



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 6/12/2023

To: Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure

Staff Name and Phone Number: Johannes J. Hoevertsz, 707-565-2550

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Pavement Preservation Program - Infrastructure Investment

Recommended Action:

Approve Sonoma Public Infrastructure's (SPI) recommendations to increase the Pavement Preservation Program (PPP) General Fund base contribution annual adjustment factor from 2% to up to 5%, after considering economic uncertainties and based on financial revenue factors such as the annual projected property tax growth rate and the average annual Consumer Price Index; and provide direction to SPI on future program goals.

Executive Summary:

Persistent increases in construction costs and an expanded scope of work have necessitated a re-evaluation of existing resources that source county pavement preservation work. To keep up with these increases while continuing to meet the needs of the County, SPI is recommending the Board to approve an additional General Fund investment in the annual Pavement Preservation Program (PPP). The annual paving program is instrumental in improving County Road conditions and has been a high priority for the Board since its adoption ten years ago. The Program also directly supports the Resilient Infrastructure Strategic Plan Pillar established in 2019, by "Continuing to invest in critical road, bridge, bicycle and pedestrian infrastructure".

The Pavement Preservation Program (PPP) has undergone several enhancements since its inception including adding drainage improvements such as ditch re-establishment and replacement of damaged culverts to sections of road being repaired in order to improve the outcome of the paving work and extend the life of the pavement. The drainage improvements to the PPP were made without any additional funding requests to support the work.

In addition to adding construction elements to the original program, labor and material costs have increased in the past ten years faster than the original, 2% Board approved adjustment factor beginning in FY 2016-17. This index was applied to the \$9 million General Fund allocation for pavement preservation (excluding Aggregate Mitigation Funds of \$375,000 and Refuse Franchise Fees of \$2.2 million) to adjust for inflation. As a result, the currently approved PPP funding structure does not include sufficient annual adjustments to maintain the program at its intended level. In order to compensate for the shortfall, SPI staff is requesting the Board to amend the Board policy by increasing the annual adjustment factor from 2% to up to 5%.

SPI provides recommendations discussed in detail below for the Board's consideration and requests approval

to continue maintaining the County Road network, one of our most valuable infrastructure assets.

Discussion:

In January 2022 SPI presented a 10-Year PPP Update to the Board and stated at that time that roughly 430 miles (representing 30% of the County Road Network) have been paved, and the overall countywide pavement condition index (PCI) has improved from 44 to 52. These accomplishments are a direct result of your Board's leadership and the consistent allocation of General Fund resources to the program. The PPP's tangible improvements to the County Road network has been noticed by our County residents and improved driving conditions countywide. Because our work is not yet complete, our Department requests the Board to continue the focused commitment of allocating General Fund resources to improve one of our most valuable infrastructure assets - County Roads.

History of the Pavement Preservation Program

The origins of the Pavement Preservation Program began in 2012 when the Board reaffirmed its commitment to annually invest \$2.2 million in Refuse Franchise Fees, and establish ongoing General Fund allocation of \$8 million to pavement preservation for the implementation of a Long Term Roads Plan. In FY 2014-15 the Board approved an additional ongoing allocation of \$1 million in General Fund dedicated to the "Worst First" to address significantly deteriorated segments of road..

Recognizing and effectuating a more robust, consistent financial commitment in order to meaningfully improve road conditions, your Board established a Long-Term Roads Ad Hoc Committee in 2014. The Committee, in conjunction with community stakeholders, and input from the public developed a vision for Sonoma County roads with a focus on the most frequented roads and those which best serve established priorities including economic development, agriculture, recreation and tourism. The result was approval of the Long-Term Road Plan in October 2014 which provided the framework for the current PPP.

A central component to the Long-Term Road Plan is the Road Evaluation Framework which provides a guide for selecting candidate roads. The framework provides an equal distribution of repair work throughout the County while addressing the most efficient use of funds. The Road Evaluation Framework includes the following road classifications: average daily traffic (volume), pavement condition, bike and transit relevance, public safety facilities served, and Supervisorial District.

One of the tools our Department uses to provide technical guidance on road selection is StreetSaver, the Metropolitan Transportation Commission's (MTC's) pavement management program, which most local agencies in the Bay Area use to help identify both maintenance needs and a cost-effective pavement capital program to address those needs. The program's input consists of road condition factors and then applies a complex algorithmic model to predict pavement repair treatment and cost.

Modifications to the Pavement Preservation Program

In 2019, SPI in partnership with your Board, added drainage repairs to the PPP in order to extend the life of treated roads and improve the pavement conditions. Recognizing that storm water is a major factor contributing to roadway degradation, improved drainage components greatly improve road conditions by moving drainage away from the subsurface of roads. Storm drain culvert replacement and roadside ditch

cleaning where permissible, is now included in the PPP. Drainage improvements account for approximately 20% of the costs of road paving.

