

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Mark Nuaimi, Town Manager
Date: February 11, 2013
For Council Meeting: February 19, 2013

Subject: COMPREHENSIVE ROAD MAINTENANCE FINANCING STRATEGY

Prior Review: Goal Setting Workshop (January 12, 2013) –
Infrastructure Cliff Discussion;

Recommendation: Review & Comment on Draft Comprehensive Road Maintenance Financing Strategy

Order of Procedure:

- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Roll Call Vote

Background: At its annual Goal Setting Workshop (January 12, 2013), Council received an overview presentation concerning the long-term fiscal impacts of not adequately funding deferred road maintenance. This “infrastructure cliff” highlighted for the Town Council and community the need to address the current infrastructure deficit (estimated at \$15 million) or see it grow to over \$35 million over the next ten years.

Discussion: The Town of Yucca Valley is currently responsible for providing road maintenance to over 24 million square feet of improved roads throughout the community. Since incorporation, the Town has been unable to provide a sustainable financial plan for providing for the long-term maintenance of this asset. Prior to and since the Goal Setting Workshop, Town staff has been evaluating alternatives to bring forward what would be a sustainable approach to maintaining local road infrastructure.

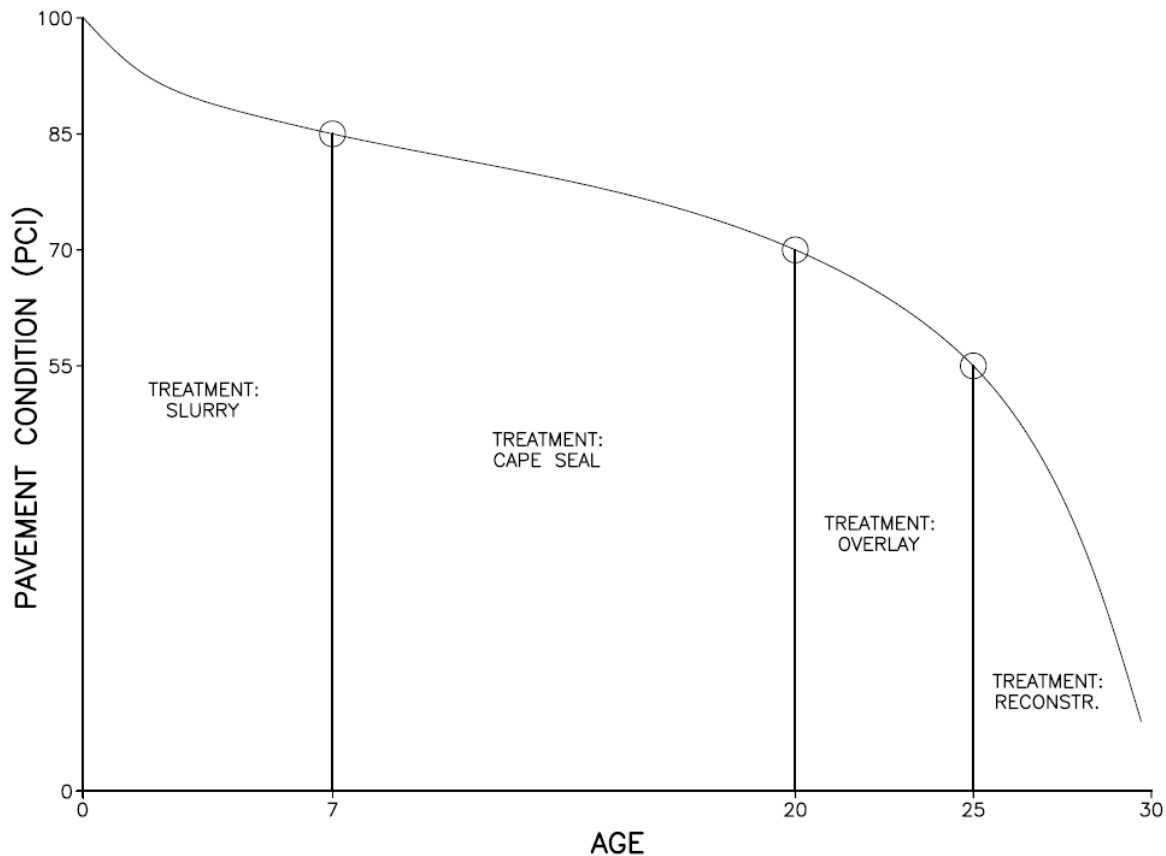
By way of background, road maintenance has routinely been identified as a key concern to residents throughout the community. Given that many of the local roads also serve as drainage facilities, the lack of maintenance is further exacerbated by the impacts of water and debris during storm incidents.

