

Public Works, Facilities and Parks Dept

Board of Supervisors
January 30, 2024



LOCAL ROAD REHABILITATION PROGRAM

VERSION 2

Randy Ishii
MS, PE, TE, PTOE
Director

Monterey County
Department of
Public Works,
Facilities and Parks



BACKGROUND

Board Referral – 2020.12

“Consider funding options to increase the Pavement Condition Index of County roads to at least a ‘Fair’ standard over the next ten years”



BACKGROUND

Board Referral – 2020.12

Progressed into Pilot to address communities' roads, AKA local road rehab for Aromas, San Ardo, Bradley, Spreckels, CSAs

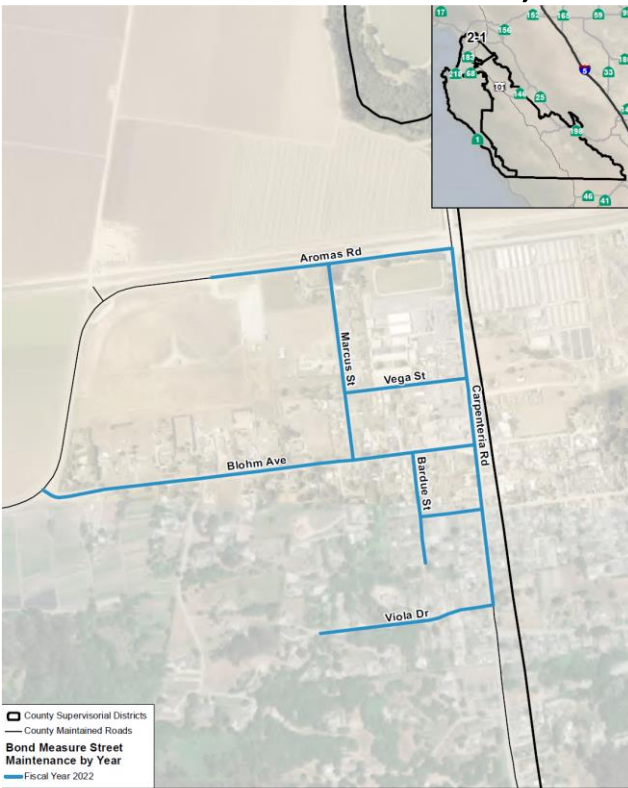


Figure 1
2022 - Neighborhood 2-1
Monterey County

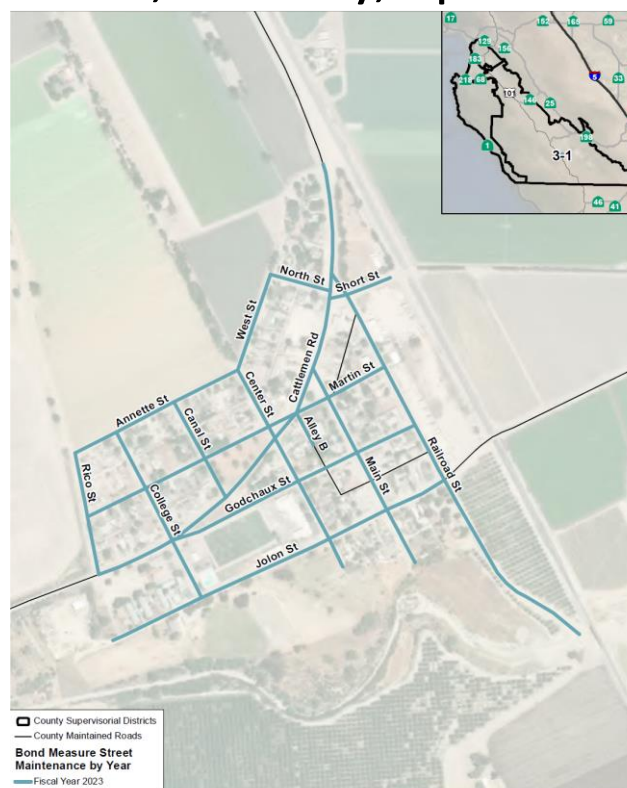


Figure 2
2023 - Neighborhood 3-1
Monterey County

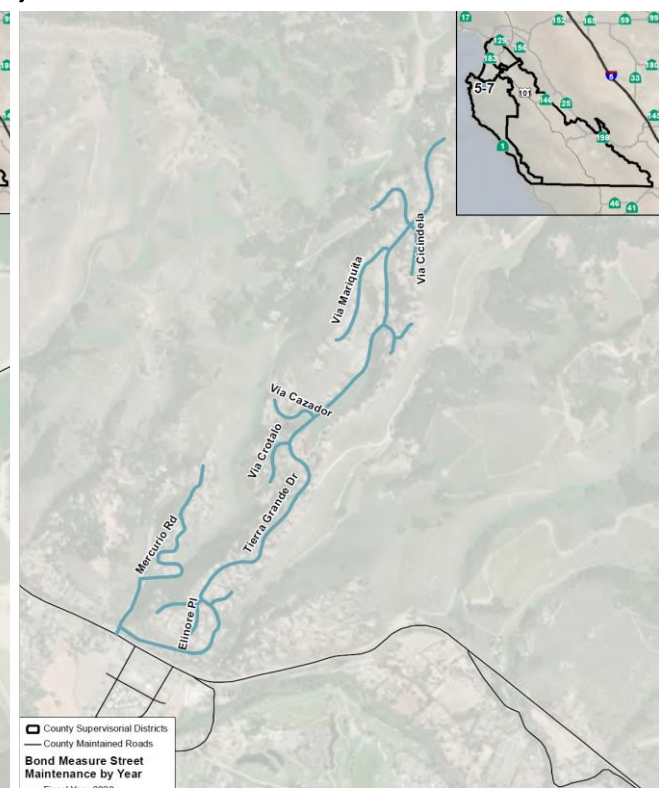


Figure 3
2023 - Neighborhood 5-7
Monterey County


LOCAL ROAD REHABILITATION PROGRAM VERSION 1 - BOND FINANCING