In addition, recognizing the need to re-establish and clean roadside ditches to protect the roadway pavement, SPI is working to obtain a Routine Maintenance Agreement with CA Dept of Fish and Wildlife. If approved, the agreement would cover the entire County and define the environmental mitigations necessary to perform work in the roadside ditches. The objective is to approach the work on a Countywide basis, rather than on a case-by-case basis and provide better efficiency having defined the mitigations in advance. If successful, this effort is expected to take three (3) years to complete, due to the need to perform environmental species studies.

Pavement Treatments

In 2014, the Pavement Preservation Program was focused on prioritizing the higher volume roads categorized as Major Collectors and Minor Arterials, which comprise 26% of the County Road System. These roads provide transportation routes that connects communities, are used by a high number of vehicles, and generally operate at higher speed limits than most County roads. The PCI for this category has maintained a 'very good' condition ranking, with a range between 73 and 79. This was achieved by following the strategy within StreetSaver of applying maintenance treatments, such as a chip seal, on a more frequent basis and at a lesser unit cost. This betterment has provided noticeable improvement in driving conditions for commuters and in the communities in which they are located.

As we progress further into the paving program and begin to address roads with lower volumes and lower PCI indexes than the high-volume roads, the recommended treatments become more substantial and at higher costs. The Department has also experienced less public acceptance for maintenance treatments and more demands for road reconstruction, again, at a higher cost than originally anticipated.

Construction Costs

Construction costs have greatly increased in recent years, including both labor and materials based on Construction Cost Index, an industry standard used to measure yearly cost inflations specifically in the construction industry. 'Attachment B' demonstrates the Construction Cost Index over the last ten years, demonstrating 34% increase in ten years. Of particular note that nearly half of that increase is in the last three years.

An example of the rapid cost escalations follows: On April 18, 2023, your Board approved the 2024-2025 PPP, which included \$42,026,000 to pave 37 miles of road, at an average cost of \$1,130,000 per mile. By comparison, the 2016-2017 PPP included \$22,400,000 to pave 89 miles of road, with an average cost of \$252,000 per mile. This represents over 400% increase in costs in 8 years which is a reflection of both higher construction costs and the need for more expensive treatment options.

Disasters and Legacy Road Conditions

The final factor supporting the SPI request for additional funds is our County's recent history with disasters. Since 2017, the County has experienced numerous disasters that have caused major damage to the County Road System. Relentless winter storms have caused road damage including landslides, slip outs, and potholes

that our department continues to address without adequate funding in place. FEMA reimbursement takes a high level of staff resources to obtain, is slow to arrive, and does not cover 100% of the costs.

There are some existing legacy road conditions requiring attention with no identifiable funding source. One example is Lakeville Road, south of Petaluma. This road was originally built on San Francisco Bay mud from nearby San Pablo Bay. The surrounding ground has settled over time and shrunken. The settlement has most likely been exacerbated by drought and climate change. The settlement of the roadway foundation has resulted in sinking spots in the roadway and a long history of maintenance efforts by our road crews that do not address the source of the problem. Repairs of three sinking locations on Lakeville Road are estimated to include drilling foundation piles to support the sinking roadway and cost between \$8-10 million. The Department cannot address the repairs without a new funding source.

Funding

In March 2021, the Board approved a five-year Strategic Plan that established goals and objectives for five pillars, one of which is Resilient Infrastructure. The Board assigned a high priority to investing in transportation infrastructure through the annual Pavement Preservation Program.

Currently, Sonoma County has begun to make a noticeable improvement in the condition of County Roads. SPI has been delivering a robust annual paving program that is unmatched in other counties. Your Board's generous General Fund contributions over the past ten years have resulted in a sizable increase in the Pavement Condition Index, an industry standard used to measure, discuss, and compare road conditions. The current PCI is 52, up from 44 before the adoption of The Long-Term Road Plan in 2014.

Sonoma County remains an overwhelming leader as compared to other counties in the discretionary allotment of General Funds to paving, as demonstrated in Attachment C. In November 2015, the Board directed staff to apply an index to the annual pavement preservation General Fund base contribution of \$9 million by up to 2% after considering economic uncertainties, based on financial revenue factors such as the annual projected property tax growth rate and the average annual Consumer Price Index. The FY 2023-24 Recommended Budget includes General Fund base contribution towards the PPP totaling \$10.54 million and has a 2% yearly cost adjustment factor. The Construction Cost Index from Engineering News Record has determined a 5.6% increase of construction costs in the 12 months preceding January 1, 2023. To keep up with construction cost increases, there is a need to increase the annual adjustment factor, therefore staff is recommending amending the Board policy by increasing the index to the annual PPP General Fund base contribution by up to 5%, after considering economic uncertainties, based on financial revenue factors such as the annual projected property tax growth rate and the average annual Consumer Price Index.