Road quality was evaluated based upon a survey of roads throughout the community and the data was entered into the Town's Pavement Management System (PMS). The PMS tracks the road conditions, the type of treatment required, and the amount of roadway (sq-ft) in each category. The PMS then incorporates on-going road maintenance and adjusts the quality of the roads for normal "wear & tear" aging. All the road quality data is characterized by a Pavement Conditions Index (PCI).

There are five primary road classifications based upon the PCI levels:

- Reconstruct (PCI < 55)
- Overlay (55 < PCI < 70)
- Cape Seal (70 < PCI < 85)
- Slurry Seal (85 < PCI < 96)
- No Action (PCI ≥ 96)

The following chart shows the typical degradation over time from one level of road quality to the next. With each level of degradation, the cost to repair the roads increases exponentially – from \$0.20/sq-ft for Slurry Seal to \$8.00/sq-ft for Reconstruction. It goes without saying that it is far more cost effective to keep roads in the Slurry or Cape Seal condition versus attempting to return roads to those conditions.



Current Road Conditions – The Town has a significant level of road maintenance requirements. The following table summarizes the road inventory per type of improvement required and the total costs associated with those improvements.

	Cost	Current Inventory (sq-ft)	
Total Roads		24,445,222	\$ 15,203,840
Reconstruct	\$ 8.00	714,950	\$ 5,719,600
Overlay	\$ 1.50	3,166,442	\$ 4,749,663
Cape Seal	\$ 0.45	7,085,028	\$ 3,188,263
Slurry Seal	\$ 0.20	7,731,572	\$ 1,546,314
No Action	\$ -	5,747,230	\$ -

In order to develop a comprehensive approach to providing long-term maintenance, staff determined that a variety of funding strategies will likely be required both near-term (one-time corrective repairs of Overlay & Reconstruct) and over the long haul (for continued preventative maintenance).

Factors Affecting Strategy – A number of factors drive the development of a comprehensive road maintenance financial strategy. They include the following:

- Sewer Development – The delivery of a regional wastewater treatment system will have a considerable impact on roads throughout a sizeable portion of the community. As the Town Council has previously discussed, it is most cost effective to make necessary road improvements as the sewer project is delivered. The key policy question for council consideration is what resources should be dedicated to delivery of these road improvements affected by the sewer project;
- Measure I Bonding – Town Council was presented with a concept of bonding against a portion of the current Measure I revenues (estimated at \$650,000 annually) in order to deliver one-time improvements. The key policy question for the council is how much of the current Measure I revenue should be committed to bonding and where should those proceeds be used;
- Unspent Redevelopment Bonds – The former Redevelopment Agency has over \$5 million in unspent bonds. Staff expects to receive approval from the State Department of Finance to begin expending those bond proceeds beginning 2014. However, there are a number of competing potential uses for RDA bonds. Further, RDA bond expenditures must be made within the boundaries of the former RDA or demonstrate a benefit to those areas through their investment;
- Desired Level of Maintenance – Council was presented with the “infrastructure cliff” facing the road network and were posed with a simple and yet complex question: “Is it acceptable to allow 15% of the road network to decay into a “Reconstruct” condition?” The consensus response was that the Town should seek strategies to avoid such decay. The policy question for the council becomes whether a commitment of General Fund resources or a new revenue resource should be established and committed to on-going road maintenance;