MARCH 2023


In conjunction:

Performed in addition to, planned road repaving and planned bridge projects, traffic projects, grant funded projects, as well as Measure X campaign projects.

- Old Stage Road, River Road, etc.
- Measure X Community Streets of Castroville, Chualar, Pajaro, and Boronda



Keep Monterey County Moving



**Policies & Project Descriptions
for the
Transportation Safety & Investment Plan**

TAMC
TRANSPORTATION AGENCY
FOR MONTEREY COUNTY

55-B Plaza Circle • Salinas, CA 93901 • tamcmonterey.org • (831) 775-0903

May 2016

ROADS & POTHOLES



Local Road Maintenance, Pothole Repairs & Safety

Priority Projects
These are just some of the priority projects for the cities and County money from this measure.

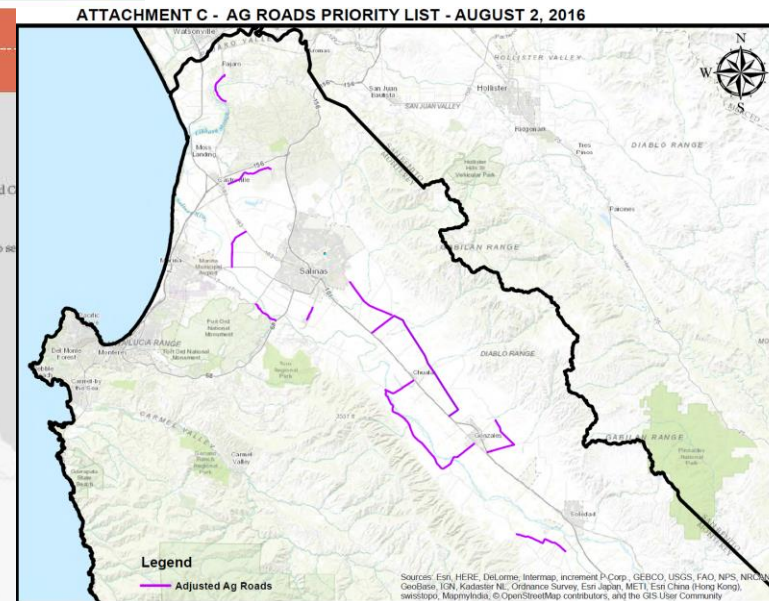
County Roads
Safety, operations and major maintenance improvements to selected along county arterials, such as:

