



**Resource Management
Agency
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One
PETE VANDER POEL
District Two
AMY SHUKLIAN
District Three
EDDIE VALERO
District Four
DENNIS TOWNSEND
District Five

AGENDA DATE: October 15, 2019

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
CONTACT PERSON: Celeste Perez PHONE: 559-624-7010				

SUBJECT: 2019 Transportation Project Status and Consideration of Measure R Advance

REQUEST(S):
That the Board of Supervisors:

1. Receive a status update on current Transportation Projects; and
2. Direct staff to take appropriate action to advance Measure R funded projects.

SUMMARY:

2019 Transportation Project Status Update

A productive 2019 construction season is nearly complete. Multiple road maintenance and improvement projects have been performed and progressed during the year. These projects have improved the condition of the County's road network and provided vehicular and pedestrian safety improvements throughout the region. The following is a summary of recently completed notable projects.

Project Name	Completed	Approximate Construction Cost
2018 Road Repair and Accountability Act ("SB 1") Projects	Spring of 2019	\$4,900,000
Avenue 280 Widening Project (SR 99 to Road 100)	Summer of 2019	\$9,800,000
Allensworth Elementary Sidewalk Improvements	Summer of 2019	\$500,000
D129 over Sand Creek Bridge Replacement	Fall of 2019	\$1,400,000

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Bear Creek Road over Rancheria Creek Bridge Replacement	Fall of 2019	\$1,800,000
Community Accessibility Enhancement	Fall of 2019	\$330,000
Avenue 152 Safety Improvements	Fall of 2019	\$1,500,000

During the past year, Resource Management Agency (RMA) staff has worked to develop the design, right of way acquisition, environmental permitting and procurement for additional projects that have been identified in this and prior year's County Transportation Improvement Programs (CTIP). Some of the notable projects include:

Project Name	Projected Construction Date	Estimated Construction Cost
M348 over South Fork Kaweah River Project	Spring of 2020	\$2,900,000
2020 Road Repair and Accountability Act ("SB 1") Projects	Summer of 2020	\$11,900,000
Harvest Road Reconstruction	Summer of 2020	\$1,000,000
Earlimart Sidewalk Improvements	Summer of 2020	\$650,000
Avenue 424 over Traver Canal Bridge Replacement	Fall of 2020	\$2,400,000
Avenue 392 over Sand Creek Bridge Replacement	Fall of 2020	\$2,600,000
Avenue 364 over Cottonwood Creek Bridge Replacement	Fall of 2020	\$2,800,000
Avenue 232 Safety Improvements	Fall of 2020	\$1,750,000
Roundabout at Avenue 144 and Road 96	Summer of 2021	\$2,300,000
Road 64 Improvements (SR 198 to Avenue 304)	Spring of 2021	\$2,800,000
Avenue 256 & Road 204 Signalization and Rehabilitation	Spring of 2022	\$2,800,000

In the past five years RMA has successfully delivered many road rehabilitation and improvement projects. Over \$50 million in contracted road maintenance and repair work has been administered. Additionally, County forces have performed annually over 70 miles of chip seal maintenance, average repairs to over 30,000 potholes a month, repair or replace well over 300 road signs a month, stripe 700 miles of roads a year and perform other general road maintenance to approximately 3,000 miles of roads in the County network.

Much of this work can be directly attributed to two major funding sources: Measure R and State gas tax increases as a result of Senate Bill 1 (SB1). Between these two sources, the County is projected to receive nearly \$20 million annually to be used in a discretionary manner for transportation (Roads) project maintenance and improvements.

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Measure R Bonding and Funding Advance

Tulare County receives funding for transportation projects from a variety of sources. These sources can be divided into three categories: Local, State and Federal. Local sources consist primarily of Measure R (1/2 cent sales tax specifically for transportation). A road fund balance does exist for transportation projects, emergencies and other necessary reserves. No property taxes or County General Funds are applied to road maintenance and construction within Tulare County.

Measure R funds are allocated through two primary streams: The Regional Program and the Local Program. The Measure R Regional program covers large scale regional improvement projects that are identified in the Measure R Expenditure Plan. Past County projects that have utilized Regional Program funds include Road 80 Widening, Avenue 416 Widening, and Avenue 280 Widening. Other projects from the Regional program include work on State Routes such as State Route (SR) 99 and at major interchanges. Local Program funds are allocated to the County and Cities annually and can be used at the discretion of the recipients for transportation related projects. Tulare County historically receives about \$5 to \$5.5 million a year in Local Program funds and has typically utilized these funds for road maintenance projects. The Tulare County Transportation Authority in conjunction with the Tulare County Association of Governments (TCAG) administers the Measure R Programs.