One Bite At A Time -- The question goes “How Do You Eat An Elephant?” The response seems pretty straightforward – “One Bite At A Time”. The same approach is helpful when attempting to tackle a \$15 million road maintenance backlog. The community is going to need a strong “appetite” to address the problem (through long-term revenue measures) and it will take patience as a series of implementation strategies are deployed. The challenge also needs to be broken down into bite-size issues. For purposes of this strategy, the roads are broken down into the following categories:

- Phase 1 Roads Affected By Sewer
- Phase 1 Roads Unaffected By Sewer
- Phase 2 Roads
- Phase 3 Roads
- Outside Sewer Phase Roads

For purposes of developing a Financial Strategy, a number of assumptions have to be made. As Council will recognize, these are not simple assumptions. While there can be tweaks here and there to the strategy, these basic underlying assumptions are required to bring forth a comprehensive solution:

- A. ½% Sales Tax Passed to Assist Sewer – Since the development of Measure U, it has become widely accepted that establishing a long-term sales tax is critical to delivering the lowest-cost sewer system to the community. This road infrastructure strategy **requires the sewer project to make necessary repairs to roads that it affects in Phase 1**. This means that if the Town’s Pavement Management System currently calls out an Overlay need for a road and the sewer project impacts the road, the sewer project will not simply patch their disruption but in fact deliver the entire Overlay project. The logic to this approach is simple – sales tax is a local revenue source traditionally dedicated to local cities and Towns to deliver services. By committing half of the Town’s taxing authority to a non-Town project, the Town needs assistance in addressing the road repairs impacted in Phase I;

	Cost	Current Inventory (sq-ft)		2013	2014	2015	2016	2017	2018	2019
Phase I - Sewer		11,726,595	\$ 7,131,062							
Reconstruct	\$ 8.00	323,654	\$ 2,589,232				\$ (6,958)	\$ 1,385,098	\$ 1,926,449	
Overlay	\$ 1.50	1,494,636	\$ 2,241,954			\$ 1,271,311	\$ 1,324,031			
Cape Seal	\$ 0.45	3,551,339	\$ 1,598,103							
Slurry Seal	\$ 0.20	3,508,869	\$ 701,774							
No Action	\$ -	2,848,097	\$ -							
Sources										
Measure I Bonding				\$ 2,500,000	\$ 2,500,000					
1/2% Sales Tax sewer / State Revolving Fund						\$ 1,271,311	\$ 1,317,073	\$ 1,385,098	\$ 1,926,449	
General Fund or 1/4% sales Tax roads				\$ 250,000	\$ 622,338	\$ 635,655	\$ 658,537	\$ 692,549	\$ 732,567	\$ 792,089
RDA Bond Proceeds						\$ 586,258				
Measure I Residual				\$ 650,000	\$ 302,662	\$ 319,318	\$ 336,391	\$ 353,890	\$ 371,827	\$ 390,213
1/4% sales tax residual						\$ -	\$ -	\$ -	\$ 297,221	\$ 792,089
				TOTAL REVENUES		\$ 319,318	\$ 336,391	\$ 353,890	\$ 669,049	\$ 1,182,301
				SURPLUS/(GAP)		\$ 319,318	\$ 336,391	\$ 353,890	\$ (329,997)	\$ 133,304
Uses				RUNNING BALANCE		\$ 319,318	\$ 655,709	\$ 1,009,599	\$ 679,602	\$ 812,906

B. RDA Unspent Bonds Used to Repair Undisturbed Roads in Phase 1—While the sewer will disrupt many roads in the community, there are a number of roads within the Phase 1 boundaries where sewer pipelines are not being installed. These roads are likely in the boundaries of the former RDA and would qualify for investment;

