

**CITY COUNCIL
STAFF REPORT**

Agenda
Item: I-2
Date: July 17, 2012
Department: Administration

AGENDA TITLE: Proposed 10-Year Roads and Drains Repair and Maintenance Plan

STAFF RECOMMENDATION: Staff recommends the City Council review and adopt Resolution No. 38-12 approving a 10-year roads and drains repair and maintenance plan which delineates fixing Orinda's roads to a Pavement Condition Index (PCI) of 70 ("good" condition) and repairing underlying drains.

BACKGROUND: The City of Orinda has 92.5 miles of paved public roads. These roads are considered to be in poor condition. The industry standard for road condition is known as the Pavement Condition Index (PCI) and is measured by a grading scale of 0 to 100. In this rating system, 100 represents brand new roads and 0 represents an impassible paved road. The City of Orinda's overall PCI rating is 49, which equates to an industry rating of "poor".

Over the past 10 years the City has been spending on average, a total of \$2.3 million per year on street maintenance comprised of \$0.8 million for routine maintenance and \$1.5 million for pavement rehabilitation and reconstruction (Attachment B). The total cost to bring the streets to a good condition (PCI rating of 70) is estimated at \$39.5 million for pavement rehabilitation. The total cost to fund road and drainage repair and reconstruction projects is approximately \$52 million in 2011 dollars. Currently the City conducts annual roads and drains repair projects using various City revenue sources. These include Transportation Impact Fees, Drainage Impact Fees, Gas Tax, Garbage Franchise Fees, Measure J and State and federal grant dollars.

To date the City's policy is to focus the pavement rehabilitation dollars on those streets that affect the greatest number of users, which in Orinda are arterials, collectors and school routes. The policy has meant that essentially no money has been spent on improvements to residential streets. Of the total system, residential (non-private) streets account for 69% or 64.3 miles and have a PCI rating of 37. This means that most public residential streets are rated as poor or very poor. At the City's current spending level, the overall system-wide PCI will drop to a rating of 43 by 2014. It is estimated that the City needs to spend \$2.2 million annually on pavement rehabilitation to keep the streets at the current PCI rating of 49. To bring the City's entire public road system (arterials, collectors, school routes and non-private residential roads) to a good PCI rating in the near-term, the City would need to spend an estimated \$52 million (in today's dollars) on pavement rehabilitation over a 10 year period.

SUMMARY: The City of Orinda is not in a financial position to invest additional monies into the public infrastructure without new revenues. As such, it is recommended that the City approach an overall fix of the roads and drains by developing a multi-pronged solution to the funding challenge. The first phase would consist of asking voters of Orinda to approve a half-cent sales tax general purpose measure. The revenues generated from such a measure would go to the City's General Fund for annual disbursement by the City Council during the budget adoption period. Services that can be funded through the General Fund include road and drain repairs. Subsequent phases would include generating approximately \$40 million over two phases to infuse much needed capital revenue into more intense and larger road and drain repair projects. The new revenues could be generated through General Obligation bonds or by a parcel tax both of which would need to be placed on ballots for public vote and support.

The Director of Public Works and Engineering Services indicates that it is possible to construct at least \$5 million of roads and drain projects per year for infrastructure improvements if new revenues are approved by the Orinda voters.

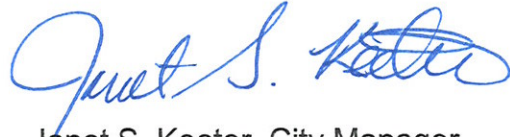
As a means of planning for an ongoing maintenance of effort, the Council and the voters could consider extending the half-cent sales tax after 10 years to sustain the newly improved roads to the PCI of 70. However, a general use sales tax is subject to annual appropriations through the budget process as the revenues go directly to the General Fund. The extension of the sales tax could be combined with current revenue sources to fund an approximate \$2.2 million (in 2011 dollars) need for ongoing maintenance funds per year.

FISCAL IMPACT: Adoption of the plan does not commit the City to any financial impacts as each phase will need to be approved by the City Council and approved by the Orinda voters. Should the 10-year plan be endorsed by Council, then staff will proceed to further develop the phases for Council action and voter approval.

