

July 20, 2016

To: Fresno COG Policy Board

From: Tony Boren, Executive Director
Fresno Council of Governments

SUBJECT: Discussion/Direction on Local Street/ Road Rehabilitation and Maintenance
Funding Crisis

Summary: As has been discussed repeatedly over the last number of years here at Fresno COG, California's local streets and roads are facing a major and potentially catastrophic funding crisis. The cold hard reality is that transportation infrastructure funding needs far outpace available revenues at all levels of government whether it be local, state or the federal level. This is not a California only problem-it is a national crisis. At the federal level, the Highway Trust fund faces ongoing insolvency issues. Federal gasoline taxes have not kept pace with inflation and rising construction costs. Nor has the system for charging road users been updated to account for alternative fuels and increasing fuel efficiency. Aging infrastructure, rising construction costs, and new regulatory requirements all contribute to the shortfall. Additional factors such as heavier vehicles, increasing traffic, and the need to accommodate alternative modes of transportation such as buses, bicyclists and pedestrians place increased demands on the transportation infrastructure as well. Make no mistake about it, the local street and road system holds California's entire transportation network together. From the moment we open our front door and drive to work, bike to school, or walk to the bus stop, people are dependent upon safe reliable local streets and roads. Police, fire and emergency medical services all need safe reliable roads to react quickly to calls. A few minutes delay can be a matter of life and death. Every trip-by car, bus, bicycle or on foot begins and ends on a local street. A properly functioning, well maintained local street/road system is critical for the safety and mobility of the traveling public, emergency responders, law enforcement, farm to market needs, commerce, and multimodal needs such as bicycles and buses. Preserving and maintaining our local street and road network provides a two-fold opportunity for economic recovery. It does this by providing opportunity for well-paying public and private sector construction jobs which boost the local economy. In addition, the process of modernizing local streets and roads results in attracting business investment by providing for the safe and efficient movement of people and goods.

From a rural perspective, Fresno County's 3,600 mile road network provides the backbone for moving Fresno County's \$6 billion in agricultural goods from "farm to market". In addition, a large percentage of Fresno County's rural residents work in the Fresno-Clovis Metropolitan Area and rely on the county road network for a safe commute. As

transportation funding resources continue to decline, so will Fresno County's ability to maintain and preserve its existing road system. In addition, depending upon the nature of the repair and when a repair is eventually addressed, it will cost much, much more to repair the street/road as compared to the cost of preventative maintenance. It cannot be overstated enough that **delaying street/road infrastructure repairs only increases the cost of those repairs.**

In California, there is a significant focus on climate change and building sustainable communities, yet sustainable communities cannot function without a well maintained local street and road system. As a practical matter, investing in preventative maintenance and repair on our local streets and roads will benefit the environment later as proper maintenance reduces drive time and traffic congestion, improves bicycle safety, and makes the pedestrian experience safer and more appealing-all of which lead to reduced vehicle fuel emissions. Going further, cars and trucks sustain less damage and use less fuel on well-maintained streets, while restoring roads before they fail also reduces future construction costs.

In order to address this crisis and develop a comprehensive understanding of California's local street and road maintenance needs, in 2008 a statewide coalition consisting of the League of California Cities, California State Association of Counties (CSAC), Regional Transportation Planning Agencies (RTPAs), California Rural Counties Task Force and the County Engineers Association of California, began coordinating a biennial needs assessment to determine the local transportation network's condition and funding needs. The assessment captures more than 98% of local streets and roads in California, with 92% of the data coming from pavement management systems. On the Pavement Condition Index (PCI) which ranks roadway pavement conditions on a scale of zero (failed) to 100 (excellent), the statewide average for local streets and roads is 66, equating to an "at-risk" rating. **If pavement maintenance and rehabilitation needs are not met in the coming years, the PCI index is anticipated to drop to 53 in ten years.** Survey questions in the assessment included: What are the pavement conditions of local streets and roads? What will it cost to repair your local streets and roads? How large is the funding shortfall? What are the solutions? The ultimate goal of the survey is to use the results to educate policy makers at all levels of government about the evolving crisis associated with our aging and decaying transportation infrastructure.