	Cost	Current Inventory (sq-ft)		2013	2014	2015	2016	2017	2018	2019	
Phase I - Non-Sewer		1,759,837	\$ 889,979								
Reconstruct	\$ 8.00	39,285	\$ 314,280			\$ 346,494					
Overlay	\$ 1.50	144,982	\$ 217,473			\$ 239,764					
Cape Seal	\$ 0.45	611,977	\$ 275,390								
Slurry Seal	\$ 0.20	414,181	\$ 82,836								
No Action	\$ -	549,412	\$ -								
Sources											
Measure I Bonding				\$ 2,500,000	\$ 2,500,000						
1/2% Sales Tax sewer / State Revolving Fund						\$ 1,271,311	\$ 1,317,073	\$ 1,385,098	\$ 1,926,449		
General Fund or 1/4% sales Tax roads				\$ 250,000	\$ 622,338	\$ 635,655	\$ 658,537	\$ 692,549	\$ 732,567	\$ 792,089	
RDA Bond Proceeds						\$ 586,258					
Measure I Residual				\$ 650,000	\$ 302,662	\$ 319,318	\$ 336,391	\$ 353,890	\$ 371,827	\$ 390,213	
1/4% sales tax residual						\$ -	\$ -	\$ -	\$ 297,221	\$ 792,089	
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Uses						RUNNING BALANCE	\$ 319,318	\$ 655,709	\$ 1,009,599	\$ 679,602	\$ 812,906

C. Road Work Integrated Into Sewer Project Scope – Given that the HDWD will be mobilizing multiple contractors to install sewer pipelines throughout the community, the Town proposes that the work for roads **not impacted** by the sewer (in Phase 1) would still be contracted with the sewer project. The Town would pay the HDWD the RDA funding for the scope of these improvements and the HDWD would include those improvements in their project design and implementation. This will deliver economy of scale to the community, allow for better coordination of delivery of these improvements, and help achieve the lowest costs for public infrastructure delivery;

D. Town Requires a ¼% Sales Tax Dedicated to Road Maintenance – The financial model demonstrates clearly that the Town has an on-going need for additional revenues in order to provide comprehensive road maintenance. Proceeds from this revenue stream will provide both “one-time” Overlay & Reconstruction improvements and then the on-going preventative maintenance into the future;

E. Town Invests ¼% Sales Tax to Road Improvements in Phase 2 – Given the extent of need on Phase 2 roads and the fact that they don’t lie within the boundaries of the former RDA, this strategy has identified that Phase 2 roads are improved using the initial flows of a ¼% sales tax dedicated to roads. As with roadwork in Phase 1, the timeframe for making these road improvements would be coordinated with the delivery of Phase 2 sewer improvements and, if possible, the scope would be included in the sewer project itself;

	Cost	Current Inventory (sq-ft)		2013	2014	2015	2016	2017	2018	2019	
Phase II		4,498,129	\$ 2,885,989								
Reconstruct	\$ 8.00	133,026	\$ 1,064,208				\$ 230,334	\$ 692,549	\$ 435,346		
Overlay	\$ 1.50	612,667	\$ 919,001			\$ 635,655	\$ 428,203				
Cape Seal	\$ 0.45	1,319,413	\$ 593,736								
Slurry Seal	\$ 0.20	1,545,225	\$ 309,045								
No Action	\$ -	887,798	\$ -								
Sources											
Measure I Bonding					\$ 2,500,000	\$ 2,500,000					
1/2% Sales Tax sewer / State Revolving Fund						\$ 1,271,311	\$ 1,317,073	\$ 1,385,098	\$ 1,926,449		
General Fund or 1/4% sales Tax roads				\$ 250,000	\$ 622,338	\$ 635,655	\$ 658,537	\$ 692,549	\$ 732,567	\$ 792,089	
RDA Bond Proceeds						\$ 586,258					
Measure I Residual				\$ 650,000	\$ 302,662	\$ 319,318	\$ 336,391	\$ 353,890	\$ 371,827	\$ 390,213	
1/4% sales tax residual						\$ -	\$ -	\$ -	\$ 297,221	\$ 792,089	
						TOTAL REVENUES	\$ 319,318	\$ 336,391	\$ 353,890	\$ 669,049	\$ 1,182,301
						SURPLUS/(GAP)	\$ 319,318	\$ 336,391	\$ 353,890	\$ (329,997)	\$ 133,304
Uses						RUNNING BALANCE	\$ 319,318	\$ 655,709	\$ 1,009,599	\$ 679,602	\$ 812,906