ATTACHMENTS:

- Attachment A:** Resolution No. 38-12 Approving a 10-Year Roads and Drains Repair and Maintenance Plan
- Exhibit A:** City of Orinda 10-Year Roads and Drains Repair and Maintenance Plan and Revenue
- Attachment B:** 2001-2011 Road and Bridge Infrastructure Project and Operating Expenditures Operations and Maintenance Costs and Revenue Detail History

Respectfully Submitted by



Janet S. Keeter, City Manager

Prepared by:

Monica Pacheco, Senior Management Analyst
Charles Swanson, Director of Public Works & Engineering
Services

BEFORE THE CITY COUNCIL OF THE CITY OF ORINDA

In The Matter Of:

Resolution for the adoption of)	
a 10 Year Roads and Drainage)	Resolution No. <u>38-12</u>
Repair Plan)	
_____)	

WHEREAS, the City of Orinda has 92.5 miles of paved public roads; and

WHEREAS, the City's overall street rating on the Pavement Condition Index (PCI) is 49 which equates to a rating of poor; and

WHEREAS, the total cost to raise the public roads system to a pavement index condition of 70 (i.e. good condition) is estimated at \$39.6 million; and

WHEREAS, of the total system, residential streets account for 69% or 64.3 miles and have a PCI of 37, which means that most of the public streets are rated as poor or very poor; and

WHEREAS, in addition to the poor condition of the roads, the underlying storm drain pipes and culverts are also in poor condition and the total cost to repair the city's drains is approximately \$12.4 million; and

WHEREAS, over the past ten years the City has been spending a total of \$2.3 Million per year on street maintenance consisting of \$0.8 million for routine maintenance and \$1.5 million for pavement rehabilitation and reconstruction; and

WHEREAS, at our current spending level the overall system-wide PCI will drop to 43 by 2014; and

WHEREAS, currently the City's policy is to focus the pavement rehabilitation dollars on those streets that affect the greatest number of users; arterials, collectors and school routes; and

WHEREAS, the policy has meant that essentially no money has been spent on improvements to residential streets; and

WHEREAS, The total cost to improve public roads to a good PCI of 70 and repairs to the underlying drains is estimated at \$52 million (in today's dollars); and

WHEREAS, the City has and continues to dedicate Gas Tax, Transportation Fees, Drainage Impact Fees and Return to Source Funds to road maintenance and will continue to do so; and

WHEREAS, the City needs to spend an estimated \$2.2 million per year on pavement rehabilitation to keep the streets maintained; and

5

Attachment A

WHEREAS, the City would need to spend an estimated \$4.95 million per year on road and drainage rehabilitation for 8 years to bring the entire system to a good condition of PCI 70; and

WHEREAS, the City has historically been successful in attaining grants for road and drainage projects, and will continue to actively seek out grant opportunities to supplement the annual roads and drainage repair budget; and

WHEREAS, the City Council recognizes that the magnitude of investment needed to bring the City's roadway and drainage infrastructure into full repair will require a phased approach over many years; and

WHEREAS, in order to repair the City's roads and drains a 10-year plan has been prepared which includes the following four phases:

Phase 1	2012	Half-Cent Sales Tax Measure with a 10-year sunset - Available to be appropriated annually from the General Fund by the City Council
Phase 2	2016	\$19.8 Million Bond or Parcel Tax
Phase 3	2020	\$19.8 Million Bond or Parcel Tax
Phase 4	2022	Extension of the Half-Cent Sales Tax for ongoing Maintenance - Available to be appropriated annually from the General Fund by the City Council

WHEREAS, attached to this resolution (Exhibit A) is a "10-Year Roads and Drainage Repair Plan" that details the City's multiple phase approach to fixing the City's roads and drains problem; and

NOW, THEREFORE, BE IT RESOLVED: that the Orinda City Council adopts the 10-Year Roads and Drainage Repair and Maintenance Plan.

