



County of Monterey

Item No.27

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 24-109

June 11, 2024

Introduced: 5/24/2024

Current Status: Public Works, Facilities &
Parks - Consent

Version: 1

Matter Type: BoS Resolution

Consider adoption of a resolution to approve and adopt the Local Road Rehabilitation Program v2.0 Policy for inclusion in the Board Policy Manual.

RECOMMENDATION:

It is recommended the Board of Supervisors to approve and adopt the Local Road Rehabilitation Program v2.0 Policy for inclusion in the Board Policy Manual.

SUMMARY:

This policy will provide information and procedures to be followed in managing the Local Road Rehabilitation Pilot Program (Program) approved by the Board of Supervisors on January 30, 2024. Per the next steps stated at the January 30, 2024 Board Meeting, staff has prepared and is bringing forth this policy for approval. This policy is to be reviewed consistently with, and interpreted in general conformance with, the definitions and procedures contained in the January 30, 2024 Board Report (Attachment B), and the associated “10 Year Local Road Rehabilitation Program” Summary Report prepared by Harris & Associates dated September 16, 2022. The “Initial 10 Year Road Repair Plan” set forth in Table 6 therein is to be a guide for Program investments.

DISCUSSION:

The County Administrative Office (CAO) and the Public Works, Facilities, and Parks Department (PWFP) received Board Referral 2020.12 on March 3, 2020, to consider funding options to increase the Pavement Condition Index of County roads to at least a “Fair” standard over the next ten years. Upon receiving the Board Referral, staff began researching options and consulted with the County’s municipal financial advisor to identify funding/financing strategies within the context of the Road Fund existing revenue sources.

Staff and the advisors reviewed possible financing tools that the Board had mentioned and also performed extensive research and analysis of potential financing options and security structures to possibly leverage existing Road Fund revenues. Based on this collective research and evaluation, the primary financing options available were: 1) Revenue Bonds, non-General Fund backed; 2) Certificates of Participation (COPs), General Fund backed - but with debt service/repayment covered by the Road Fund (specifically, Measure X revenue proceeds); and 3) A ‘pay as you go’ (PAYGo) program (rather than debt financed) with the dedicated funding source being the Road Fund’s share of the County Transient Occupancy Tax (TOT).

After substantial internal discussions, as well as with the County Administrative Office and both the County's Debt Advisory (DAC) and Budget (BC) Committees, staff in PWWP recommended a financing option for Board consideration which does not involve bond issuance or debt financing. The financing approach using bond issuance was called the Local Road Rehabilitation Program v1.0, while the financing approach using PAYGo was called the Local Road Rehabilitation Program v2.0.

On January 30, 2024, the Board considered the options and directed that a 'PAYGo' program be utilized beginning in Fiscal Year (FY) 2024-25 for the remaining term of the 10 year 'Pilot Program' (which actually began in FY 2022-23 utilizing available Road Fund Balance). The dedicated funding source would be the Road Fund's share of TOT consistent with the adopted County General Financial Policy, which includes allocating 25% of TOT to the Road Fund in FY 2024-25 as part of the FY 2024-25 Budget Process.

OTHER AGENCY INVOLVEMENT:

PWWP staff has coordinated with the County Administrative Office Budget & Analysis Division. The Office of County Counsel has reviewed and approved the proposed Policy as to form.

FINANCING:

Approval of the recommendation to implement the new Local Road Rehabilitation Program as 'PAYGo' utilizing TOT (rather than leveraging the Road Fund's Measure X transaction revenues to support either a General Fund COP or Revenue COP bond issuance). There would be no impact to General Fund revenues other than the use of TOT consistent with the existing County General Financial Policy.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Strategic Initiative Policy Areas integrate with the Board Policy Manual. A key objective has been to find funding sources for much needed maintenance to the County's transportation infrastructure. This new Local Road Rehabilitation Program will help to fulfill this objective. Combining these funds with federal and/or state grants will extend funding even further.

The recommended action supports the following Board of Supervisors' specific Strategic Initiatives below:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

DocuSigned by:
Randell Ishii
6/4/2024 | 9:58 AM PDT

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Resolution adopting the Local Road Rehabilitation Program v2.0 Policy.

Attachment B - Local Road Rehabilitation Program v2.0 Policy for inclusion in the Board Policy Manual

Attachment C - January 30, 2024 Board Report - Legistar File Number 24-015