Due to the aggressive project delivery by TCAG, The County and the other Measure R partner agencies, many of the Measure R Regional projects that are identified in the Expenditure Plan have been constructed. TCAG is now exploring options to advance the delivery of a number of Regional projects that have been programmed for later years of the Measure R program. Some of these projects include interchanges at SR 99 and Caldwell Avenue (Avenue 280) and in the City of Tulare. Other County projects prime for advancement include phases 2 and 3 of the Avenue 280 (Caldwell) Widening Project and Spruce/SR 65 operational improvements.

One method that TCAG is exploring to allow for these projects to be advanced is through the use of bonding against future Measure R revenues. Current municipal bond rates are at historical lows, and there is an opportunity to move the programmed projects ahead without increasing costs. This may be beneficial for a number of reasons; it would allow the critically needed infrastructure projects to be completed as soon as possible, and overall costs may be reduced as there is a potential for bond rates to be lower than inflation rates on construction projects. If bonds are sought by TCAG for these Regional projects, staff is prepared to coordinate and move the County's projects ahead as quickly as possible without negatively affecting other current County projects.

As TCAG staff explores the prospect to bond for Regional projects, they have offered the Cities and the County the opportunity to advance a portion of the Local Program Revenues through similar bonds. To limit bond exposure, a maximum amount of potential Local Program revenues could be bonded against or loaned as an advancement. TCAG has offered either of two limits:

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- A. Maximum of 50% of Measure R Local Program Revenue projected to be allocated between 2020 and 2037. For the County, this equates to approximately **\$35.4 million**. (50% of \$5.4 million for 17 years after interest); or
- B. Maximum of 100% of Measure R Local Program Revenue projected to be allocated between 2020 and 2024 (4-year payback). For the County, this equates to approximately **\$20 million**. (100% of \$5.4 million for 4 years after interest).

At this stage in TCAG's bond analysis process, member agencies are being asked to identify whether there is interest in advancing Measure R Local Program revenues. TCAG intends to request authorization to proceed with its bonding before the end of 2019. For discussion purposes, four alternatives for funding advancement are discussed below:

1. **No Bonding/Loan.** The County would not participate in the bond for Local Program funds. No funds would be advanced at this time. Projects would continue to be delivered as currently programmed and future year revenues would not be decreased to pay back loans or bonds.
2. **\$10 million Long Term Bond.** The County would work with TCAG to advance approximately \$10 million in funds with a payback over the remaining life of Measure R. This would result in a net decrease of the annual Local Program allocations by approximately \$1 million per year from \$5.4 million to \$4.4 million.
3. **Maximum Bond/Loan.** The full amount of the allowed bond/loan would be requested. Depending on payback option, this would be either approximately \$35.4 million or approximately \$20 million. If this option is selected, the schedules of currently programmed projects would likely need to be modified so that the advanced funds would be expended within the timeframe required by the bond (three years in many cases).
4. **Alternative Bond/Loan Amount.** An alternative amount of funds could be advanced to allow for early delivery of projects. This would decrease the future Local Program revenues by a corresponding amount.

Considerations affecting the decision whether to advance projects or not, and if so, how much money to advance, includes many factors. Some of these factors are outside the control of the County. Generally, if the bond rate (cost to borrow) is lower than the rate of inflation for construction projects, advancing the funding is a prudent economic decision. TCAG is currently assuming an interest rate of no more than 3%. The cost of transportation projects can fluctuate quickly. The local construction market is influenced by more than simple general economic inflation, which is somewhat

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smoothed out due to the variation in markets. Construction project costs are directly influenced by the number of available contractors in the area, the amount of work currently out to bid, the cost of materials (primarily oil, steel and concrete costs), the labor market, and others. One example of unpredictability in the construction market is crude oil prices, which are a primary cost driver in projects with high amounts of asphalt concrete (AC) like road rehabilitation projects. Consequently, fluctuations in geopolitics can have an immediate impact on local projects. Recent year's trends for construction project inflation rates have been higher than general inflation and higher than the 3% interest rate assumed for the bonds.

Other considerations include the ability of the County and local contractors to deliver the projects within the timeframe required by the bonds. To limit bonding liabilities, the type of municipal bonds under consideration require expenditure of the funds within three years. If too large an amount of funds are advanced, other County projects would likely need to be delayed so that these projects could be delivered and the funds could be spent.

