

Memorandum Date: April 20, 2009
Meeting Date: May 6, 2009

TO: Board of County Commissioners
DEPARTMENT: Public Works
PRESENTED BY: Celia Barry, Transportation Planning
AGENDA ITEM TITLE: PUBLIC HEARING AND ORDER/IN THE MATTER OF ADOPTING THE PUBLIC WORKS FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEAR 2009/2010 - FISCAL YEAR 2013/2014

I. **MOTION**

Move approval.

II. **AGENDA ITEM SUMMARY**

This item is a public hearing for the annual update of the Public Works five-year Capital Improvement Program (CIP). Action is requested today in preparation for County budget adoption in June 2009; however, the Board can act at a later work session provided action is taken 30 days prior to County budget adoption.

This updated CIP contains capital expenditures from the Road Fund for county roads and participation in other agency projects. It allocates road funds for capital improvement projects, pavement preservation, bridge rehabilitation, safety improvement, and payments to other agencies.

III. **BACKGROUND/IMPLICATIONS OF ACTION**

A. **Board Action and Other History**

Roads Advisory Committee (RAC)

At their January 2009 meeting, the RAC approved release of the Draft CIP 10-14. The released document was posted on the Transportation Planning web site for public review and comment. The RAC held a public hearing on February 25, 2009. In consideration of testimony and comments by the RAC, staff adjusted the CIP and the committee considered an updated draft at their March 25, 2009 meeting. Attachment B contains the associated RAC meeting minutes. The committee recommended approval of the updated Draft CIP 10-14 that is Exhibit A to the attached Order.

Senate Bill (SB) 994

During last year's CIP adoption, the Board was informed about anticipated revenue from Senate Bill 994. The 2007 Legislature passed SB 994, Sections 15 to 17, to provide short-term budgetary relief to Oregon counties at a percentage based upon anticipated loss of federal Secure Rural Schools funding (Attachment C). Under the bill's provisions, a one-time payment of \$9.9 million by the Oregon Department of Transportation to Lane County is required to be used for improvement of existing county roads. The bill also requires the Association of Oregon Counties (AOC) to report to the Joint Committee on Ways and Means, identifying projects funded by the bill. Attachment C.1 is the report from Lane County Public Works.

The monies received through SB 994 will be scheduled for expenditure over two fiscal years. The money is expected to be spent by 2010.

American Recovery and Reinvestment Act of 2009 (ARRA)

The 111th Congress enacted the ARRA to invest in transportation, environmental protection, and infrastructure that will provide immediate jobs and economic benefit. Board Order No 09-1-28-18 approved a list of projects in priority order for funding through ARRA (Attachment D). On March 4, 2009, the Board held a public hearing to provide an opportunity for testimony on the list of project priorities for ARRA as adopted on January 28, 2009. This one-time federal economic stimulus package provided the County \$1,264,000 for the Metro area and \$1,700,000 for the county as a whole.

The entire \$2.964 million received under this bill is allocated for pavement preservation works in FY 2010 of this CIP update cycle.

Secure Rural Schools and Community Self-Determination Act of 2000 (SRS)

The SRS lapsed in 2006, then was extended one more year in 2007. In October 2008, legislation reauthorized the SRS bill for another four years with a modified payment plan. According to the incrementally reduced annual payment plan, Lane and other counties will receive funding at 90% in FY 2008/2009, 80% in FY 2009/2010, and at 70% in the final year of the FY 2000 distribution formula. The SRS funding source, which constitutes about one-half of County Road Funds, is uncertain beyond Fiscal Year 2011. The Draft CIP 10-14 has taken into consideration the diminishing revenue forecast from the SRS.

Public Comment

Verbal and written testimony on the Draft CIP 10-14 was received at the February 25, 2009 hearing and via mail. All public comments were requests for a roadway safety project to install guardrail on Jasper-Lowell Road. Due to ARRA funding, the Draft CIP 10-14 was able to accommodate this request with SB 994 funding. Attachment E is a copy of the written testimony. The minutes for February 25 in Attachment B provide a record of verbal testimony at the RAC hearing.

