



# County of El Dorado

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## Legislation Details (With Text)

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**Title:** Department of Transportation recommending the Board receive and file a presentation on the Road Fund Fiscal Year (FY) 2021-22 Budget request and provide direction.

**FUNDING:** Countywide Budget.

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Date	Ver.	Action By	Action	Result
4/19/2021	1	Board of Supervisors	Received and Filed	

Department of Transportation recommending the Board receive and file a presentation on the Road Fund Fiscal Year (FY) 2021-22 Budget request and provide direction.

**FUNDING:** Countywide Budget.

### **DISCUSSION / BACKGROUND**

#### **Road Fund**

The Department of Transportation (Transportation) has seen a budget gap deficit every year for the past several years due to reduced revenues and increased expenditures, causing the Road Fund to be depleted. On February 12, 2019, the Director of Transportation updated the board on the status of the Road Fund, Legistar# 19-0180, Item 25, forecasting that by the year 2023-24 there would be a negative road fund balance of \$10.8 million due to increased expenses and reduced revenues. One cause for the decrease in revenues is the receipt of fewer gas tax dollars in 2019 than were being received eight years prior. The Director of Transportation noted that \$3.2 million in funding would need to be added to its budget in addition to the drastic cost-saving measures Transportation had already taken. Transportation returned to the Board on April 9, 2019, Legistar# 19-0513, Item 23, to present further details of the projected \$3 million deficit, if everything remained status quo, and to address deferred maintenance costs. The Director of Transportation explained that it would take an additional \$3 million each year to continue with the Department's current service level, and an additional \$7 million each year to see improvement on our roads.

Because of these issues, staff anticipates a \$2,846,944 shortfall for Fiscal Year 2021-22 and ongoing for future fiscal years.

On February 9, 2021 (Legistar# 21-0178, Item 32) the Board discussed funding for the Diamond Springs Parkway, and directed that no funding from the Shingle Springs Band of Miwok Indians (Tribe Funds) be used on the project. The original funding plan had anticipated the use of \$1.1 million in Tribe Funds for the project in FY 2021-22. The Board's direction leaves this funding available for

Road Maintenance, which also serves to fill the Road Fund funding gap. Currently, \$1,495,610 of Tribe funds is included in the Department's Budget request to help close the gap. However, this use of Tribe Funds leaves remaining a deficit of \$1,351,334.

On March 30, 2021 (Legistar# 21-0484, Item 3) the Board directed that \$1.3 million in Transient Occupancy Tax (TOT) revenue be allocated to Road Maintenance for FY 2021-22. This was in recognition of the increased traffic along locally-maintained roadways throughout all areas of the County, but especially in popular areas such as Coloma-Lotus, the Tahoe Basin, and Apple Hill, as a result of tourism. This reduces the funding gap to approximately \$50,000.

Staff recommends that the remaining deficit be remedied with an additional General Fund allocation.

### **Snow Removal Rental Program**

Transportation has also identified the need for additional funds to implement a rental program for snow removal services in the South Lake Tahoe area. Every fiscal year County Service Area 3 (CSA 3) generates roughly \$130,000, however, this amount is not sufficient to maintain or update current equipment or implement a rental program. In addition, while Tahoe has the most demand for snow removal, snow removal equipment is also needed in areas on the West Slope and snow removal is a mandated function of counties.

On March 30, 2021 (Legistar# 21-0484, Item 3) the Board directed that \$500,000 in TOT revenue be allocated to snow removal for FY 2021-22.

With an annual allocation of \$500,000 of Transient Occupancy Tax (TOT) funds, Transportation will be able to implement a successful rental program for CSA 3. Beginning in Fiscal Year 2021-22, Transportation will use allocated TOT funds in addition to CSA 3 funds, to purchase plows and snow gates, an automated salt brine productions system, and rent six loaders and two graders. Should TOT funds be allocated on an annual basis, Transportation will identify equipment to be surplus, secure rentals, and purchase attachments for the rentals as necessary. A rough outline of items to be purchased, rentals needed and when equipment would be surplus is below.

<b><u>Fiscal Year</u></b>	<b><u>Rentals</u></b>	<b><u>Items to Purchase</u></b>	<b><u>Equipment to Surplus</u></b>
21/22	6 Loaders 2 Graders	7 Plows 5 Gates 1 Automated Salt Brine Production System	3 Graders
22/23	6 Loaders 2 Graders	2 Larue Blower Attachments	2 Blowers
23/24	6 Loaders 2 Graders	N/A	3 Graders
24/25	6 Loaders 2 Graders	1 Larue Blower Attachment	1 Blower
25/26	6 Loaders 2 Graders	N/A	Last Grader Last Blower

26/27	6 Loaders 2 Graders	1 Larue Blower Attachment	N/A
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#### **PRIOR BOARD ACTION**

N/A

#### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

#### **CAO RECOMMENDATION / COMMENTS**

Receive the report as recommended and provide direction to staff for the FY 2021-22 Budget.

#### **FINANCIAL IMPACT**

The funding needed from sources other than the Road Fund in order to continue providing services at the current level is approximately \$2.85 million. As directed by the Board, approximately \$1.5 million is being allocated from Tribe funds, reducing the gap to \$1.35 million. With the proposed use of \$1.3 million of TOT (General Fund), this gap has been reduced to approximately \$50,000. It should be noted that this funding will only solve the problem in the short term; as stated above, the Road Fund deficit is an on-going problem, as is the lack of funding for snow removal. It is likely that the Department will request use of General Fund or other funding to close the gap in future years.

The proposed use of \$500,000 for Snow Removal equipment will allow DOT to adequately perform snow removal services during the fiscal year using rental equipment.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

None.

#### **STRATEGIC PLAN COMPONENT**

Good Governance, Infrastructure, and Public Safety

#### **CONTACT**

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