A final consideration in the decision to advance funding is where to allocate the funds. RMA does not typically proceed with the design of transportation projects unless construction funding is programmed. As such, there are no currently any unfunded "shovel ready" projects to allocate additional funding to. Due to the timeline in which spending must occur, it is suggested that if money is advanced, it should be directed toward projects that can be moved through design rapidly. In most cases, this means that road rehabilitation projects in the form of AC overlays are preferable. AC overlay projects typically do not require timely environmental review, utility relocation, and right of way acquisition. Additionally this type of project has a low ratio of delivery to construction costs, meaning that they are a highly effective utilization of the funds.

Measure R Local Program Funding Advance Proposal

If your Board determines that it would like to advance Measure R Local Program funds, the following is an outline of a proposal for consideration. After direction from your Board and consultation with TCAG, staff would return at a later date with a defined plan, and likely an agreement with TCAG for the Board's action.

Utilizing Alternative 2 as described above, the County would work with TCAG to advance the equivalent of \$1 million a year for the remainder of the life of Measure R. This would result in approximately \$10 million to be attributed to projects and would reduce the County's annual Measure R Local Program allocation to approximately \$4.4 million.

RMA staff would utilize these funds to construct road rehabilitation projects on previously identified Farm 2 Market Routes. Farm 2 Market Routes are roads throughout the County that serve as primary corridors between primary transportation destinations and the surrounding region. These roads carry high traffic volumes overall and higher than average heavy truck traffic volumes. They also serve as key freight routes for the movement of agricultural goods throughout the County.

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The proposed Farm 2 Market Routes identified below are at the top of the County's priority list as identified through our Pavement Management System (PMS). These are highly used roads with fairly low Pavement Condition Index (PCI) ratings.

Location	Road Segment	Estimated Construction Cost
1	Avenue 416 from State Route 63 to Road 256	\$ 1,000,000
2	Road 204 from Avenue 280 to Avenue 296	\$ 1,000,000
3	Road 96 from Avenue 120 to Avenue 160	\$ 2,500,000
4	Avenue 54 from County Line to Avenue 56	\$ 2,750,000
5	Road 192 from Avenue 56 to Avenue 96	\$ 2,500,000
6	Avenue 95 from Road 236 to Road 256	\$1,250,000

If funding is made available for these projects, or similar, RMA staff would be prepared to proceed with the design of the projects and have them ready for advertisement to bid by the end of calendar year 2020 and the construction could occur early in 2021. This schedule would be achievable without negatively impacting other currently programmed transportation projects.

Measure R Regional Program Funding Advance Proposal

As a separate but related consideration, the County and TCAG are collaborating on the advancement of Phases 2 and 3 of the Avenue 280/Caldwell Widening projects utilizing Measure R Regional Program funds. Due to the complicated nature of these improvement projects (requiring right of way acquisition and utility relocation), construction dates of 2024 and 2025 are being proposed. Finally, County and City of Exeter staff are working to propose the advance of Measure R Regional Program funds for transportation improvements along Rocky Hill Drive and Firebaugh (Avenue 276) between SR 65 and Spruce Road (Road 204). This joint project would improve traffic conditions in the region south and east of Exeter.

FISCAL IMPACT/FINANCING:

No Net County Cost to the General Fund.

Funding for transportation improvement projects includes revenue sources from local Measure R funds, State and Federal funding sources (e.g. Highway Bridge Program, Highway Safety Improvement Program, and Active Transportation Program), the State Road Maintenance and Rehabilitation Account (SB1) and Highway User Trust Account (HUTA) funds and Road Fund balance.

If approved, an advance of Measure R Local Program funds would reduce the funding allocation to the County in later years by an equivalent amount.

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LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Safety and Security – Efficient and responsive maintenance of the county road network will enhance the safety and security of the public by improving the transportation infrastructure for the general population throughout the region.

Economic Well Being - To promote economic development opportunities, effective growth management and a quality standard of living. The Farm 2 Market projects identified in the proposed advancement plan helps encourage growth consistent with the County General Plan, and improves the roadway network for efficient transportation of goods and services throughout the County.

