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04-5-19-5

AGENDA COVER MEMO

DATE: May 19, 2004

TO: Lane County Board of Commissioners

DEPT: Public Works

PRESENTED BY: Oliver Snowden, Public Works Director

AGENDA ITEM TITLE: In The Matter of Transferring Lane County's Road Maintenance and Preservation Allocation from the 2003 Oregon Transportation Investment Act III to the County's Cities for up to Three Years

I. MOTION

Adopt Order transferring Lane County's Road Maintenance and Preservation Allocation from the 2003 Oregon Transportation Investment Act III to the County's Cities for up to three years.

II. ISSUE OR PROBLEM

Should the Board share its road maintenance and preservation funds from the 2003 Oregon Transportation Investment Act III (OTIA III) by transferring these funds to the County's cities for up to three years?

III. DISCUSSION

A. Background

In 2003, the Oregon Legislature passed legislation commonly referred to as OTIA III. Although the majority of the \$2.5 billion generated by this Act is dedicated to bridge repair and replacement, funding is available for other purposes, including \$361 million for county and city road maintenance and preservation – approximately \$17.5 million per year for counties and \$18.6 million per year for cities.

Because the fee increases that create the additional revenue occurred on January 1, 2004, the first year's maintenance and preservation payment to local governments will be less than in subsequent years. We estimate that for FY03-04, Lane County will receive about \$600,000 in new revenues for maintenance and preservation. In subsequent years, we estimate Lane County will receive about \$1,400,000 per year. These estimates are based on ODOT forecasts.

The actual amount that the County will receive in any given year could be more or less than the above amounts.

At its April 28, 2004 road finance meeting with representatives of Lane County's cities, the Board offered to pass through its OTIA III maintenance and preservation allocation for three years, or until reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 (County Payments) is resolved, whichever comes first. Acceptance of the OTIA III pass-through was conditioned on the cities' willingness to participate with the County in an independent audit of road maintenance operations to evaluate opportunities for efficiencies and consolidation.

B. Analysis

Prior to the April 28th meeting, city representatives expressed their support for an OTIA III distribution formula slightly different from that used for the County/City Road Partnership (CCRP). The OTIA III pass-through formula includes a base payment proportional to that used in the CCRP, and distribution of the remainder of the funds based on an average of the respective city's population and road miles to the total population and road miles within all cities in Lane County. The population estimates are those used by ODT for distribution of State Highway funds to cities. The road miles come from the annual mileage report prepared by ODOT.

Table 1 illustrates the approximate distribution for FY03-04. Table 2 illustrates the approximate distribution for FY04-05. The FY05-06 would be similar to Table 2. The actual distributions will reflect the actual OTIA III revenue received by Lane County and updates to population and road miles made by ODOT. The County will make semi-annual distributions to the cities – one in January for the first six months of the fiscal year and one in July for the last six months of the previous fiscal year.

At the April 28th meeting, the cities present indicated a willingness to participate in the road maintenance audit, assuming that the County will pay for the consultant. Consequently, we recommend that the OTIA III pass-through be approved for three years, or until reauthorization of the County Payments legislation is resolved, whichever comes first, at a total payment of approximately \$600,000 for the first year, and approximately \$1,400,000 for the second and third years – based on the distribution formula shown in the tables.

C. Alternatives/Options

1. Authorize OTIA III pass-through agreements for three years, or until reauthorization of the County Payments legislation is resolved, whichever comes first, at an annual amount of approximately \$600,000 for FY03-04 and approximately \$1,400,000 per year for the subsequent two fiscal years.
2. Do not authorize OTIA III agreements.

D. Recommendations

Option 1.

IV. IMPLEMENTATION/FOLLOW-UP

Upon approval by the Board, agreements will be provided to each city for execution.

At the April 28th meeting, there was some discussion about developing a different distribution formula. If the Board wishes to pursue different formulas, we welcome any direction the Board would like to provide. Otherwise, we will follow the formula illustrated in the attached tables