ADOPTED by the City Council of the City of Orinda at a regular meeting of the Council held on July 17, 2012, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

Steve Glazer, Mayor

6

ATTEST:

Michele L. Olsen, City Clerk

Exhibit:

Exhibit A: City of Orinda 10-Year Roads and Drainage Repair and Maintenance Plan

**DRAFT
CITY OF ORINDA
10 YEAR ROADS AND DRAINAGE REPAIRS PLAN**

Background

The City of Orinda has 92.5 miles of paved roads. Generally the streets are considered to be in poor condition. Over the past ten years the City has spent on average a total of \$2.3 million per year on street maintenance and repairs consisting of \$0.8 million for routine maintenance and \$1.5 million for pavement rehabilitation and reconstruction. The total cost to bring the public streets and drainage system to a good condition is estimated at approximately \$52 million. This total project costs reflects the dollar values of 2011.

To date the City's policy is to focus the pavement rehabilitation dollars on those streets that affect the greatest number of users, which in Orinda are arterials, collectors and school routes. The policy has meant that essentially no money has been spent on improvements to residential streets.

Current Budget Challenges

The City's overall operating budget is approximately \$9.8 million. Discretionary revenue from the budget is limited after funding for primary services such as Police, Engineering, Legal, Maintenance and Administration are allocated. The City has continued to reduce expenses in these areas to meet the drop in revenue the City has realized in recent years. Further, service fees generated from program areas such as Planning and Parks and Recreation are committed to provide services in those areas. Consequently, the revenue available to address the City's infrastructure problem continues to be the biggest obstacle in fixing the City's roads and storm drains. The City has reduced expenses while maintaining essential services, and at this point the City is seeking new revenue options, in the immediate form of an increase in sales tax revenue, to increase General Fund revenues. This additional revenue could then be annually allocated from the General Fund to help pay for the roads. The longer term approach includes future revenues which must be approved by the voters.

Multi-Phase Approach

The City Council and staff recognize that the magnitude of the investment needed to bring the City's roads and drainage infrastructure into full repair will require a multi-phased approach over several years. Consideration has been given not only to the fiscal need to repair the roads and drains, but also how to manage such a large number of projects. Given both of these considerations, it is recommended that a 10-year approach be taken to address the City's infrastructure issues.

The 10-year plan consists of four phases in which the City will fund, plan and manage the construction and repair of public roads and drains. The final phase of the plan is for the ongoing maintenance of the newly constructed roads and drains system. The plan depends on City Council and voter approval of several new revenue sources.

Exhibit A

9

As part of the 10-year plan, the City will continue to fund the current annual Pavement Management Program with a focus on arterials, collectors and school routes from the current funding sources. Additionally, the Director of Public Works and Engineering, in conjunction with the Citizens' Infrastructure Oversight Commission, will recommend an annual plan to the City Council on how and where the new revenue should be spent on infrastructure. The phased plan is an attempt to move forward with repairing the City's public residential streets. (See Table 1 below.)

Table 1 Multi-Phase Approach to fund Orinda's Roads Drains Repairs

Phase 1	2012	Half-Cent Sales Tax Measure with a 10-year sunset - To be Appropriated Annually from the General Fund by the City Council
Phase 2	2016	\$19.8 Million Bond or Parcel Tax
Phase 3	2020	\$19.8 Million Bond or Parcel Tax
Phase 4	2022	Extension of the Half-Cent Sales Tax for Ongoing Maintenance -To be Appropriated Annually from the General Fund by the City Council

Phase 1 of the plan includes the passage of a half-cent sales tax increase. If passed the revenue generated from the increase would be available in the General Fund to be appropriated towards roads annually by the City Council. As the sales tax is a general tax, requiring a simple majority, the revenue generated by the tax is not committed to roads and must be available for all general City services. However, it is the desire of the current City Council to annually allocate this revenue to fund improvements of the City's road and drainage infrastructure.

Phase 2 of the plan includes the passage of a 2/3 required vote for a bond or parcel tax of \$19.8 million. This measure would be placed on the 2016 ballot. If passed by the voters, the City would draw down \$4.95 million annually for four years to expend on road and drain repairs and reconstructions beginning in Fiscal Year 2017.