- River Road
- Carmel Valley Road
- Laureles Grade Road
- Alisal Road
- Jolon Road
- Reservation Road
- Elkhorn Road
- Gonzales River Road
- Harkins Road/Hatton Road
- Gloria/Iverson Road

Intersection safety improvements at locations, such as:

- Carmel Valley Road/Laureles Grade
- Castroville Blvd/San Miguel Canyon Road
- Elkhorn Road/Werner Road/Salinas Road

Street repairs countywide, including pavement patching and slurry sealing program in local communities, such as Pajaro, Castroville, Boronda and Chualar.



LOCAL ROAD REHABILITATION PROGRAM

VERSION 1 - BOND FINANCING

MARCH 2023

This financing approach:

1. Would rely on available Road Fund balance to fund local road repairs until Fiscal Year (FY) 2025
2. FY2025 - Issue a General Fund Certificate of participation (COP) of approximately **\$43** million
3. FY2028 - issue another (COP) of about **\$23** million

Rely solely on the availability of Measure X revenues to secure and repay the bonds (approximately \$5 million per year for 20 years starting in FY28).

The estimated total debt service for these two issuances is about \$109 million, with a total interest cost of \$43.3 million

LOCAL ROAD REHABILITATION PROGRAM VERSION 1 - BOND FINANCING

MARCH 2023

Road Fund Projected Revenues and Expenditures

Road Fund Proforma Revenues and Expenditures	->> Projections									
	1 2022-23	2 2023-24	3 2024-25	4 2025-26	5 2026-27	6 2027-28	7 2028-29	8 2029-30	9 2030-31	10 2031-32
Revenue Sources										
TOT (Transfer from GF)	5,809,574	5,983,861	6,163,377	6,348,278	6,538,727	6,734,889	6,936,935	7,145,043	7,359,395	7,580,176
State Aid: HUTA & RSTP	13,474,615	13,878,853	14,295,219	14,724,076	15,165,798	15,620,772	16,089,395	16,572,077	17,069,239	17,581,316
Other State and Federal Aid	38,663,717	35,033,600	4,081,988	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Charges for Services	604,181	610,223	616,325	622,488	628,713	635,000	641,350	647,764	654,241	660,784
Measure X	9,713,922	10,005,340	10,305,500	10,614,665	10,933,105	11,261,098	11,598,931	11,946,899	12,305,306	12,674,465
State Aid: SB1	9,972,532	10,271,708	10,579,859	10,897,255	11,224,173	11,560,898	11,907,725	12,264,956	12,632,905	13,011,892
Traffic Impact Fees & TAMC	522,684									
Misc & Other Revenues	90,930	90,930	90,930	90,930	90,930	90,930	90,930	90,930	90,930	90,930
Total Road Fund Revenue:	\$78,852,155	\$75,874,515	\$46,133,198	\$44,497,692	\$45,781,445	\$47,103,586	\$48,465,266	\$49,867,669	\$51,312,016	\$52,799,564
Expenditures										
Capital Projects (TOT)	5,809,574	5,983,861	6,163,377	6,348,278	6,538,727	6,734,889	6,936,935	7,145,043	7,359,395	7,580,176
Ongoing Maintenance (HUTA & RSTP)	13,474,615	13,878,853	14,295,219	14,724,076	15,165,798	15,620,772	16,089,395	16,572,077	17,069,239	17,581,316
State and Federal Projects	38,663,717	35,033,600	4,081,988	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Charges for Support Services	604,181	610,223	616,325	622,488	628,713	635,000	641,350	647,764	654,241	660,784
Capital Projects (Measure X)	9,744,023	11,420,126	14,566,500	10,900,000	5,375,000	5,375,000	5,375,000	5,375,000	5,375,000	5,375,000
Capital Projects (SB-1)	5,444,167	8,372,650	9,987,500	11,350,000	5,045,000	5,045,000	5,045,000	5,045,000	5,045,000	5,045,000
Local Match (Road Maintenance)			2,355,142	2,780,773	4,014,243	3,981,453	4,440,750	4,322,210	4,371,715	4,475,311
Local Match (Road Bridge)		1,524,000	924,000	132,000	1,320,000	1,452,000	600,000	600,000	600,000	600,000
Traffic Projects	522,684									
10-YR Road Rehab Program CIP	8,837,086	10,400,747	9,574,453	11,028,615	12,389,252	12,466,338	8,436,815	9,216,540	8,589,647	7,505,563
Total Road Fund Expenditures:	\$83,100,047	\$87,224,060	\$62,564,504	\$59,086,230	\$51,676,732	\$52,510,451	\$48,765,245	\$50,123,634	\$50,264,237	\$50,023,151
Fiscal Year Surplus/(Deficit):	(\$4,247,892)	(\$11,349,545)	(\$16,431,306)	(\$14,588,538)	(\$5,895,287)	(\$5,406,865)	(\$299,979)	(\$255,965)	\$1,047,779	\$2,776,413