Under the existing funding structure for the PPP and with no increase in the current revenue stream, the overall Countywide Pavement Condition Index is predicted to either remain relatively the same in the range of 48-52 or lower to a range of 40-45.

The FY 2023-24 Recommended Budget funding structure consists of the following revenues, some amounts have been rounded for discussion purposes:

| | |
|--|--------------|
| General Fund, with 2% annual adjustment | \$10,544,934 |
| Refuse Franchise Fees | \$2,200,000 |
| Transit Occupancy Tax (TOT) | \$1,352,400 |
| SB1 | \$6,815,000 |
| Roseland Annexation payment (ends in 2026) | <\$662,000> |
| Total: | \$20,250,341 |

The request to increase the annual adjustment factor by up to 5% for the General Fund contribution to paving results in approximately \$310,145 in additional funds, should the increase begin in FY 2023-24.

GoSonoma

The existing Sonoma County Transportation Authority managed Measure M tax measure will be expiring in March of 2025 and the extension named GoSonoma will be effective April 2025 through March 2045.

Under the existing program, Sonoma County receives an annual allotment of Local Street Rehabilitation funds in the amount of roughly \$2.7 million.

The County applies these funds directly to our Road Maintenance budget and performs a variety of road maintenance services, including pothole repair, drainage and vegetation trimming.

Under the new GoSonoma program, annual revenues in the amount of roughly \$5.4 million are projected to be allocated to the County as part of the Smooth and Maintained Roads category starting in FY2025-26. The fund represents 38% of the tax revenues collected or \$12.7 million annually for distribution amongst the nine local cities and the County. The County will apply this revenue directly to Road Maintenance for the performance of road maintenance activities. This represents a 50% increase in revenue.

Additional three categories of funds collected by GoSonoma will be available in a competitive process with our nine local cities. These funds will require a minimum of 15% funding match:

- Move Traffic and Improve Safety representing 27% funds (\$9.0 million annually)
- Increase bus service - first/last mile connections representing 23% funds (\$7.7 million annually)
- Build Bikeways and Pathways representing 12% of the funds collected (\$4.0 million annually)

The additional \$2.7 million annually from GoSonoma beginning in FY2025-26 will greatly assist SPI with road maintenance activities and contribute to improving the overall condition of County Roads.

Summary

The following factors are affecting the Pavement Preservation Program:

Inclusion of drainage improvements

Worsening road conditions

Less acceptance of maintenance paving treatments

Construction Cost Increases

Diminished gas tax revenues

Disasters damaging the roads

To continue the progress made on improving road conditions, SPI is requesting an increased 5% annual adjustment in General Fund contributions for pavement preservation to improve one of our most valuable assets - County Roads.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Resilient Infrastructure

Goal: Goal 3: Continue to invest in critical road, bridge, bicycle, and pedestrian infrastructure.

Objective: Objective 1: Continue to maintain road segments, including designated turnouts where feasible, increase efforts on vegetation removal and drainage features, and improve pavement conditions in neighborhoods.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

- 4/18/23 Board approval of the 2024-25 PPP
- 1/4/22 Board presentation on the 10 Year Accomplishments of the PPP
- 5/25/21 Board approval of the 2022-23 PPP
- 5/21/19 Board approval of the 2019-20 PPP
- 9/26/17 Board approval of the 2018-19 PPP
- 6/14/16 Board approval 2017 PPP

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3/17/15 Board approval 2015 and 2016 PPP
10/28/14 Board adopted Long Term Road Plan report

FISCAL SUMMARY

| Expenditures | FY 22-23 Adopted | FY23-24 Projected | FY 24-25 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | | \$310,145 | |
| Additional Appropriation Requested | | | |
| Total Expenditures | | \$310,145 | |
| Funding Sources | | | |
| General Fund/WA GF | | \$310,145 | |
| State/Federal | | | |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | | \$310,145 | |

Narrative Explanation of Fiscal Impacts:

Revenue and expenses for the PPP are programmed into the FY 2023-24 Recommended budget and a two-year PPP plan was approved by the Board on April 18, 2023. If approved, the General Fund contribution for the PPP would increase next FY by approximately \$310,000 and incremental increases each after that. The Board may elect to consider this request as part of FY 2023-24 budget hearings from available sources. FY 2023-24 budget hearings are scheduled to begin the following day. Alternatively, the Board may decide to effectuate an increase in the adjustment factor in the FY 2024-25 budget.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- Attachment A - Gas Tax Revenue by County
- Attachment B - Construction Cost Index
- Attachment C - General Fund Contributions by County

Related Items "On File" with the Clerk of the Board:

None