Phase 3 of the plan includes the passage of a second 2/3 required vote for a bond or parcel tax of \$19.8 million. The second measure would be placed on the 2020 ballot. If passed by the voters, the City would draw down \$4.95 million annually for four years beginning in Fiscal Year 2021 to complete the remaining road and drainage repair and reconstruction projects. At the conclusion of phase 3 in the year 2024, the City's overall PCI condition will be raised to good. (PCI 70)

Phase 4 of the plan would require a voter approved extension of the half-cent sales tax. This measure will continue to require the City Council to appropriate the revenue from the General Fund on an annual basis and could be expended on the ongoing maintenance of the newly repaired and reconstructed infrastructure.

10

Total Project Costs

If the sales tax measures are successful, the new revenue will be available for the City Council to annually appropriate to the roads and drains repair budget. If the bond, or parcel tax measures are successful, this revenue will be dedicated to bringing the public roads system to PCI 70 and for under-road drainage repair. The existing revenue sources are currently being utilized for limited road and drain repair and maintenance. After the roads system has been elevated to a PCI of 70 (Good), these funding sources will be dedicated to sustaining the newly achieved level. At today's current dollar value the cost to maintain City roads and drains at the current level is \$2.2 million annually.

Current estimated revenue required to bring the Roads system to a PCI of 70 are predicated on the value of today's dollar. Construction costs and revenues may fluctuate. The City has taken into consideration the Engineering News-Record (ENR) index of 2.2% for the projected project costs in future years. (See Table 2 on the following page.)

Roads and Drains Maintenance

The existing revenue sources are currently being utilized for limited road and drain repairs and maintenance. After the roads systems has been elevated to a PCI of 70 (Good), these funding sources will be dedicated to sustaining the newly achieved level.

10-Year Roads and Drains Repair and Maintenance Plan Estimated Revenue Forecast

Table 2 - City of Orinda 10-Year Roads and Drains Repair and Maintenance Plan Estimated Revenue Forecast. (See Table 2 on the following page.)

Table 2 10-Year Roads and Drains Repair and Maintenance Plan Estimated Revenues Forecast

12

1) **Existing Revenue Sources for Roads and Drains** - The existing revenue sources are currently being utilized for limited road and drain repair and maintenance. After the roads systems has been elevated to a PCI of 70 (Good), these funding sources will be dedicated to sustaining the newly achieved level. At today's current dollar value the cost to maintain City roads and drains at the current level is \$2.2 million annually. Revenue sources include Transportation Impact Fees, Drainage Impact Fees, Gas Tax and Measure J return to source funds.

Table 2a - Existing Revenue Sources for Roads and Drains

FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Existing Revenue Total
\$ 878,000	\$ 890,000	\$ 901,000	\$914,000	\$926,000	\$939,000	\$952,000	\$965,000	\$978,000	\$ 991,000	\$1,005,00	\$1,019,000	<u>\$11.4 million</u>

2) **New Revenue Sources for Road and Drainage Repairs and Construction** – If the sales tax measures are successful, the new revenue will be available for the City Council to annually appropriate to bring the public roads system to PCI 70 and for under-road drainage repair. If the bond measures are successful, this revenue will be dedicated to bringing the public roads system to PCI 70 and for under-road drainage repair. Additionally, new revenue would be available to contribute to the ongoing maintenance efforts to reach the required \$2.2 million annually.

Table 2b - New Revenue Sources for Road and Drainage Repairs and Construction

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	TOTAL
1/2 Cent Sales Tax (1)	\$540,000	\$ 655,000	\$661,000	\$668,000	\$675,000	\$681,000	\$688,000	\$695,000	\$702,000	\$709,000			\$6.7 million
\$19.8 Million Bond or Parcel Tax					\$4.95 million	\$4.95 million	\$4.95 million	\$4.95 million					\$19.8 million
\$19.8 Million Bond or Parcel Tax									\$4.95 million	\$4.95 million	\$4.95 million	\$4.95 million	\$19.8 million
1/2 Cent Sales Tax Extension												\$716,000	\$0.7 million
												New Revenue Total	<u>\$47 million</u>
												Total Revenue (Existing & New)	<u>\$58.4 million (2)</u>

(1) The City will not receive funds from the new tax measure until September 2013.

