

W. K. A.

TO: Board of County Commissioners

DEPARTMENT: Public Works

PRESENTED BY: Oliver Snowden, Public Works Director

AGENDA ITEM TITLE: Road Fund Service Priorities – Work Session

I. MOTION

Move Option #3 -- Accept the Road Fund operational service priorities as recommended, with full discussion and deliberation during the budget process: provide direction on some or all capital program priorities prior to the budget process.

II. AGENDA ITEM SUMMARY

Potential loss of Secure Rural Schools (SRS) funding has forced the County to prepare an FY07-08 budget that will severely reduce services supported by the County Road Fund. Public Works has prepared a service priority list that was used to build Budget #2 submitted to the County Administrator's Office on March 2nd. The work session today will review Public Works management's recommended Road Fund service priorities, the rationale for setting the priorities, and the effect of the Road Fund balance in mitigating – at least temporarily – the loss of Secure Rural Schools.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Board received a presentation on February 7, 2007 reviewing the County Management Team recommendations for General Fund service priorities if Secure Rural Schools is not reauthorized. Public Works has used the same format for its service priority recommendations.

In 2001 the Board adopted the Lane County Strategic Plan, which includes priorities for Road Fund resource allocation.

B. Policy Issues

Policy issues include:

- Which Road Fund services and programs to eliminate or reduce
- When to eliminate or reduce those services/programs
- How to raise replacement revenues
- When to raise replacement revenues
- How to use the Road Fund balance to transition from Secure Rural Schools to other revenue sources and to mitigate (temporarily) Road Fund service reductions.

C. Board Goals

- Work for a strong regional economy
- Contribute to appropriate community development in the areas of transportation,
- 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 Lane County Road Fund will lose \$20 million for FY 07-08 if Secure Rural Schools is not extended or reauthorized. This is approximately 50% of the revenue received by the Road Fund in FY06-07. If we did not have SRS in FY06-07, the Road Fund would have received about \$600,000 based on the old timber harvest formula.

Public Works management developed a Service Priority list for the Road Fund using the same format as that in the General Fund process. See Attachment A. The proposed priorities and resulting service reductions were guided by the Road Fund priorities identified in the 2001 County Strategic Plan. Section B3(d)6 says:

Road Fund priorities will be as follows:

- Operation, maintenance and preservation (O,M&P) of the existing County road system will receive the highest priority.
- To the extent possible, O,M&P activities should be funded by user fees from the State Highway Fund and timber receipts.
- Timber receipts, beyond those needed for O,M&P, should be used to fund modernization projects and revenue sharing.
- If modernization projects decrease significantly in the future and the County is not able to contract for design services with other agencies, staff resources devoted to modernization projects will decrease accordingly.
- County/City Road Partnership payments will be maintained through the plan period [2001-2005] (and then re-evaluated).

E. Analysis

Prior to assembling the operating service priorities in Attachment A, PW management assumed the following reductions from the capital program:

- County/City Road Partnership – The existing C/CRP agreement expires June 30, 2007. The last C/CRP payments were mailed to cities in early March. Neither Budget #1 nor Budget #2 submitted to the CAO includes funding for continuation of the program. This is consistent with the Strategic Plan resource allocation priorities and the adopted FY07-FY11 Capital Improvement Program (CIP).
- Revenue Sharing/Modernization Projects – All modernization projects not on the County system which do not have executed IGAs are presented as reduction packages with Budget #2. This includes the ODOT I-5/Coburg Interchange project,

three specific assisted housing project roads, and all future funding for the assisted housing road program. See Attachment B. If the Board wants to continue with the three specific assisted housing roads – West Town, Heather Glen and Prairie View – we need direction soon so they may proceed to construction this summer. We will discuss this more in the following agenda item.

- Lane County Modernization Projects – All CIP projects on the County system that do not have significant leverage or executed IGAs are presented as reduction packages in Budget #2. This includes Bob Straub Parkway, Harvey Road, and Bolton Hill Road – all scheduled for bid in FY07-08 (We will seek Board direction for Bob Straub Parkway in the next agenda item). It also means that funding for Delta/Beltline, Beaver/Hunsaker and High Pass Road will be eliminated. See Attachment B.