V. ATTACHMENTS

Table 1 and Table 2 – OTIA III Pass Through Payments

Table 1**FY 03-04 OTIA III Pass Through \$600,000 Payment**

FY 03-04 CCRP \$2,500,000 distributed in Nov - Dec 2003 by road miles

City	OTIA III Pass-through			Combined CCRP & OTIA Payments		
	Base Payment	Av. Payment By Miles/Pop	Total OTIA III	FY03-04 CCRP (2001 miles)	FY 03-04 Total	Percent of Total
Coburg	\$7,800	\$4,414.99	\$12,214.99	\$62,267.32	\$74,482.31	2.4%
Cottage Grove	\$7,800	\$21,278.27	\$29,078.27	\$130,833.86	\$159,912.13	5.2%
Creswell	\$7,800	\$8,724.75	\$16,524.75	\$72,012.34	\$88,537.09	2.9%
Dunes City	\$7,800	\$5,190.37	\$12,990.37	\$65,734.30	\$78,724.67	2.5%
Eugene	\$7,800	\$298,999.56	\$306,799.56	\$1,208,923.78	\$1,515,723.34	48.9%
Florence	\$7,800	\$18,809.01	\$26,609.01	\$120,737.45	\$147,346.46	4.8%
Junction City	\$7,800	\$11,320.26	\$19,120.26	\$84,708.98	\$103,829.25	3.3%
Lowell	\$7,800	\$2,287.00	\$10,087.00	\$45,986.58	\$56,073.58	1.8%
Oakridge	\$7,800	\$8,999.05	\$16,799.05	\$80,281.56	\$97,080.61	3.1%
Springfield	\$7,800	\$116,293.13	\$124,093.13	\$504,447.70	\$628,540.83	20.3%
Veneta	\$7,800	\$9,748.17	\$17,548.17	\$89,066.13	\$106,614.30	3.4%
Westfir	\$7,800	\$335.44	\$8,135.44	\$35,000.00	\$43,135.44	1.4%
TOTAL	\$93,600	\$506,400.00	\$600,000.00	\$2,500,000.00	\$3,100,000.00	100.0%

Table 2**FY 04-05 OTIA III Pass Through \$1,400,000 Payment**

FY 04-05 CCRP \$2,500,000 by Road Miles

City	OTIA III Pass-through			Combined CCRP & OTIA III Payments		
	Base Payment	Av. Payment By Miles/Pop	Total OTIA III Payment	FY04-05 CCRP (2002 miles)	FY 04-05 Total	Percent of Total
Coburg	\$19,600	\$10,024.91	\$29,624.91	\$62,065.53	\$91,690.44	2.4%
Cottage Grove	\$19,600	\$48,748.28	\$68,348.28	\$130,380.42	\$198,728.70	5.1%
Creswell	\$19,600	\$20,405.30	\$40,005.30	\$73,249.83	\$113,255.13	2.9%
Dunes City	\$19,600	\$11,798.95	\$31,398.95	\$65,506.85	\$96,905.80	2.5%
Eugene	\$19,600	\$686,825.68	\$706,425.68	\$1,204,072.82	\$1,910,498.50	49.0%
Florence	\$19,600	\$43,017.54	\$62,617.54	\$120,102.96	\$182,720.49	4.7%
Junction City	\$19,600	\$26,111.28	\$45,711.28	\$85,061.93	\$130,773.21	3.4%
Lowell	\$19,600	\$5,224.83	\$24,824.83	\$45,905.27	\$70,730.10	1.8%
Oakridge	\$19,600	\$20,538.22	\$40,138.22	\$79,946.45	\$120,084.67	3.1%
Springfield	\$19,600	\$268,500.30	\$288,100.30	\$507,809.71	\$795,910.01	20.4%
Veneta	\$19,600	\$22,822.02	\$42,422.02	\$90,898.23	\$133,320.25	3.4%
Westfir	\$19,600	\$782.70	\$20,382.70	\$35,000.00	\$55,382.70	1.4%
TOTAL	\$235,200	\$1,164,800.00	\$1,400,000.00	\$2,500,000.00	\$3,900,000.00	100.0%

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

)IN THE MATTER OF TRANSFERRING LANE COUNTY'S
)ROAD MAINTENANCE AND PRESERVATION
)ALLOCATION FROM THE 2003 OREGON
)TRANSPORTATION INVESTMENT ACT III TO THE
)COUNTY'S CITIES FOR UP TO THREE YEARS AND
)AUTHORIZING THE COUNTY ADMINISTRATOR TO
)EXECUTE THE AGREEMENTS

WHEREAS, 2003 Oregon Transportation Investment Act III (OTIA III) created additional funding for county and city road maintenance and preservation; and

WHEREAS, Lane County expects to receive approximately \$600,000 in OTIA III maintenance and preservation funding in FY03-04, and approximately \$1,400,000 in FY04-05 and FY05-06; and

WHEREAS, reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 is critical to the continued vitality of the County Road Fund and the County's ability to fund future Road Partnership agreements; and

WHEREAS, reauthorization of the Act should be resolved by FY05-06; and

WHEREAS, the OTIA III maintenance and preservation funding is new money, not yet programmed by the Board of County Commissioners and the Board has expressed a willingness to pass this money through to its cities; and

WHEREAS, the Board has conditioned this pass through on the cities' willingness to participate in an independent audit of road maintenance services; and


WHEREAS, city representatives, at the April 28th, 2004 road finance meeting with the Board, indicated a willingness to provide non-financial participation in such a study; and

WHEREAS, the OTIA III pass through is in the public interest and will benefit County residents;
NOW THEREFORE, IT IS HEREBY

ORDERED that agreements be prepared authorizing transfer of the County's OTIA III road maintenance and preservation funding to the cities in Lane County for three years (FY03-04, FY04-05 and FY05-06) or until reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 is resolved, whichever comes first, and that the County Administrator be authorized to execute the agreements.

DATED this _____ day of May, 2004.

Bobby Green, Sr.
Chair, Lane County Board of Commissioners

APPROVED AS TO FORM
Date <u>5-10-04</u> lane county

OFFICE OF LEGAL COUNSEL