F. Measure I Bonding Used for Phase 3 and Beyond – This strategy assumes that road improvements in Phase 3 areas cannot be delayed until sewer is delivered in 2020 or later. The decay of those roads over the next 7+ years without investment would dramatically worsen their conditions and increase the costs for repair. This strategy has calculated the need for all the roads in Phase 3 and Beyond and adequate bonding capacity exists from the Measure I resources to deliver these improvements starting 2014/15.

	Cost	Current Inventory (sq-ft)		2013	2014	2015	2016	2017	2018	2019	
Phase III		4,863,129	\$ 3,834,120								
Reconstruct	\$ 8.00	206,603	\$ 1,652,824		\$ 1,735,465						
Overlay	\$ 1.50	873,487	\$ 1,310,231			\$ 1,444,529					
Cape Seal	\$ 0.45	1,101,498	\$ 495,674			\$ 546,481					
Slurry Seal	\$ 0.20	1,876,959	\$ 375,392			\$ 413,869					
No Action	\$ -	804,582	\$ -								
Outside Sewer		1,597,532	\$ 462,689								
Reconstruct	\$ 8.00	12,382	\$ 99,056		\$ 104,009						
Overlay	\$ 1.50	40,670	\$ 61,005		\$ 64,055						
Cape Seal	\$ 0.45	500,801	\$ 225,360		\$ 236,628						
Slurry Seal	\$ 0.20	386,338	\$ 77,268		\$ 81,131						
No Action	\$ -	657,341	\$ -								
Sources											
Measure I Bonding					\$ 2,500,000	\$ 2,500,000					
1/2% Sales Tax sewer / State Revolving Fund						\$ 1,271,311	\$ 1,317,073	\$ 1,385,098	\$ 1,926,449		
General Fund or 1/4% sales Tax roads				\$ 250,000	\$ 622,338	\$ 635,655	\$ 658,537	\$ 692,549	\$ 732,567	\$ 792,089	
RDA Bond Proceeds						\$ 586,258					
Measure I Residual				\$ 650,000	\$ 302,662	\$ 319,318	\$ 336,391	\$ 353,890	\$ 371,827	\$ 390,213	
1/4% sales tax residual						\$ -	\$ -	\$ -	\$ 297,221	\$ 792,089	
						TOTAL REVENUES	\$ 319,318	\$ 336,391	\$ 353,890	\$ 669,049	\$ 1,182,301
						SURPLUS/(GAP)	\$ 319,318	\$ 336,391	\$ 353,890	\$ (329,997)	\$ 133,304
Uses						RUNNING BALANCE	\$ 319,318	\$ 655,709	\$ 1,009,599	\$ 679,602	\$ 812,906

- G. Long-Term Maintenance Provided By Residual Measure I & ¼% Sales Tax – The analysis demonstrates that adequate resources are available to maintain the road infrastructure once the one-time improvements (Overlay & Reconstruction) are completed. The model does demonstrate sustainability assuming a 30-yr sales tax Measure combined with the residual funding (net bonding debt service) of the current Measure I. **However**, such sustainability of the roads quickly disappears with the termination of Measure I (in 2040) and the end of a potential 30-yr dedicated sales tax. The complete spreadsheet is included as Attachment “A” to the staff report.

Policy Direction – Council is being asked to provide Town staff policy direction on a number of key assumptions built into this financing strategy. They include:

1. Sewer Funding from Sales Tax – If a dedicated ½% sales tax measure is proposed to deliver sewer improvements, does the Town Council mandate that road improvements in Phase 1 be funded by the sewer project in order to secure Town Council endorsement of such a sales tax measure?