B. Policy Issues

The Lane County Transportation System Plan, Goal 24 provides guidelines on Road Fund uses: *Use the County Road Fund effectively by following the priorities established in the 1991 Road Fund Financial Plan (updated 1995)*. According to this policy, maintenance, and preservation of the County Roads and Bridges and providing a safe roadside environment, are the first priorities (Core Programs). Modernization and improvement of County Roads is the next tier of priority (Enhanced Program).

Lane Manual 15.575 states that draft plans are to be reviewed by the Roads Advisory Committee. A public hearing may be conducted by the Roads Advisory Committee.

C. Board Goals

The Board is being asked to allocate Road Fund financial resources through the Capital Improvement Program (CIP). Two goals from the Strategic Plan, page 13, are relevant:

- *Contribute to appropriate community development in the areas of transportation and*

telecommunications infrastructure, housing, growth management, and land development.

- *Protect the public's assets by maintaining, replacing or upgrading the County's investments in systems and capital infrastructure.*

D. Financial and/or Resource Considerations

The Draft CIP 10-14 totals \$26.1 million in County Road Fund expenditures and leverages external funding. The external funding includes about \$1.9 million from federal grant assistance, \$2.9 million from ARRA, and a portion of the \$9.9 million in SB 994 monies allocated for the second year of the two-year expense plan (about \$4.3 million). The remainder of capital expenses is coming from the Road Fund. Currently, the Road Fund includes revenues from timber receipts and state highway gas tax and other user fees.

E. Analysis

The 5-year CIP totalling \$26.1 million in Road Funds envisions completing prior committed modernization and reconstruction projects during the first year of the five-year CIP. The next four years of the CIP period do not have any projects other than maintenance. Continued projects are committed regional projects, such as the I-5/Coburg Interchange, or those with highly leveraged funding from other sources. The Draft CIP 10-14 includes \$1 million toward a required federal match to the \$9 million earmark for the I-5/Coburg Interchange project, also expected to go to construction in FY 2010.

The historic financial trend is detailed in the CIP document, page 16 of Exhibit A to the Order.

ARRA and SB 994 funding helped fund the County's pavement preservation program for Fiscal Year 2009 and Fiscal Year 2010. Attachment C shows SB 994 funding and Attachment D shows ARRA-funded projects.

The Draft CIP is prepared with citizen input. The Roads Advisory Committee held a public hearing and testimony provided resulted in a revision to include a safety improvement project on Jasper-Lowell Road, made possible because of ARRA 2009 funding. The Board's public hearing will provide another opportunity to take public testimony.

While staff will continue to pursue opportunities for potential new revenue sources, the recommended Draft CIP 10-14 emphasizes road and bridge preservation based upon available financial information about the next five years. This is in keeping with the Board's priorities as adopted in the County Transportation System Plan, and is a rational and responsible approach to the County's uncertain financial circumstances. In the future, there is a real possibility that not only general construction, but routine maintenance work, will need to be curtailed.

IV. Alternatives/Options

1. Adopt the Draft CIP 10-14 as recommended by staff and the Roads Advisory Committee.
2. Adopt the Draft CIP 10-14 with amendments.

V. TIMING/IMPLEMENTATION

Oregon budget law requires adoption of the CIP at least 30 days prior to adoption of the County budget. The County Budget is planned for adoption on June 24, 2009. The Board needs to take action on the CIP at least 30 days prior to this date. The Board may amend the CIP at any time during the next fiscal year as needed to respond to new budget information or revenue possibilities.

VI. RECOMMENDATION

Option 1, or request additional information to adopt the CIP no later than May 20, 2009.

VII. FOLLOW-UP

No follow up is anticipated at this time.

ATTACHMENTS

- A. Board Order and Exhibit A, CIP
- B. RAC minutes for January, February, and March 2009
- C. Senate Bill 994
- C.1. SB 994 Project List sent to Association of Oregon Counties
- D. Board Order 09-1-28-18 prioritizing ARRA 2009 funding
- E. Written Testimony Submitted for RAC February 2009 Public Hearing