

Memorandum Date: April 26, 2010
Meeting Date: May 12, 2010

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 2010/2011 - FISCAL YEAR 2014/2015

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 11-15). Action is requested today in preparation for budget adoption in June 2010; however, the Board can act at a later work session provided action is taken 30 days prior to County budget adoption.

The CIP 11-15 contains capital expenditures from the Road Fund for pavement preservation, bridge rehabilitation, safety improvements, bicycle and pedestrian improvements, and culvert replacement for fish passage program. The document allocates funds towards local matches to leverage external funds for county road projects. In addition, this CIP 11-15 anticipates paying previously committed local match money to Oregon Department of Transportation (ODOT) towards the Coburg /I-5 Interchange Area Improvement project for local improvements on County Roads.

III. **BACKGROUND/IMPLICATIONS OF ACTION**

A. **Board Action and Other History**
Board Prioritization for Metro Area Project

The Board, at a February 2010 regular meeting, took action on project prioritization for fund application purposes. The Board approved the 30th Avenue Overlay project, Hyacinth Street Sidewalk project, and Game Farm Road Overlay project with traffic calming installations as the County's priorities for the federal Surface Transportation Program-Urban (STP-U) fund. Accordingly, staff submitted three separate applications for these projects to the Metropolitan Planning Organization. On April 8, 2010, the Metropolitan Policy Committee (MPC) approved the 30th Avenue Overlay project and Hyacinth Street project in requested amounts. The Game Farm Road Overlay project was not approved for the STP-U funding cycle Fiscal Years 2011 through 2013.

Roads Advisory Committee (RAC)

The RAC is actively involved in the preparation of this Draft CIP. At their January 2010 meeting, the RAC approved release of staff's Draft CIP 11-15. The released document was posted on the Transportation Planning web site for public review and comment on January 28, 2010. The Draft was updated subsequent to the STP-U fund applications prior to the scheduled RAC public hearing on February 24, 2010. In contemplation of the reduced revenue projection set forth in the Department's budget document and the MPC action, staff adjusted the Draft

CIP 11-15 prior to the RAC deliberation to occur on April 28, 2010. The committee will be asked to provide a recommendation and approval of the updated Draft CIP 11-15 the same night. Attachment B contains RAC meeting minutes for January and February 2010 meetings. Staff will report on the RAC April 28, 2010 meeting and their action at your meeting.

Public Comment

No testimony on the Draft CIP 11-15 was received at the February 24, 2010 public hearing. One written comment requesting a project for pedestrian accommodation on Grove Street was received. The written public comment is attached as Attachment C. The minutes in Attachment B provides a record of 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. 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 County's capital improvement program is mostly funded through the Road Fund. Currently, the Road Fund includes revenues from timber replacement receipts, state highway gas tax, and other user fees.

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

The SRS lapsed in 2006, and 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. As you know, 75% of SRS monies are allocated to County road funds. According to the incrementally reduced annual payment plan, timber revenue based counties, including Lane County, received funding at about 90% in FY 2008/2009 and 80% in FY 2009/2010 of the FY 2006 distribution formula. The SRS funding source, which constitutes about one-half of County Road Funds, is uncertain beyond Fiscal Year 2011. Projected revenue for FY 2011 is \$15.7 million (about 74% of FY 2006 distribution) and final payment under the SRS is estimated at \$6.8 million in FY 2012.

HB 2001, Oregon Jobs and Transportation Act 2009

The Oregon Legislative session in 2009 passed the Oregon Jobs and Transportation Act of 2009 (JTA), also known as HB 2001. The bill signed into law in July 2009 created a comprehensive transportation funding package that will bring jobs and investments in transportation. Among many other transportation related matters, this bill also allows the state to generate funds through new fees and a gas tax increase. According to the bill provisions, the state will share the estimated annual revenue of about \$273 million with counties and cities. The counties will receive 30% of the revenue which will be distributed to individual counties based on the number of registered vehicles. Lane County's share, if fully implemented, is estimated at \$1.6 million in FY 2010, \$4.8 million in FY 2011, and \$7.1 million in FY 2012.

There is an effort currently underway to put a measure on the ballot that would require approval of the fees increases retroactive to when the legislation became effective.

E. Analysis

The CIP 11-15 is prepared consistent with the Road Fund expenditure projections depicted in the FinPlan, the department's budget document. The CIP 11-15 does not include any urban road improvement projects. The majority of the Road Fund is set aside for the County's regular maintenance program, specifically to the pavement preservation program. It also contemplates leveraging maximum available external funds for County Road improvements.

In contemplation of the declining revenue in the Road Fund, staff sought project-specific external funding opportunities. About \$1.0 million is allocated as local matches to secure external funds for projects in Lane County. The anticipated external funding includes \$4 million in federal grant assistance for a Forest Highway project, about \$2.0 million in STP-U funds for roadway and safety improvements, and \$1.7 million in federal funds for bridge maintenance.

The Draft CIP 11-15 continues to allocate \$1 million toward a required federal match to the \$9 million earmark for the I-5/Coburg Interchange Area project. This is the County's contribution towards the ODOT initiated local improvements to county roads in the Coburg I-5 Interchange Area Improvement project. Likewise, the ODOT Rail-initiated Irving Road Railroad Crossing project has been carried forward from past CIP update cycles. These two previously committed projects have moved to the design phase and expected to go to construction in FY 2011.

This CIP 11-15 of \$23.2 million in net Road Fund expenditure is about \$3.0 million less than the preceding CIP due to reduced allocations for the pavement preservation program. The Overlays and Pavement Rehabilitation line item in the last two fiscal years of the update cycles are allocated at \$3.0 million. The \$1.5 million annual reduction (from \$4.5 million) was required in order to be consistent with budget projections. The historic financial trend is detailed in the CIP document, Exhibit A to the Order.

The citizens were invited to provide comments and testimony on the Draft CIP. One written comment requested striping on Grove Street to accommodate pedestrian traffic. While the requested striping work has merit, internal staff discussions conclude that striping alone will not address the pedestrian safety issue adequately. A full urban road improvement project would be necessary. The RAC is anticipated to review the request at their April 2010 meeting. In summary, the CIP 11-15 continues to pursue opportunities for potential new funding

sources for county projects. The Preservation and Rehabilitation program has been given emphasis in the recommended Draft CIP 11-15. This is consistent with the Board's priorities as adopted in the County Transportation System Plan.

IV. Alternatives/Options

1. Adopt the Draft CIP 11-15 as recommended by staff and the Roads Advisory Committee.
2. Adopt the Draft CIP 11-15 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 23, 2010. 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 information.

VI. RECOMMENDATION

Option 1

VI. FOLLOW-UP

No follow up is necessary at this time.

VII. ATTACHMENTS

- A. Board Order and Exhibit A
- B. RAC minutes for January, February 2010
- C. Written Testimony Submitted for RAC