If all the reduction packages are accepted by the Board, the Road Fund balance available for allocation by the Board should exceed \$32 million at the start of FY07-08. Strategic use of the Fund Balance by the Board will enable the County to smooth the transition away from SRS by avoiding massive reductions in service for FY07-08 and allow time to find replacement revenues from State or local sources.

We will review specific service cuts in Attachment A in detail at the Board meeting. In general terms, though, the reductions in Attachment A are operating reductions consistent with the Strategic Plan priorities and the revenue sharing and capital reductions discussed above. Major items include elimination of approximately 16 FTE associated with capital projects, elimination of the Sheriff's Inmate Road Crew, and significant reduction in maintenance of local roads on the County system. As a result of all the proposed Attachment A reductions, positions equaling approximately 44 FTE will be eliminated in Public Works and 4 FTE will be transferred from Road Fund to Corners Fund and Land Management Fund. Ten positions are affected in the Sheriff's Office.

These reductions amount to only about \$8 million in ongoing savings, far short of the \$20 million required to offset the loss of SRS. Fortunately, because of the \$30+ million Fund balance, we don't have to find the full \$20 million savings in one year. We are recommending that the Fund balance be used to fund some CIP projects, continue the full range of maintenance and preservation services on the collector and arterial system through FY07-08 and continue the full range of maintenance and preservation services on local roads through the summer of 2007.

Without significant enhancements to our remaining revenue stream – from this year's Legislative Assembly, from Board action, or from contract work for other governmental agencies, we will be facing even larger cuts to the Road Fund next fiscal year.

F. Alternatives/Options

1. Accept the operational service priorities and capital program priorities as recommended, with full discussion and deliberation during the budget process.
2. Accept the operational service priorities and capital program priorities as recommended, with additional work sessions scheduled to consider modifications prior to budget committee meetings.
3. Accept the operational service priorities as recommended, with full discussion and deliberation during the budget process: provide direction on some or all capital program priorities prior to the budget process.
4. Reject the recommended operational service and capital program priorities; provide direction on revisions to Budget #2 before it is submitted to the Budget Committee.

IV. TIMING/IMPLEMENTATION

If Bob Straub Parkway, West Town assisted housing roads, Heather Glen assisted housing roads and Prairie View assisted housing roads are to be constructed this summer, the Board must quickly direct staff -- prior to the Budget Committee meetings -- to retain these projects in Budget #2 and fund construction from the Road Fund balance.

V. RECOMMENDATION

Option #3.

VI. FOLLOW-UP

The following agenda item deals with Bob Straub Parkway. We can discuss the assisted housing roads at the same time or report back at the April 4th Board meeting.

VII. ATTACHMENTS

Attachment A – Road Fund Operational Service Priority Worksheet
Attachment B – Project Reduction Packages

