



Legislation Text

File #: 18-1797, **Version:** 1

Community Development Services, Department of Transportation, recommending the Board approve and authorize the Chair to sign a budget transfer reducing the General Fund designation for Road Improvements (designated fund balance) by \$686,606 and increasing the operating transfer out to the Department of Transportation by the same amount to allow for a General Fund contribution to the Road Fund for expenses incurred in Fiscal Year 2017-18 to repair roads that were damaged during the 2017 winter storms. (4/5 vote required to approve the budget transfer) (Est. Time: 15 Min.)

FUNDING: General Fund.

DISCUSSION / BACKGROUND

During 2017 the County sustained a large amount of damage to our roads related to the heavy winter storms. The Department of Transportation began many projects in FY 16/17 and FY 17/18 to remove debris and repair the roads. As of October 31, 2018, the total costs of these repairs exceeds thirteen million (\$13M) dollars with projected expenses of approximately three million (\$3M) more for a total cost of sixteen million (\$16M).

The County has received obligation letters from FEMA for several projects, but is still waiting for final determination of project eligibility for four large projects, including the Fort Jim Road Repair, Kyburz Road, Starkes Grade and the County Landfill.

In addition to the projects currently under appeal, there are costs related to all of the emergency projects that are not eligible for reimbursement. These costs are primarily related to overhead and administrative costs. In addition, each project has a 6.25% County share of costs. While some of these costs are covered by road funds, the County was not anticipating these emergency projects and the expenses related to these projects has depleted the road fund leaving a negative balance which requires reimbursement for some of these expenses from another funding source.

In FY 2017-18, the Board set aside \$3.5 million dollars of General Fund for these emergency projects and other unfunded Road improvements. Some of this set aside is a safety net in case the County loses the appeals related to Fort Jim, Kyburz, Starks Grade or the Landfill. The department is currently projecting a worst case scenario of costs related to these four projects of approximately four million (\$4M) dollars.

With the November 20th budget discussion, the Chief Administrative Office is recommending that 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. The department is requesting that \$686,606 of these funds be transferred to the Department of Transportation to cover prior year costs incurred for the emergency projects that are not eligible for FEMA reimbursement. Currently the road fund has dipped into a negative cash flow situation, primarily due to costs related to these FEMA projects. This will leave approximately \$4.1 million available if the appeals are lost and to help cover any additional ineligible expenses on all FEMA projects.

The department estimates that through June 30, 2018, FEMA projects have accounted for approximately \$2.3 million in unanticipated costs that are not eligible for FEMA reimbursement. These costs are made up of Overhead and Administrative costs as well as the 6.25% required County match. The department has absorbed these costs with all but \$686,606 being covered with Road Funds. At this point, the department anticipates that there will be no future year fund balance available for Capital or Road Maintenance projects.

The FY 2018-19 budget includes a use of fund balance of \$1,339,429. These funds are primarily used for road maintenance projects. The department will need to reduce the road maintenance program in FY 2019-20 if additional funding sources cannot be identified.

Again, today the department is requesting that \$686,606 be transferred to the Department of Transportation to cover prior year costs incurred for the emergency projects that are not eligible for FEMA reimbursement. Currently the road fund has dipped into a negative cash flow situation, primarily due to costs related to these FEMA projects.

ALTERNATIVES

The Board could choose to not transfer these appropriations to the Department of Transportation. Currently the Department of Transportation does not have any funding available to cover these prior year expenses which has resulted in the depletion of all Road Fund fund balance as well as a negative cash flow situation. If additional funding is not provided, the Department would have to look at reducing the FY 2017-18 road maintenance budget by \$686,606 resulting in fewer road maintenance projects being completed.

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

On October 30, 2018 - Legistar 18-1669, the Board approved a budget transfer reducing contingency within the Road Fund - Capital projects. This reduction was required to balance the budget due to lower fund balance than anticipated primarily due to the unanticipated FEMA project costs. This contingency was included specifically for the signalization of Industrial and is offset with Sheriff and USDA funds.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve this item.

FINANCIAL IMPACT

The attached budget transfer restores \$686,606 of contingency funds that were reduced with the October 30, 2018 Board action. These contingency funds were budgeted for the future signalization

at Industrial Drive for the Public Safety Facility and are offset with Sheriff and USDA funds.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Clerk of the Board to obtain the Chairman's signature on the attached budget transfer and forward to the Auditor-Controller's office for processing.

STRATEGIC PLAN COMPONENT

Good Governance / Infrastructure

CONTACT

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