ADMINISTRATIVE SIGN-OFF:



Reed Schenke, P.E.
Director

cc: County Administrative Office

Attachment(s) Attachment A – Vicinity Map

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF 2019) Resolution No. _____
TRANSPORTATION PROJECT STATUS)
AND CONSIDERATION OF MEASURE R)
ADVANCE)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD OCTOBER 15, 2019,
BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

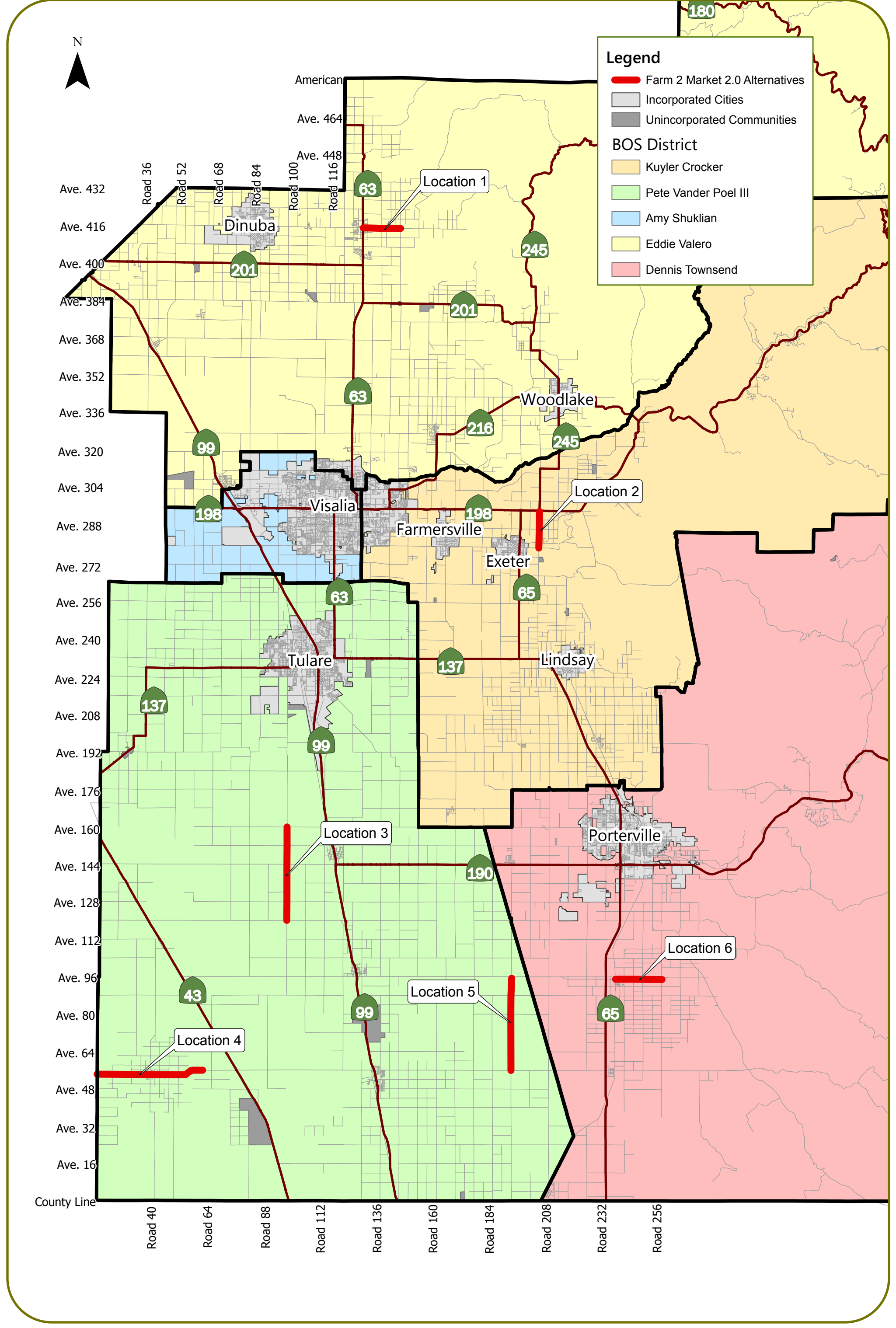
BY: _____
Deputy Clerk

* * * * *

1. Received a status update on current Transportation Projects; and
2. Directed staff to take appropriate action to advance Measure R funded projects.

Attachment “A”

Vicinity Map



Legend

- Farm 2 Market 2.0 Alternatives
- Incorporated Cities
- Unincorporated Communities

BOS District

- Kuyler Crocker
- Pete Vander Poel III
- Amy Shuklian
- Eddie Valero
- Dennis Townsend