SERVICE PRIORITIZATION WORKSHEET - ROAD FUND - FEBRUARY 22, 2007					Attachment A					
SIS #	Service Description	Priority	FY 07-08 Revenue	FY 07-08 Expense	Net Road Fund Use	Fte	Accum Net	Accum Fte	Reduction Net	Reduc Fte
2572	PW ADMINISTRATIVE SERVICES	1	232,806	1,075,550	842,744	6.00	842,744	6.00	33,954,089	229.90
2584	OFFICE OF THE COUNTY ENGINEER	2	0	1,678,214	1,678,214	2.00	2,520,958	8.00	33,111,345	223.90
2609	CTY SURVEY OR SURVEY/PLATS	3	480,672	838,364	357,692	3.90	2,878,650	11.90	31,433,131	221.90
2608	CTY SURVEYOR ROAD RECORDS & SERVICES-	3	266,452	695,462	429,010	3.60	3,307,660	15.50	31,075,439	218.00
2553	PW FINANCIAL MGMT - AP AR PAYROLL BDGT	4	300,708	1,389,253	1,088,545	7.75	4,396,205	23.25	30,646,429	214.40
2582	PW FACILITIES MANAGEMENT-	5	108,198	217,025	108,827	2.75	4,505,032	26.00	29,557,884	206.65
2570	ROAD ASSET MANAGEMENT	6	0	150,793	150,793	0.40	4,655,825	26.40	29,449,057	203.90
2528	ROAD INFORMATION TECHNOLOGY	7	211,000	924,474	713,474	9.20	5,369,299	35.60	29,298,264	203.50
2693	TRANSPORTATION PLANNING SERVICES	8	25,000	351,163	326,163	2.80	5,695,462	38.40	28,584,790	194.30
2534	FACILITY HEAVY HAUL & PERMITS	9	340,000	973,359	633,359	7.40	6,328,821	45.80	28,258,627	191.50
2564	URGENT RESPONSE, STORM, SNOW, ICE	10	13,500	1,652,948	1,639,448	11.90	7,968,269	57.70	27,625,268	184.10
2520	STRIPING, SIGNAGE & TRAFFIC SIGNALS	11	270,000	1,913,254	1,643,254	10.90	9,611,523	68.60	25,985,820	172.20
2683	BRIDGE, GUARDRAIL MAINTENANCE PRES	12	268,000	1,203,686	935,686	6.70	10,547,209	75.30	24,342,566	161.30
2666	ARTERIAL & COLLECTOR ROAD MAINTENANCE	13	0	3,905,348	3,905,348	28.40	14,452,557	103.70	23,406,880	154.60
2675	ARTERIAL & COLLECTOR PAVEMENT PRES	14	0	2,751,345	2,751,345	13.00	17,203,902	116.70	19,501,532	126.20
2601	PW COUNTY WIDE INDIRECT	15	0	205,659	205,659	0.00	17,409,561	116.70	16,750,187	113.20
2712	ENGINEERING COUNTYWIDE OVERHEAD	16	0	748,766	748,766	0.00	18,158,327	116.70	16,544,528	113.20
2581	PW MGMT TEAM SUPPORT including safety	17	155,204	717,034	561,830	4.00	18,720,157	120.70	15,795,762	113.20
2603	PW DELTA UTILITIES - Light, Power & Water;	18	0	203,000	203,000	0.00	18,923,157	120.70	15,233,932	109.20
2600	PW - IS SERVICES; Programming, Maintenance of	19	0	804,205	804,205	0.00	19,727,362	120.70	15,030,932	109.20
2713	ENGINEERING - IS SERVICES; Programming,	20	0	688,592	688,592	0.00	20,415,954	120.70	14,226,727	109.20
2655	MAJOR REPAIRS	21	0	1,484,565	1,484,565	11.00	21,900,519	131.70	13,538,135	109.20
2677	CORE ENGINEERING SERVICES	22	331,000	3,324,974	2,993,974	34.20	24,894,493	165.90	12,053,570	98.20
2573	FACILITIES MAINTENANCE/CUSTODIAL	23	0	244,977	244,977	3.00	25,139,470	168.90	9,059,596	64.00
2591	WEIGHMASTER	24	0	666,041	666,041	3.00	25,805,511	171.90	8,814,619	61.00
2708	PW FINANCIAL MGMT - AP AR PAYROLL BDGT	25	0	36,374	36,374	0.50	25,841,885	172.40	8,148,578	58.00
2679	LOCAL RESOURCE ROAD MAINTENANCE	26	0	754,791	754,791	5.50	26,596,676	177.90	8,112,204	57.50
2676	LOC RESOURCE ROAD PAVE. PRESERVATION	27	0	570,903	570,903	2.50	27,167,579	180.40	7,357,413	52.00
2692	LOCAL RESIDENTIAL ROAD MAINTENANCE	28	0	1,093,829	1,093,829	8.00	28,261,408	188.40	6,786,510	49.50
2682	LOCAL RESID. ROAD PAVE. PRESERVATION	29	0	848,645	848,645	4.00	29,110,053	192.40	5,692,681	41.50
2519	TRAFFIC ENGINEERING INVESTIGATIONS	30	0	233,104	233,104	2.00	29,343,157	194.40	4,844,036	37.50
2710	WEIGHMASTER Reduction in program	31	0	237,926	237,926	3.00	29,581,083	197.40	4,610,932	35.50
2648	PW FACILITIES MGMT - GROUNDSKEEPING	32	0	86,139	86,139	1.00	29,667,222	198.40	4,373,006	32.50
2598	INMATE ROAD CREW	33	75,200	1,153,458	1,078,258	7.00	30,745,480	205.40	4,286,867	31.50
2525	CAPITAL IMPROVEMENT PLANNING	34	0	104,052	104,052	1.00	30,849,532	206.40	3,208,609	24.50
2672	SIMPLE LAND USE REFERRALS	35	0	110,970	110,970	1.00	30,960,502	207.40	3,104,557	23.50
2705	ELECTRICIANS REDUCTION	36	0	52,026	52,026	0.50	31,012,528	207.90	2,993,587	22.50
2592	PROJECT / ENGR. SERVICES REDUCTION	37	0	1,759,548	1,759,548	16.00	32,772,076	223.90	2,941,561	22.00
2610	SURVEYORS ADMIN/TECHNICAL SERVICES -	38	209,717	598,316	388,599	3.00	33,160,675	226.90	1,182,013	6.00
2707	BUILDING SETBACKS REDUCTION	39	0	30,000	30,000	0.00	33,190,675	226.90	793,414	3.00
2649	PW FINANCIAL MGMT -Imaging System	40	0	55,378	55,378	1.00	33,246,053	227.90	763,414	3.00
2602	PW MEMBERSHIPS AND DUES - LCOG, AOC;	41	0	210,742	210,742	0.00	33,456,795	227.90	708,036	2.00
2709	PW IS Services transfer to LMD & WMD	42	0	300,000	300,000	0.00	33,756,795	227.90	497,294	2.00
	Process Devlp App transfer to LMD Fund	43	35,000	232,294	197,294	2.00	33,954,089	229.90	197,294	2.00
	Total FY 07-08		3,322,457	37,276,546	33,954,089	229.90				