On a statewide level, the results of the survey show that **over the next ten years there is a funding shortfall of nearly \$78 billion to repair and maintain our local streets and roads. Going further, in 10 years, under existing funding levels, it is anticipated that nearly 25% of the streets and roads in California will be in a "failed" condition.** Recent statewide needs assessment research shows that more than **twice the current funding levels are needed just to maintain "current" pavement conditions.** This funding shortfall has tremendous implications for cities and counties because 81% of all streets and roads are owned and operated by cities (44%) and counties (37%).

At a statewide level, a coalition of industry, labor, business and governmental associations and organizations have been engaged over the course of the last year in an effort to address the serious deterioration of our state and local roads and mass transit systems by

urging Governor Brown and the Legislature to agree upon a plan that would more efficiently use existing transportation revenues. In response to this crisis, Governor Brown has included a plan in his proposed 2015/16 state budget, and comprehensive transportation legislation has been introduced by both Senator Jim Beall (Chair-Senate Transportation Committee) and Assembly Member Jim Frazier (Chair-Assembly Transportation Committee) to address the problem. In addition, several Republican legislators have proposed a variety of reforms designed to improve state and local transportation processes. While on the surface this appears encouraging, conventional political wisdom states that given 2016 is an election year, it is most likely the state legislature will be unable to reach the necessary consensus on a bi-partisan solution this year. Going further, in the event the State of California does eventually craft a solution to the state's transportation funding crisis, it is likely to be woefully short of generating the revenues needed to address the overwhelming backlog of street/road maintenance and rehabilitation needs that currently exist at the city and county level and will continue to grow in the future. A summary spreadsheet (Exhibit A) that compares the three pending pieces of state legislation (Governor's, Democrats and the Republicans) is provided as an attachment to this memorandum.

A Potential “Self-Help” Solution to Fresno County’s Street/Road Maintenance and Rehabilitation Problem

In 1986, Fresno County voters approved the very first Measure “C” sales tax measure. The original Measure “C” was a twenty- year ½ cent sales tax measure with the revenues (\$700 mil.) dedicated solely to transportation purposes, with a specific focus on freeways and streets/roads. Building on the perceived success- *“Promises Made, Promises Kept”* of the first sales tax measure, in 2006 Fresno COG and the FCTA once again joined with transportation stakeholders in an effort to reauthorize Measure “C” for an additional twenty years. The centerpiece of the reauthorization effort was a multi-modal Expenditure Plan that allocated an anticipated \$1.7 billion in transportation revenues for the years 2007-2027. When placed on the ballot in November of 2006, Fresno County voters overwhelmingly supported the reauthorization of Measure “C” with slightly over 78% support.

Based on the strong support voters have shown Measure “C” over the last thirty years, and the excellent reputation and track record that Measure “C” currently holds, it is safe to say that Fresno County voters have historically supported the use of a sales tax measure to fund transportation needs, provided the projects being funded meet the **“priorities”** as identified by voters. With that in mind, Fresno COG staff is proposing the Fresno COG Policy Board authorize the Executive Director to begin community outreach efforts, including hiring a polling consultant, in an effort to determine if there is community support for an additional sales tax to fund “only” street and road rehabilitation/maintenance needs throughout Fresno County and its incorporated cities.

To be clear, in the event that over the course of the next year, Sacramento legislators come forward with comprehensive transportation legislation that provides adequate funding for local street/road maintenance and rehabilitation needs, Fresno COG staff will come back to the Policy Board to determine if there is still a need or a desire to move forward with our

own local sales tax measure to address the backlog of street/road maintenance and rehabilitation needs that exist within the Fresno County region.

Sales Tax Projections

In keeping with historical practice established by the original Measure “C”, a weighted formula was developed by Fresno COG/FCTA to allocate street/road funding. This formula is weighted based on population (75%) and percentage of road miles (25%). The purpose of the weighted formula is to “level the playing field” for the County of Fresno which has approximately 18% of the population, but has almost 58% of the maintained road miles in the region. The spreadsheet below identifies the amount of funding that each member agency could generally anticipate on an annual basis (using the most recent sales tax numbers), keeping in mind that the amount might fluctuate given the state of the economy.