Policy Considerations: Sales tax is a revenue source for local communities. A ½% sales tax dedicated to sewer would reduce the Town’s ability to raise revenues in the future to address community priorities. Sewer debt service payments are not expected to be needed until 2018 (source: HDWD staff), resulting in immediate funding available in the early years to deliver road improvements with the sewer construction. This approach will lessen the potential reduction in debt service costs to ratepayers for the sewer system vs dedicating all the funds from a sales tax to debt service.

2. Measure I Bonding – Should the Town bond against a portion of the current Measure I funding received by the Town? Should those bond proceeds be used to fund roads in Phase 3 and beyond? If a dedicated sales tax is not passed for roads, should these bond proceeds be used to fix the “Overlay” roads in Town?

Policy Considerations: If a sales tax measure(s) is (are) proposed (½% sewer, ¼% roads), this funding strategy shows those funds being focused in the first several years to address Overlay & Reconstruct repairs in Phase 1 & Phase 2 of the sewer. Since ALL residents would be asked to approve (and pay) these sales taxes, residents in Phase 3 and beyond would not benefit directly from those revenues. Investing the Measure I bonds within these areas would provide benefits across the entire Town Maintained Road System and would provide incentive to residents outside of sewer areas to support sales taxes to benefit the sewer. If those sales tax measure(s) are not passed, an equitable approach could be to invest the Measure I bonding to address the Overlay decay Town wide. This would provide a short-term fix. Ultimately, a long-term solution would still be required.

3. RDA Bonds Proceeds – This scenario utilizes unspent RDA bonds to address deferred road maintenance in Phase 1 due to the boundary constraints of the former RDA. This strategy only invests bonds on roads in Phase 1 **not impacted** by the sewer project. Is this a valid strategy? Should unspent RDA bonds be used to address all the roads in Phase 1 in order to reduce the dependence upon a sewer sales tax?

Policy Considerations: There are a number of potential demands for the use of RDA bonds. Town staff is still evaluating alternatives for capital improvements (funded by RDA bonds) that could lead to lower non-road maintenance costs to the Town in the long-term. Given that RDA bonds are a one-time revenue, there are some philosophical thoughts that they should not be used for what should be a recurring maintenance obligation.

4. Pursue Dedicated Revenue Stream – Both the short term corrective maintenance and the long-term preventative maintenance require a dedicated revenue stream in order to arrive at and maintain PCI levels equal to or greater than Cape Seal quality. Given this reality, should the Town Council place a Special Tax measure before the voters as soon as possible? Given that there appears to be support among citizen group representatives for a ½% sales tax for sewer, should that measure be ¾% for 30 years?

Policy Considerations: After the defeat of Measure U, the Town was criticized for bringing forward a General Tax. This approach addresses that concern. There was also criticism that Measure U was developed without citizen input. While that was not the case, that was the perception. If the Town Council brings forward a Special sales tax measure without requiring citizens to gather signatures, a similar criticism could be leveled against the Town. A Special Tax would require a 66.7% approval for ratification. There is discussion of a potential state Constitutional Amendment to drop the passage threshold to 55% for Special Tax measures. This is projected for the November 2014 statewide election.

5. Use of General Fund – Town staff need guidance on whether General Fund resources are to be earmarked for road maintenance in the upcoming fiscal year and future fiscal years (assuming a dedicated revenue stream is not established). Staff previously identified that approximately \$900,000 (in current year dollars) are required annually to maintain a Slurry & Cape Seal program. This would require \$250,000 in the upcoming Fiscal Year dedicated from the General Fund. Future year contributions will vary depending upon some of the other policy decisions regarding Measure I bonding and pursuit of a ¼% dedicated sales tax.