Attachment B - Project Reduction Packages

Revised February 27, 2007

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
FY 07/08 Reduction Candidate Projects					
Bob Straub Parkway, South 57th to Jasper Rd (R/W)	\$ 140,000				
Bob Straub Parkway, South 57th to Jasper Rd (Construction)	\$ 5,700,000				
Bob Straub Parkway, Environmental Mitigation	\$ 385,000				
Bob Straub, City Contribution	\$ (200,000)				
Bolton Hill Road, Territorial to Dogwood Ln (R/W)	\$ 175,000				
Bolton Hill Road, Territorial to Dogwood Ln (Construction)	\$ 1,750,000				
Bolton Hill Road, City Contribution	\$ (360,000)				
Harvey Road, Hillegas to UGB (R/W)	\$ 100,000				
Harvey Road, Hillegas to UGB (Construction)	\$ 1,650,000				
Harvey Road, City Contribution	\$ (300,000)				
Assisted Housing Fund	\$ 111,300				
Heather Glen Assisted Housing Project (Veneta)	\$ 150,000				
Prairie View Affordable Housing in Eugene (Unthank Road)	\$ 213,700				
Westtown at 8th in Eugene	\$ 275,000	Note: Previously budgeted in 05/06 . IGA not signed.			
Subtotal	\$ 9,790,000				
FY 08/09 and beyond Project Reductions					
Beaver Street/Hunsaker Lane (R/W)			\$ 300,000		
Beaver Street/Hunsaker Lane (Construction)			\$ 3,000,000		
High Pass Road (R/W)			\$ 200,000		
High Pass Road (Construction)			\$ 2,000,000		
Assisted Housing Fund		\$ 250,000	\$ -	\$ 250,000	\$ -
I-5/Coburg Interchange		\$ 1,500,000	Note: Reduce from \$2.5 to \$1.0 million and move to 07/08		
Subtotal		\$ 1,750,000	\$ 5,500,000	\$ 250,000	\$ -