

Approved: Bollinger
Superior Court Judge

Board of Supervisors Response to
Funding for County Roads Grand Jury Report
Date: 10.21.16

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SONOMA

OCT 25 2016

FINDINGS

F1. For the past three years, the Board of Supervisors has demonstrated a commitment to improving the condition of County roads by increasing spending from the General Fund.

We agree with this finding.

F2. It is difficult for interested citizens to determine what monies in the County budget are available for spending. The Grand Jury was unable to ascertain what, if any, discretionary funds could be allocated for roads.

We disagree wholly or partially with these finding.

The published FY 2016-17 2nd year county budget book (available online http://sonomacounty.ca.gov/templates_portal/LandingPage.aspx?id=2147503505) includes narratives for each department. The first page of these narratives provide a "Budget-at-a-Glance" view, which includes the amount and percentage of General Fund financing of the department or agency total budget. In the case of Roads the county's designation of Tax revenue, which is the main source of discretionary funds, is included in the Fiscal Summary table of the Transportation & Public Works department. This table can be found on PDF page 140 or printed page 130.

F3. In order to prevent further road deterioration and increasing deferred maintenance costs, a minimum annual amount of \$20 million from the General Fund must be dedicated to road paving.

We disagree wholly or partially with these finding.

The sources of funding addressing road deterioration and increased deferred maintenance expense include a combination of General Fund (in the form of Tax and Franchise discretionary revenue) and state-federal assistance. We believe that the County's discretionary General Fund is one of many funding sources to meet not only the increased need for deferred maintenance for the Roads but also the increasing service demands voiced by the community

F4. It is unrealistic to expect that without additional sources of revenue, the County can meet the \$47.7 million per annum threshold necessary to bring all roads up to a Good to Very Good level within 20 years.

We agree with this finding.

F5. Roads that are essential to commerce and industry and which are travelled by the largest number of users should receive funding priority.

We agree with this finding.

RECOMMENDATIONS

R1. The Board of Supervisors direct the County Administrator's Office to present the budget in a form which makes it easy to understand what funding is truly discretionary and what reserves currently exist.

Response: This recommendation has been partially implemented and will continue to be implemented in the future.

Even though the current budget book design specifically highlights General Fund support and designation of Tax revenues (main discretionary county funding source), the Board of Supervisors values continuous improvement and will request that the County Administrator's Office staff evaluate adding a Discretionary Funding section or table for the public's ease of reference.

R2. The Board of Supervisors set budget priorities such that annual General Fund allocations to the Roads Division meet or exceed \$20 million, the minimum amount necessary to stop the decline in the condition of County roads.

Response: This recommendation has been partially implemented and will continue to be implemented during the annual prioritization process.

The Board serves the county residents with needed services beyond preservation and maintenance of road infrastructure. Nonetheless, the Board of Supervisors already dedicates more discretionary General Fund than what most California counties receive. In FY 2015-16 a total amount of \$22.2 million was designated to accelerate Pavement Preservation activities in addition to the \$5.4 million annual contribution for corrective maintenance. Also, starting with FY 2016-17 the Board adopted a policy to annually increase the General Fund contribution towards pavement preservation by up to 2% (based on secured property tax growth). Finally, the Board has committed to pursue legislation that provides for an equitable distribution of state-federal funds, support and lobby for increases in both federal and state gas taxes and alternative revenue sources for transportation, and to periodically consider available county funds to invest in road infrastructure.

R3. The Board of Supervisors explore all reasonable avenues to increase funding for paving County roads, including a Special Tax measure.

Response: This recommendation has been implemented and will continue to be implemented in the future.

In 2012 the Board of Supervisors formed an Ad-Hoc Committee on Roads for the purpose of developing short and long term strategies to improve the county's road network condition. Subsequent to that, in August 2013, the Board created the Long-Term Roads Ad Hoc Committee to develop a Long-Term Road Plan including funding strategies for pavement condition improvements. These efforts resulted in the Board of Supervisors dedicating the highest level of funding for County roads infrastructure at that time by investing \$10.4 million in FY 12-13 and \$10.2 million in FY 13-14 of General Funds.

To effectively implement the 2014 Long Term Roads Plan, the Board placed Measure A, a proposed ¼ cent sales tax increase on the June 2, 2015 special election ballot that would have generated approximately \$20 Million per year, with the County's share being approximately \$8.7 Million to supplement the Board's \$11.57 million annual commitment to roads. Absent the anticipated revenue generated by Measure A, the Board directed staff to convene a study session to discuss additional funding options. On November 10, 2015 the Board identified additional one-time General Fund dollars totaling \$13.5 million, of which \$10.7 million was allocated in FY 15/16 and \$2.8 million was allocated in FY 16/17. These new funds are a combination of Teeter Funds and available fund balances. The Board also directed the County Administrator to annually index the annual pavement preservation General Fund base contribution of \$9 million by up to 2%.

The Board continues legislative advocacy efforts to provide a stable long-term funding source for Pavement Preservation, including changes that would result in a more equitable distribution of existing state and federal funds, as well as potential new revenue sources for this purpose.