(2) Amount includes the totals from the existing and new revenue sources and also includes an annual ENR index of 2.2% for the projected project costs in future years.

**Road and Bridge Infrastructure Project and Operating Expenditures
2001 Thru 2011 Expenditure History**

October 21, 2011

CIP Project Expenditures

Projects	FY 00/01 Actual	FY 01/02 Actual	FY 02/03 Actual	FY03/04 Actual	FY04/05 Actual	FY05/06 Actual	FY06/07 Actual	FY07/08 Actual	FY08/09 Actual	FY09/10 Actual	FY10/11 Proposed	Total To Date
Paving												
Paving Project 2000/2001	\$647,352											\$647,352
Paving Project 2001/2002		\$414,718										\$414,718
Paving Project 2002/2003			\$1,185,536									\$1,185,536
Paving Project 2003/2004				\$112,347	\$12,281							\$124,628
Paving Project 2004/2005					\$26,410	\$2,848						\$29,258
Pavement, Annual 2005/2006					\$2,190	\$1,878,796	\$116,407					\$1,997,393
Pavement, Annual, FY2006/2007						\$688	\$1,255,895	\$3,743	\$46,199			\$1,306,524
Pavement, Annual FY 2007/2008							\$24,549	\$1,044,215	\$53,302			\$1,122,066
Pavement, Annual FY 2008/2009									\$813,250			\$813,250
Pavement Management 2010										\$363,000		\$363,000
Pavement Management 2011											\$517,179	\$517,179
Rheem Blvd. Reconstruction	\$51,000	\$471,267										\$522,267
El Toyonal Reconstruction		\$929,417										\$929,417
Moraga Way Rehabilitation						\$3,066	\$148,419	\$1,927,085	\$468,090			\$2,546,659
Santa Maria Paving								\$33,560				\$33,560
Camino Pablo Paving									\$131,729	\$130,349	\$130,349	\$392,427
Moraga Way Imp & Pavement (2)									\$46,668	\$150,000	\$1,304,443	\$1,501,111
Charles Hill Rd									\$47,302	\$326,881		\$374,183
Total Paving	\$698,352	\$1,815,402	\$1,185,536	\$112,347	\$40,881	\$1,885,397	\$1,545,269	\$3,008,601	\$1,606,541	\$970,230	\$1,951,971	\$14,820,528
Bridge Rehabilitation												
Bear Creek Bridge	\$5,000	\$21,240	\$11,625	\$340								\$38,205
Manzanita Bridge Rehab	\$300,000	\$59,157	\$13,311	\$7,610	\$20,287	\$51,523	\$10,457	\$16,411			\$69,473	\$548,229
Miner Road Bridge Rehab.	\$93,000	\$332	\$2,758	\$43,247	\$14,781	\$60,266	\$117,994	\$15,975				\$348,353
Total Bridge Rehabilitation	\$398,000	\$80,729	\$27,694	\$51,197	\$35,068	\$111,789	\$128,451	\$32,386	\$0	\$0	\$69,473	\$934,787
Non-Paving Road Improvements												
Ivy/Moraga Way Signal		\$14,504	\$16,594	\$10,640	\$77,508							\$119,246
Guardrail Replacement			\$17,486	\$178,615	\$63,718							\$259,819
Bryant/Moraga Traffic Calming		\$6,265	\$24,041	\$54,647	\$167,031	\$16,483						\$268,467
Camino Pablo/Santa Maria Inter							\$800				\$41,800	\$42,600
Total Non-Paving Road Improvements		\$20,769	\$58,121	\$243,902	\$308,257	\$16,483	\$800	\$0	\$0	\$0	\$41,800	\$690,132
Total Project Expenditures	\$1,096,352	\$1,916,900	\$1,271,351	\$407,446	\$384,207	\$2,013,670	\$1,674,520	\$3,040,987	\$1,606,541	\$970,230	\$2,063,244	\$16,445,447

