



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: February 12, 2019

TO: Board of Supervisors

FROM: David A. Garcia, Jr., Program Manager

SUBJECT: **Capital Improvement Plan 2019 Annual Update**

RECOMMENDATION: Discuss the Capital Improvement Plan 2019 Annual Update.

FUNDING: Not applicable.

BACKGROUND: This Capital Improvement Plan (CIP) is prepared annually to provide the Board of Supervisors and the community with an outline of road maintenance and capital improvement expenditures and revenue projections. This year's CIP represents a five-year, \$100 million program from July 2018 thru June 2023.

Gas Tax and General Fund Maintenance of Effort (MOE) are the primary discretionary funding sources for the County's road maintenance activities. Since 2010, the County saw large annual fluctuations and an overall decline in gas tax revenue that resulted in a \$3 million loss in funding over the previous decade. A combined 20% increase in costs during that time further eroded our ability to maintain roads and infrastructure.

In April 2017, Governor Brown signed Senate Bill 1 (SB1) – Landmark transportation funding legislation that invests \$52.4 billion in Road Maintenance and Rehabilitation Account (RMRA) funds over the next decade to fix roads, freeways and bridges in communities across California. The new funding package will result in an average total increase of approximately \$3 million annually over the next ten years to Nevada County for road safety, maintenance and improvement projects. RMRA funds are now protected for transportation purposes only under Article 19 of the California State Constitution per the approval of Proposition 69 in June 2018. An initiative to repeal SB1 was on the ballot in the November 2018 election (Proposition 6), however, this initiative was unsuccessful. RMRA funds have resulted in improved stability and cost certainty in the Capital Improvement Plan. This additional revenue will be used to fund road rehabilitation and preservation projects, roadside vegetation control and shoulder maintenance activities throughout Nevada County.

In 2017, historic storm activity took a heavy toll on county roads and infrastructure and resulted in approximately \$1.7 million in damage. The county has been coordinating with state and federal agencies since early 2017 to qualify for storm damage reimbursement funding. While the county expects to receive nearly \$1.3 million in federal reimbursements, staff doesn't expect full reimbursement from the federal government until FY 19/20.

Combined with the recent long-term decline in revenues, the CIP fund balance (cash reserves) for FY 17/18 and 18/19 have been below the department's established thresholds. The Board of Supervisors adopted Resolution 17-464 on September 12, 2017 that provided a short-term interest free loan of \$1.5 million from the Community Development Agency (CDA) to the Road fund until such time as reimbursements are received from the Federal Emergency Management Agency (FEMA)/Cal-EMA and the Federal Highway Administration (FHWA) or until the Road fund balance is sufficient to meet cash flow requirements. This loan helps stabilize the existing fund balance through FY 18/19.

The long-term prognosis for the CIP's fund balance projections improves as the county receives projected Gas Tax, RMRA funds and reimbursements for the 2017 storm damage. Staff expects the fund balance to return to acceptable levels by FY 19/20. Repayment of the CDA loan is scheduled to occur before July 1, 2019. Moving forward, staff anticipates maintaining a reasonable fund balance in future fiscal years.

In addition to projected increased revenues, we continue to see robust state and federal grant funding for capital projects. In this plan, the County expects to receive approximately \$40 million in state and federal grants for a variety of roadway safety, bridge and road maintenance projects.

No action is required at this time for this item. Staff will utilize feedback from the Board and public to prepare a final CIP. Prior to final CIP adoption, staff will also meet with each Supervisor to discuss maintenance and project activities in each member's district. The CIP will also be presented to the Planning Commission on February 28, 2019, for consistency with the General Plan. Any resulting changes will be incorporated into the 2019 CIP and brought back to the Board for final approval and adoption tentatively scheduled for March 12, 2019. The final CIP is utilized for budget preparation.

Item Initiated by: David A. Garcia, Jr., Program Manager
Approved by: Trisha Tillotson, Director of Public Works

TT:DG:kk

Submittal Date: January 23, 2019