
- Develop plan or strategy for addressing long term operational and budget needs



LONG TERM

- We need a plan
- Task force – engage community interests
- Examine & challenge service level
- Identify & evaluate service delivery options
- Identify & evaluate new revenue options
- Recommendations to Board of Supervisors
- 3 years to implement - before \$500K annual operating deficit occurs

Service Level

- Challenge the service level assumption & determine what is optimal for the community
- Safe Roads for the public
 - Winter – snow removal, emergency repairs
 - Modoc – snow removal M-F 8-5 only, other counties – overtime restricted
 - Other seasons – driving surface, striping, traffic safety signs, drainage



Service Delivery Options

- County road crew – 6.5 fte
- Seasonal options – already one position in Woodfords
- Privatization/Contract services – snow removal, other
- Estimate cost differences
- Evaluate changes in service level



Operational Cut Backs

- Administrative consolidation – 2008/2009
- Road crew staff reductions
- Deferred maintenance – no crack seal



Revenue Options

- Federal and State
- County General Fund
- Direct billing for services
- New fees, taxes or property assessment
- Evaluate expected potential revenue
- Evaluate reliability & feasibility



Federal Funds

- Secure Rural Schools Act (“Forest Receipts”) – since 2000, expires 2012/13
- Funding for rural schools and County road maintenance; forest health & watershed restoration projects (through RAC)
- Lobbying effort to re-authorize as part of 2012 Federal budget
- Uncertain future

State Funds

- “Gas tax swap” negotiated in Sacramento in 2010, stabilized former Highway User taxes (“gas tax”) revenues to local road departments - \$477,000/year
- State “exchange” funding – County takes state funds in lieu of federal transportation funds - \$196,000/year
- STIP funds – Tri County MOU II provides up to \$5 million in capital funding for Alpine County local roads
 - funds must be allocated by California Transportation Commission
 - next allocation not expected until after 2014
 - not for maintenance or operations

County General Fund

- \$9.4 million in FY 2010/2011
 - \$6.3 million revenue expected in 2010/2011 – 7% reduction due to property reassessment
 - \$3 million fund balance “roll over” from 2009/2010
 - \$2 million in reserves, contingencies
 - \$7.4 million in total expenditures
 - \$6.5 million in “discretionary” expenditures
- Discretionary funds most general county departments & services
 - County Administration, Assessor, Auditor, Clerk, Treasurer, Sheriff, DA, Library, Fire/EMS, Building maintenance, Museum, Planning, Probation, others
- Excludes most HHS and grant funded programs

County Service Area (CSA)

- Special District – geographic area
- Can fund public facilities and services
- Road maintenance qualifies
- Zones of Benefit (i.e. benefit assessment)
- Can be differential services/costs among zones
- Resolution of intent & public hearing – Board of Supervisors
- Engineering study to determine value of benefits
- Financing mechanism subject to voter approval
 - Special Tax – 2/3 registered voters
 - Property Assessment – majority of property owners, weighted vote



Permanent Road Divisions (PRD)

- Special District – geographic area
- Can have multiple divisions or can have zones of benefit within one division
- Can be differential services/costs among zones
- Formation process similar to CSA
- Financing mechanism subject to voter approval
 - Special Tax – 2/3 registered voters
 - Property Assessment – majority of property owners, weighted vote



Road Maintenance Districts (RMD)

- Can be formed when additional funds are necessary to properly maintain roads in subdivided areas of the county
- Funded through additional property taxes
- Subject to voter approval - 2/3 registered voters

THE BIG CHALLENGE

- \$500,000 annual operating deficit beginning in 12/13
- State & Federal funding - programs being reduced or eliminated; no long term guarantee
- The choice:
 - Reduce cost
 - Possible options – seasonal crew, contract snow removal (east side), other
 - Preliminary evaluation of contract snow removal → no significant cost saving
 - Increase funding
 - General Fund – impact on other county functions
 - New taxes/assessments – unpopular, voter approval required, no guarantee of outcome
 - Grants, other non county – County does not qualify for many, reduced availability, often “1-time”



DISCUSSION

Questions, Thoughts, Ideas,
Information for Next Workshop

Road Budget
Community Workshop #1
July 14, 2010, Markleeville

Summary of Discussion

Service Levels:

- Changing snow plow threshold from 3” to 5” accumulation (as an example) will not likely be a significant cost reduction – savings will be in equipment costs and fuel only, not personnel; road conditions will be significantly worse
- Snow removal critical – must keep ahead of the snow accumulation to avoid hazardous conditions and possible road closures if significant snow accumulation
- Other road maintenance work is equally important to snow removal
- County should focus on roads that serve local residents as opposed to forest roads; may need to significantly reduce or eliminate maintenance on forest roads
- What is County liability if snow removal is cut back or eliminated on some roads

Funding:

- State funding for local road maintenance is tied to miles of road being maintained, eliminating maintenance on forest roads reduces total miles maintained and will reduce state funding, this may be detrimental
- Seek change in state requirements to allow STIP (State Transportation Improvement Program) funding to be used for maintenance operations
- Local taxes to make up entire \$500K annual deficit will be too high
- Consider TOT (lodging tax) for all campgrounds
- Skier tax (lift ticket taxes) – may not have direct connection to road maintenance, but could be used to off set general fund expenditures for other services – sheriff, fire, emergency medical services
- Business license fees – change from flat rate to gross receipts or some other graduated basis
- STPUD funding – renegotiate contract with STPUD to raise annual payment, consider use of interest on fund balance to fund road maintenance
- Loss of federal funding a result of significant restrictions and reductions in resource based industries – logging, mining, grazing; federal government should recognize its obligation to replace this revenue in rural communities
- Lobbying efforts to re-authorize Secure Rural Schools funding – work with Lisa Fontana at school district
- Do we have a deficit problem if Secure Rural School funding is re-authorized
- Sell surplus county-owned lands

Other:

- Invite congressional representative staffers to next meeting to witness county situation and struggle first hand