Reflects revenue sources that have approximately equivalent annual expenditure requirements.



Reflects revenue sources that have annual expenditure requirements that may be greater or less than available revenues.



Reflects additional accelerated Local Road Rehabilitation project expenditures.

LOCAL ROAD REHABILITATION PROGRAM VERSION 1 - BOND FINANCING

MARCH 2023

Road Fund Cash Flow Analysis

Road Fund Cash Flow	--> Projections									
	1	2	3	4	5	6	7	8	9	10
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Without Borrowing										
Beginning Balance:	22,834,671	18,586,779	7,237,234	(9,194,072)	(23,782,610)	(29,677,897)	(35,084,762)	(35,384,741)	(35,640,706)	(34,592,927)
Fiscal Year Surplus/(Deficit):	(4,247,892)	(11,349,545)	(16,431,306)	(14,588,538)	(5,895,287)	(5,406,865)	(299,979)	(255,965)	1,047,779	2,776,413
Ending Balance:	18,586,779	7,237,234	(9,194,072)	(23,782,610)	(29,677,897)	(35,084,762)	(35,384,741)	(35,640,706)	(34,592,927)	(31,816,514)
Fund Balance Requirement Surplus/(Deficit)	14,939,062	3,480,085	(13,063,936)	(27,768,569)	(33,783,435)	(39,313,467)	(39,740,307)	(40,126,939)	(39,213,747)	(36,575,958)
With Borrowing										
Beginning Balance:	22,834,671	18,586,779	7,237,234	31,419,822	13,638,821	4,549,822	17,569,107	12,227,890	6,924,188	2,927,979
Fiscal Year Surplus/(Deficit):	(4,247,892)	(11,349,545)	(16,431,306)	(14,588,538)	(5,895,287)	(5,406,865)	(299,979)	(255,965)	1,047,779	2,776,413
Plus Bond Proceeds			43,000,000			23,000,000				
Less Debt Service (Bond #1):			(2,386,106)	(3,192,463)	(3,193,713)	(3,192,213)	(3,192,963)	(3,195,713)	(3,195,213)	(3,191,463)
Less Debt Service (Bond #2):						(1,381,638)	(1,848,275)	(1,852,025)	(1,848,775)	(1,848,775)
Less Debt Service (Bond #3):										
Ending Balance:	18,586,779	7,237,234	31,419,822	13,638,821	4,549,822	17,569,107	12,227,890	6,924,188	2,927,979	664,154
Fund Balance Requirement Surplus/(Deficit)	14,939,062	3,480,085	27,549,958	9,652,862	444,283	13,340,402	7,872,324	2,437,955	(1,692,841)	(4,095,290)
Available Fund Balance Policy										
Revenues (Measure X, SB-1, HUTA)	33,161,069	34,155,901	35,180,578	36,235,995	37,323,075	38,442,768	39,596,051	40,783,932	42,007,450	43,267,674
Operating Contingency Policy (1%)	331,611	341,559	351,806	362,360	373,231	384,428	395,961	407,839	420,075	432,677
Strategic Reserve Policy (10%)	3,316,107	3,415,590	3,518,058	3,623,600	3,732,308	3,844,277	3,959,605	4,078,393	4,200,745	4,326,767
Total Required										
Available Fund Balance	3,647,718	3,757,149	3,869,864	3,985,959	4,105,538	4,228,704	4,355,566	4,486,233	4,620,820	4,759,444