Policy Considerations: The current FY 12/13 budget has no General Funds going into road maintenance. The baseline budget heading into FY 13/14 is in deficit condition. An investment of \$250,000 in FY 13/14 will essentially represent a “Do No Harm” approach to road maintenance, in anticipation that additional measures will be forthcoming. This allocation of General Fund resources to roads will likely require cuts in other services funded by the General Fund.

Alternatives: No alternative is recommended.

Fiscal impact: Over the long-haul, there is a considerable fiscal impact regardless of the direction the Town takes. If this financial strategy is adopted and successful, considerable annual resources would be invested in the Town's road network. If a suitable financial strategy is not identified and implemented, the Infrastructure Cliff discussed at the Annual Goal Setting workshop will be reached and the backlog of road maintenance in the Town will increase substantially.

Attachments:

"A" – Road Investment Model

ATTACHMENT A – ROAD INVESTMENT MODEL

Cost Escalator	5.0%			1	2	3	4	5	6	7	8	
	Cost	Current Inventory (sq-ft)		2013	2014	2015	2016	2017	2018	2019	2020	
Phase I - Sewer		11,726,595	\$ 7,131,062									
Reconstruct	\$ 8.00	323,654	\$ 2,589,232				\$ (6,958)	\$ 1,385,098	\$ 1,926,449			
Overlay	\$ 1.50	1,494,636	\$ 2,241,954			\$ 1,271,311	\$ 1,324,031					
Cape Seal	\$ 0.45	3,551,339	\$ 1,598,103									
Slurry Seal	\$ 0.20	3,508,869	\$ 701,774									
No Action	\$ -	2,848,097	\$ -									
Phase I - Non-Sewer		1,759,837	\$ 889,979									
Reconstruct	\$ 8.00	39,285	\$ 314,280			\$ 346,494						
Overlay	\$ 1.50	144,982	\$ 217,473			\$ 239,764						
Cape Seal	\$ 0.45	611,977	\$ 275,390									
Slurry Seal	\$ 0.20	414,181	\$ 82,836									
No Action	\$ -	549,412	\$ -									
Phase II		4,498,129	\$ 2,885,989									
Reconstruct	\$ 8.00	133,026	\$ 1,064,208				\$ 230,334	\$ 692,549	\$ 435,346			
Overlay	\$ 1.50	612,667	\$ 919,001			\$ 635,655	\$ 428,203					
Cape Seal	\$ 0.45	1,319,413	\$ 593,736									
Slurry Seal	\$ 0.20	1,545,225	\$ 309,045									
No Action	\$ -	887,798	\$ -									
Phase III		4,863,129	\$ 3,834,120									
Reconstruct	\$ 8.00	206,603	\$ 1,652,824		\$ 1,735,465							
Overlay	\$ 1.50	873,487	\$ 1,310,231			\$ 1,444,529						
Cape Seal	\$ 0.45	1,101,498	\$ 495,674			\$ 546,481						
Slurry Seal	\$ 0.20	1,876,959	\$ 375,392			\$ 413,869						
No Action	\$ -	804,582	\$ -									
Outside Sewer		1,597,532	\$ 462,689									
Reconstruct	\$ 8.00	12,382	\$ 99,056		\$ 104,009							
Overlay	\$ 1.50	40,670	\$ 61,005		\$ 64,055							
Cape Seal	\$ 0.45	500,801	\$ 225,360		\$ 236,628							
Slurry Seal	\$ 0.20	386,338	\$ 77,268		\$ 81,131							
No Action	\$ -	657,341	\$ -									
Total Roads		24,445,222	\$ 15,203,840									
Preventative Maintenance Needs												
Reconstruct	\$ 8.00	714,950	\$ 5,719,600				Reconstruct	-				
Overlay	\$ 1.50	3,166,442	\$ 4,749,663				Overlay	-				
Cape Seal	\$ 0.45	7,085,028	\$ 3,188,263				Cape Seal	7,085,028	\$ 478,239	\$ 502,151	\$ 527,259	
Slurry Seal	\$ 0.20	7,731,572	\$ 1,546,314				Slurry Seal					
No Action	\$ -	5,747,230	\$ -				No Action	17,360,194	\$ 520,806	\$ 546,846	\$ 574,188	
			TOTAL NEEDS	\$ 900,000	\$ 925,000				\$ 999,045	\$ 1,048,997	\$ 1,101,447	
Sources												
Measure I Bonding					\$2,500,000	\$2,500,000						
1/2% Sales Tax sewer / State Revolving Fund						\$1,271,311	\$1,317,073	\$1,385,098	\$1,926,449			
General Fund or 1/4% sales Tax roads				\$250,000	\$622,338	\$635,655	\$658,537	\$692,549	\$732,567	\$792,089	\$867,432	
RDA Bond Proceeds						\$586,258						
Measure I Residual				\$650,000	\$302,662	\$319,318	\$336,391	\$353,890	\$371,827	\$390,213	\$409,058	
1/4% sales tax residual						\$ -	\$ -	\$ -	\$297,221	\$792,089	\$867,432	
						TOTAL REVENUES	\$319,318	\$336,391	\$353,890	\$669,049	\$1,182,301	\$1,276,490
						SURPLUS/(GAP)	\$319,318	\$336,391	\$353,890	(\$329,997)	\$133,304	\$175,042
Uses						RUNNING BALANCE	\$319,318	\$655,709	\$1,009,599	\$679,602	\$812,906	\$987,948

