



Legislation Details (With Text)

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Title: Department of Transportation recommending the Board:
 1) Approve and authorize the Chair to sign a Budget Transfer adjusting the budget for Fiscal Year (FY) 2018-19 to allow for a General Fund contribution of \$296,000 from the reserve set aside for emergency road infrastructure projects to reimburse the Road Fund for negative interest charged during FY 2018-2019; and
 2) Approve and authorize the Chair to sign a Budget Transfer adjusting the budget for FY 2018-2019 to allow for a General Fund contribution of \$2,100,000 from the reserve set aside for emergency road infrastructure projects to reimburse the Road Fund for costs related to FEMA projects not eligible for FEMA reimbursement. (4/5 vote required)

FUNDING: General Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - \$296K Budget Transfer DOT, 2. B - \$2.1M Budget Transfer DOT FEMA, 3. C - FEMA Billing Summary July 2019, 4. Executed Budget Transfer - \$296k, 5. Executed Budget Transfer - \$2.1M

Date	Ver.	Action By	Action	Result
8/6/2019	1	Board of Supervisors	Approved	Pass

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FUNDING: General Fund.

DISCUSSION / BACKGROUND

In FY 2017-18, the Board set aside \$3.5 million dollars of General Fund for emergency projects and other unfunded Road improvements (see Attachment C, FEMA Billing Summary). With the November 20, 2018 budget action, the Board set aside an additional \$1.2 million dollars, in addition to the \$3.5 million set aside, for a total set-aside of \$4.7 million. At that same meeting, the Department of Transportation (Transportation) requested \$686,606 of these funds to cover prior year costs incurred for the emergency projects that are not eligible for FEMA reimbursement, leaving approximately \$4.1 million available if the appeals are lost, and to help cover any additional ineligible expenses or County match requirement for the FEMA projects. Since that time, the County has received letters of obligation for the Fort Jim (ELELC07) and Kyburz (ELELC18) Road Repair Projects. Transportation

is still waiting for a version request change for Starkes Grade (ELELC13) that will move this project from a small project to a large project to allow for full cost recovery of all eligible expenses (approximately \$1 million), as well as an obligation letter for expenses at the Landfill of approximately \$600,000.

The Road Fund cash flow has been negative for most of FY 2018-19 due to the delay in reimbursements from FEMA for the emergency road projects completed by Transportation over the last few years. When a fund has negative cash, the fund accrues interest charges. In FY 2018-19, approximately \$296,000 was charged to the Road Fund in negative interest. Transportation requests a Budget Transfer authorizing a General Fund contribution to the Road Fund to reimburse negative interest that was charged during FY 2018-19. The Streets and Highways Code Sections 2101 and 2150 state that Road Fund money can be expended only for road or road-related purposes. Negative interest is not an eligible expenditure per the Streets and Highways Code. The Department is recommending that the funds come out of the General Fund designated reserve set aside for emergency road infrastructure projects.

In addition to the negative interest, while FEMA funding covers the majority of expenses for these projects, some expenses are not eligible for reimbursement and there is a 6.25% County match requirement. Attachment C includes a summary of FEMA Transportation expenses with the total anticipated County share of costs at \$2,863,638. The majority of these expenses were incurred in FY 2016-17, FY 2017-18 and FY 2018-19 and were covered with Road Fund. While these expenses are eligible for Road Fund monies, the Department never anticipated or budgeted these costs, and the Road Fund is now depleted and has a negative cash balance. Transportation is requesting a Budget Transfer to authorize a \$2,100,000 General Fund transfer from the designated reserve set-aside for the FEMA emergency road infrastructure projects.

If both of these Budget Transfers are approved, the General Fund reserve designated for emergency road infrastructure projects would still have approximately \$1.6 million available to cover Starkes Grade and the Landfill projects, in the case that additional FEMA funding is not secured.

ALTERNATIVES

The Board may elect not to approve one or both of the Budget Transfers as proposed. If the Budget Transfer for negative interest is not approved, alternate funding would need to be identified as this is not a Road Fund eligible expense. If the Budget Transfer for the FEMA ineligible costs and County match was not approved, Road Funds would need to be used and funding for projects in the FY 2019 -20 budget and future years would be reduced and projects impacted.

PRIOR BOARD ACTION:

Over the past several months, the department has brought periodic updates related to the emergency road repairs to the Board. These include the following:

February 27, 2017 - Legistar 17-0242

August 29, 2017 - Legistar 17-0944

January 23, 2018 - Legistar 18-0102

June 5, 2018 - Legistar 18-0800

October 30, 2018 - Legistar 18-1669

November 20, 2018 - Legistar 18-1767

November 20, 2018 - Legistar 18-1797

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

The proposed Budget Transfers will decrease the General Fund reserve designated for emergency road infrastructure by \$2,396,000 and increase the Road Fund by the same amount.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Clerk of the Board to obtain the Chair's signature on the attached Budget Transfer Requests and forward to the Auditor/Controller's Office for further processing.

STRATEGIC PLAN COMPONENT

Good Governance, Infrastructure

CONTACT

Rafael Martinez, Director
Department of Transportation

Laura Schwartz, Deputy Chief Administrative Officer
Chief Administrative Office