CONCERNS WITH VERSION 1

Expressed in the fall of 2022 by both Debt Advisory committee Budget committee

INCLUDING (among others):

- **Cost of debt financing**
- **Use of Measure X for debt service** – needed for major maintenance/upgrade of higher-volume County roads that serve as important agriculture and tourism links.
- **Clear Policy Framework/Priorities needed** – including addressing funding for work in County Service Areas.

PWFP staff recognize the validity of the concerns which were expressed and believe that the most significant issues are the cost of debt service and satisfying commitments to the higher-volume County roads that serve as important agricultural and tourism links which strengthen the regional economic base.

REVISED & RECOMMENDED APPROACH VERSION 2

KEY PROVISIONS – Revised Approach

- **“Pay As You Go” (PAYGo)** – no bonding/COPs
- **TOT as funding source** - Utilize PWWP’s Road Fund Share of Transaction Privilege Tax
- **Use Measure X and SB1 as originally envisioned** – retain focus on higher volume County Roads



Start in FY25 (next Year)

REVISED & RECOMMENDED APPROACH VERSION 2, cont.

OTHER INCLUDED PROVISIONS

- Retain 'Pilot' 10 Year Road Repair Program (already developed)
- Consolidate other local road-oriented functions in the Program – including Community Road Maintenance Program (CRMP); Community Street Repair Program
- Sustained Force Account (Maintenance) capacity
- Policy Framework/Priorities



Sample Budget Year (FY25)

- **Revenue:** \$10m
 - **Expenditure** categories:
 - \$1.5m - CRMP (retain at current level)
 - \$2.0m - Annual Chip Seal Program
 - \$1m – Force account/in-House Maintenance
 - **\$5.5m** - Added Capacity for Local Road Rehabilitation Program &/or Community Street Repair Program
- Total:** \$10m (\$4m ‘new’ revenue from 25% TOT)

(Numbers rounded for simplicity/ease of discussion)

BENEFITS – RECOMMENDED APPROACH VERSION 2

SATISFY Objective of Board Referral 2020.12

- Achievable without bonding – Overall System PCI currently 45.
Possible to attain 50 by FY32 at current progress

RETAIN Measure X and SB1 focus

- Major Maintenance & Upgrades on higher volume County Roads of primary importance to regional economy.

INTACT 10 Year Pilot Road Repair Plan

- Work based on industry standard engineering, more cost effective – will still get to the areas laid out in plan and more

OTHER

- No debt service
- Scalable, Flexible on timelines unlike bonds/COPs
- CSAs activate road maintenance and perform Prop 218

REVISED & RECOMMENDED APPROACH VERSION 2

RECOMMENDATIONS:

- Receive a status report on the Board Referral 2020.12 “Consider funding options to increase the Pavement Condition Index of County roads to at least a ‘Fair’ standard over the next ten years”;
- Support implementation of a financing plan for the local road rehabilitation pilot program;
- Approve the initial local road repair plan; and
- Provide direction to staff.



REVISED & RECOMMENDED APPROACH VERSION 2

STAFF RECOMMENDATION AND NEXT STEPS

- Receive Board Direction – Staff Recommendation to Use Local Road Rehabilitation Program v2.0
- Bring back a formal Policy for Board Adoption and inclusion in Policy Manual



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LOCAL ROAD REHABILITATION PROGRAM

VERSION 2

QUESTIONS OR COMMENTS?