**Measure “C” Sales Tax Projections
 Street/Road Maintenance and Rehabilitation Program**

<i>Jurisdiction</i>	Population		Road Mileage		Funding %	1/2 Cent Sales Tax Estimates		
	<i>Total</i>	<i>% of County</i>	<i>Miles</i>	<i>% of Total</i>		<i>Annually</i>	<i>10 Years</i>	<i>20 Years</i>
City of Clovis	108,039	10.97%	325.59	5.38%	9.57%	\$6,914,167	\$69,141,666	\$138,283,333
City of Coalinga	16,667	1.69%	38.78	0.64%	1.43%	\$1,032,505	\$10,325,053	\$20,650,107
City of Firebaugh	8,154	0.83%	21.82	0.36%	0.71%	\$513,623	\$5,136,228	\$10,272,456
City of Fowler	5,944	0.60%	34.86	0.58%	0.60%	\$430,924	\$4,309,237	\$8,618,473
City of Fresno	520,453	52.86%	1,674.86	27.66%	46.56%	\$33,624,643	\$336,246,425	\$672,492,851
City of Huron	6,914	0.70%	14.02	0.23%	0.58%	\$422,153	\$4,221,529	\$8,443,057
City of Kerman	14,366	1.46%	43.52	0.72%	1.27%	\$920,054	\$9,200,544	\$18,401,088
City of Kingsburg	12,101	1.23%	45.70	0.75%	1.11%	\$801,952	\$8,019,515	\$16,039,030
City of Mendota	11,763	1.19%	52.66	0.87%	1.11%	\$804,108	\$8,041,080	\$16,082,160
City of Orange Cove	9,220	0.94%	23.84	0.39%	0.80%	\$578,288	\$5,782,881	\$11,565,763
City of Parlier	15,395	1.56%	27.77	0.46%	1.29%	\$929,705	\$9,297,047	\$18,594,093
City of Reedley	25,999	2.64%	65.27	1.08%	2.25%	\$1,624,856	\$16,248,556	\$32,497,111
City of San Joaquin	4,047	0.41%	20.86	0.34%	0.39%	\$284,826	\$2,848,261	\$5,696,521
City of Sanger	26,024	2.64%	66.93	1.11%	2.26%	\$1,631,180	\$16,311,800	\$32,623,600
City of Selma	24,844	2.52%	91.14	1.51%	2.27%	\$1,638,446	\$16,384,456	\$32,768,912
Unincorporated Area	174,611	17.74%	3,507.87	57.93%	27.78%	\$20,064,104	\$200,641,042	\$401,282,084
Total	984,541	100.00%	6,055.49	100.00%	100.00%	\$72,215,532	\$722,155,320	\$1,444,310,640

Notes:

Population estimates provide by the 2015 Dept. of Finance
 Road mileage data provided by 2013 Caltrans data
 Funding percentage equated at (0.75 X Population % + 0.25 X Road Mile %)

Next Steps- In the event the Fresno COG Policy Board supports the concept of putting a sales tax measure for street/road maintenance and rehabilitation on the ballot, the next step in the process would be to take the concept to the Fresno County Transportation Authority (FCTA) for their support and concurrence. Assuming the FCTA was supportive, educational outreach to each of Fresno COG’s member agency City Councils would begin in an effort to educate and gauge community support. In conjunction with this process,

staff would also begin to meet with various transportation stakeholders in the community. These stakeholders would include, but are not limited to the Fresno Chamber of Commerce, the Fresno County Farm Bureau, the Building Industry Association (BIA), Fresno County Economic Development Corporation (EDC), League of Women Voters, Fresno Bee Editorial Board, etc. The purpose of the outreach would be to educate the stakeholders on the existence of the transportation funding crisis, the short/long term impacts on our transportation infrastructure and our regional economy by not addressing the problem, and highlighting the importance and benefits of having a well-functioning street and road system in Fresno County. In conjunction with the community outreach, staff would also recommend hiring a public opinion consultant to conduct a voter survey to determine if there is the necessary community support for such an endeavor. In the event that both the Fresno COG and FCTA Boards support the concept, and community outreach and polling shows that there is the requisite 2/3rds support for the ballot measure, Fresno COG/FCTA would then move forward to the Fresno County Board of Supervisors who would be required to take a vote of support in order to place the sales tax measure on the ballot for potential voter approval in either 2017 or 2018..

Action: Authorize Fresno COG Executive Director to begin outreach efforts to various transportation stakeholders and community leaders with regards to the concept of utilizing a countywide sales tax measure to fund our local street/road maintenance and rehabilitation needs. In the event, that the initial community outreach shows that there is a strong likelihood of community support above the required 2/3rds threshold necessary for passage, Fresno COG would then move forward with hiring a polling consultant to gauge voter interest and potential support .