Additional Road and Bridge Infrastructure Expenditures and Revenues

Annual Grants Received	\$124,280	\$44,386	\$646,010	\$60,609	\$71,384	\$79,506	\$131,993	\$1,351,288	\$775,270	\$627,237	\$998,843	\$4,910,806
Annual Public Works & Eng Serv. Operations and Maintenance Expense	\$737,209	\$612,485	\$648,152	\$683,365	\$843,243	\$761,531	\$916,125	\$911,698	\$951,370	\$990,774	\$968,378	\$9,024,329
Total Annual Expenditures (Total Project Expenditures plus Annual Operations and Maintenance)	\$861,489	\$2,529,385	\$1,919,503	\$1,090,811	\$1,227,450	\$2,775,200	\$2,775,200	\$3,952,685	\$2,557,911	\$1,961,004	\$3,031,622	\$25,469,776

Attachment B

13

**Road and Bridge Infrastructure Project and Operating Expenditures
2001 Thru 2011 Operations and Maintenance Cost and Revenue Detail History**

October 21, 2011

Public Works and Engineering Services Operating Cost For Road Operations and Maintenance

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Administration	\$266,280	\$244,073	\$262,616	\$260,513	\$278,692	\$250,589	\$329,137	\$298,974	\$284,389	\$202,182	\$146,769	\$2,824,214
Traffic Management	\$128,420	\$61,182	\$35,167	\$61,542	\$52,868	\$70,966	\$89,481	\$92,252	\$48,314	\$45,710	\$59,570	\$745,471
CIP Management	\$116,679	\$80,414	\$55,698	\$36,543	\$51,490	\$65,534	\$72,798	\$60,006	\$63,720	\$143,131	\$143,879	\$889,892
Pavement Maintenance	\$64,980	\$77,047	\$127,037	\$121,821	\$236,707	\$170,614	\$168,655	\$209,073	\$267,649	\$293,368	\$292,653	\$2,029,605
Misc. Maintenance	\$160,850	\$149,769	\$167,635	\$202,946	\$223,486	\$203,828	\$256,054	\$251,393	\$287,298	\$306,382	\$325,507	\$2,535,148
Total Operating Cost	\$737,209	\$612,485	\$648,152	\$683,365	\$843,243	\$761,531	\$916,125	\$911,698	\$951,370	\$990,774	\$968,378	\$9,024,329

Public Works and Engineering Services Revenue Received and Dedicated to Road Projects

Gas Tax	\$334,380	\$306,527	\$373,822	\$338,715	\$339,049	\$332,301	\$330,995	\$292,012	\$297,492	\$295,120	\$425,289	\$3,665,701
Garbage Franchise Fee	\$212,350	\$272,836	\$284,296	\$278,024	\$297,941	\$341,978	\$354,156	\$357,961	\$371,491	\$381,996	\$383,839	\$3,536,868
Transportation Impact Fee	\$122,385	\$118,983	\$152,589	\$141,981	\$220,347	\$167,494	\$180,833	\$115,522	\$598,124	\$75,136	\$79,023	\$1,972,417
Meas C/J - Return To Source	\$316,116	\$305,582	\$281,987	\$293,449	\$285,600	\$338,953	\$325,597	\$344,954	\$307,520	\$381,272	\$306,353	\$3,487,383
Total Revenue Received	\$985,231	\$1,003,927	\$1,092,693	\$1,052,169	\$1,142,936	\$1,180,726	\$1,191,581	\$1,110,449	\$1,574,627	\$1,133,524	\$1,194,504	\$12,662,369

Grants Received for Projects

Measure C/J (TCRF)	\$124,280	\$44,386	\$46,010	\$60,609	\$71,384	\$79,506	\$131,993		\$111,218	\$160,276		\$829,662
Measure C/J Projects									\$148,683	\$163,162	\$984,103	\$1,295,948
Federal (FHWA, ARRA)			\$600,000					\$951,288	\$186,928	\$303,799	\$14,740	\$2,056,755
Federal (TDA thru MTC)									\$153,441			\$153,441
State Prop 1B								\$400,000				\$400,000
CA Int Waste Management									\$175,000			\$175,000
Total Grants Received	\$124,280	\$44,386	\$646,010	\$60,609	\$71,384	\$79,506	\$131,993	\$1,351,288	\$775,270	\$627,237	\$998,843	\$4,910,806

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