



# COUNTY OF HUMBOLDT

For the meeting of: 10/23/2018

File #: 18-1381

To: Board of Supervisors

From: Public Works

SUBJECT:

Resolution in Opposition to Proposition 6; and the California Statewide Local Streets and Roads Needs Assessment Final Report

RECOMMENDATION(S):

That the Board of Supervisors adopt the attached resolution in opposition to Proposition 6 (Attachment 1); and receive and file the California Statewide Local Streets and Roads Needs Assessment Final Report dated October 2018 (Attachment 2).

SOURCE OF FUNDING:

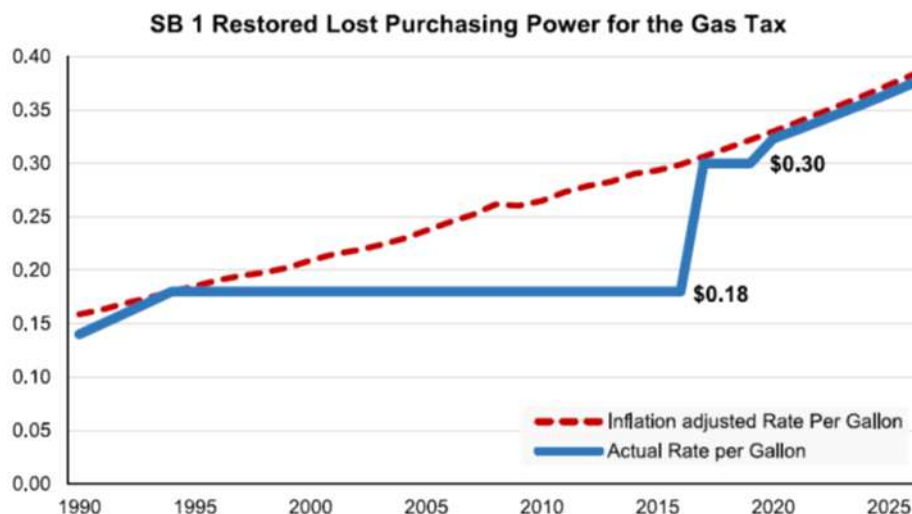
Senate Bill 1, the Road Repair and Accountability Act of 2017

DISCUSSION:

As noted in the October 2, 2018 Board of Supervisors agenda item C-6, Proposition 6 is on the November 6, 2018 ballot. Proposition 6 if passed by the electorate will:

1. Repeal Senate Bill 1 (SB1) and thereby immediately roll back gas taxes and vehicle licensing fees to the rates as they existed on January 1, 2017. The county is scheduled to receive its share of SB1 revenue through the date that the taxes and fees are rolled back.
2. Require that any increase in gas taxes (or new gas taxes) be approved by a majority of the voters.
3. Require that any increase in vehicle licensing fees (or new fees) be approved by a majority of the voters.

SB1 represents a major effort by the state to restore funding for roads. Prior to SB1, the state gas tax had remained the same for over 20 years. The rate had not been adjusted to account for inflation. SB1 restores the tax rate to a level that is in line with inflation as shown in the chart below. SB1 also includes provisions for periodic adjustments in the rate due to inflation. The first adjustment is scheduled for July 1, 2020.



Source: Governor's Proposed 2018-2019 Budget Summary Figure INT-06

Funding in Humboldt County for roads comes primarily from three sources: property taxes, gas taxes, and Measure Z allocations. The breakdown of the funding for fiscal year 2017-2018 is as follows:

Road Maintenance Funding Sources	Budget Amount FY 17-18
Property tax revenue	\$2.8m
Pre-SB1 gas tax revenue	\$4.7m
<b>Sub-Total</b>	<b>\$7.5m</b>
SB gas tax revenue	\$1.5m
Measure Z Funding	\$2.2m
<b>Total</b>	<b>\$11.2m</b>

Public Works utilizes a pavement condition index (PCI) to rate the condition of county roads. The higher the PCI, the better the road. Public Works' pavement management system (PMS) projects different scenarios based upon a desired PCI. Scenario 2 in the PMS represents the funding needed to maintain the roads to their current condition, with a PCI of 55; meaning that overall condition of the county roads would not get any worse, but would not get any better. Scenario 3 in the PMS represents the funding needed to raise of the overall PCI of all county roads to 70.

Road Maintenance Funding Summary	PMS Scenario 2	PMS Scenario 3
PCI	55	70
FY 17-18 Funding for Road Maintenance	\$11.2m	\$11.2m
Funding Needed per Pavement Management System	\$18.5m	\$29.5m
<b>Shortfall</b>	<b>\$7.3m</b>	<b>\$18.3m</b>

The county's road maintenance needs, which are summarized in the attached California Statewide Local Streets and Roads Needs Assessment Final Report, are much greater than what SB1 and local Measure Z funds are currently providing. For fiscal year 2017-2018, SB1 covered between 5 and 11 percent of the overall shortfall of deferred road maintenance needs of the county on an annual basis.

Ultimately, Proposition 6 would significantly decrease the Humboldt County road fund for many years to come. As a result, Public Works will need to consider options for funding road maintenance, if Proposition 6 is passed by the electorate. This includes, but is not limited to, the following:

- Reduced road maintenance.
- Establishing a lower PCI goal that can be maintained from reduced funding.
- Reducing staffing levels by not filling vacant positions.
- Converting paved roads to gravel.
- Reducing the mileage in the County Maintained Road System by terminating maintenance on some roads that have a functional classification as a local road.

Prepared by: Robert W. Bronkall, Deputy Director

**FINANCIAL IMPACT:**

Adoption of the attached resolution will not impact the Humboldt County General Fund. If Proposition 6 is passed by the electorate, it will mean that the projects programmed by Public Works will need to be cancelled or indefinitely suspended until another funding source is provided.

The table below shows a projection of the effect of Proposition 6 for Highway User Tax account and gas tax revenues based upon analysis by the California State Association of Counties combined with staff estimates of local road fund revenues from property taxes and Measure Z.

<b>Fiscal Year 2018-2019</b>		<b>Fiscal Year 2019-2020</b>	
<b>Current System</b>	<b>With Prop 6</b>	<b>Current System</b>	<b>With Prop 6</b>
\$8.8m	\$7.4m	\$10.8m	\$4.4m
<b>16 percent reduction in FY 18-19</b>		<b>59 percent reduction in FY 19-20</b>	

The recommended actions conform to the Board of Supervisors' Core Roles of providing and maintaining county infrastructure.

**OTHER AGENCY INVOLVEMENT:**

California Transportation Commission

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

Not adopt the resolution.

**ATTACHMENTS:**

Attachment 1: Resolution of the County of Humboldt to Oppose Proposition 6

Attachment 2: California Statewide Local Streets and Roads Needs Assessment Final Report dated October 2018

Attachment 3: Proposition 6

**PREVIOUS ACTION/REFERRAL:**

Board Order No.: C6

Meeting of: 10/02/2018