ATTACHMENT A – ROAD INVESTMENT MODEL

Cost Escalator	5.0%			1	2	9	10	11	12	13	14	15	16
	Cost	Current Inventory (sq-ft)		2013	2014	2021	2022	2023	2024	2025	2026	2027	2028
Phase I - Sewer		11,726,595	\$ 7,131,062										
Reconstruct	\$ 8.00	323,654	\$ 2,589,232										
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Cape Seal	\$ 0.45	7,085,028	\$ 3,188,263			\$ 553,622	\$ 581,303	\$ 610,368	\$ 640,887	\$ 672,931	\$ 706,577	\$ 741,906	\$ 779,002
Slurry Seal	\$ 0.20	7,731,572	\$ 1,546,314										
No Action	\$ -	5,747,230	\$ -			\$ 602,898	\$ 633,043	\$ 664,695	\$ 697,930	\$ 732,826	\$ 769,467	\$ 807,941	\$ 848,338
TOTAL NEEDS				\$ 900,000	\$ 925,000	\$ 1,156,520	\$ 1,214,346	\$ 1,275,063	\$ 1,338,816	\$ 1,405,757	\$ 1,476,045	\$ 1,549,847	\$ 1,627,339
Sources													
Measure I Bonding					\$2,500,000								
1/2% Sales Tax sewer / State Revolving Fund													
General Fund or 1/4% sales Tax roads				\$250,000	\$622,338	\$946,887	\$991,114	\$1,016,741	\$1,021,887	\$1,010,364	\$1,052,392	\$1,114,474	\$1,187,413
RDA Bond Proceeds													
Measure I Residual				\$650,000	\$302,662	\$428,374	\$448,173	\$468,467	\$489,268	\$510,590	\$532,444	\$554,845	\$577,806
1/4% sales tax residual						\$946,887	\$991,114	\$1,016,741	\$1,021,887	\$1,010,364	\$1,052,392	\$1,114,474	\$1,187,413
TOTAL REVENUES						\$1,375,261	\$1,439,287	\$1,485,207	\$1,511,155	\$1,520,954	\$1,584,836	\$1,669,319	\$1,765,219
SURPLUS/(GAP)						\$218,741	\$224,941	\$210,144	\$172,339	\$115,197	\$108,791	\$119,472	\$137,879
Uses						\$1,206,689	\$1,431,631	\$1,641,775	\$1,814,114	\$1,929,311	\$2,038,102	\$2,157,574	\$2,295,453

ATTACHMENT A – ROAD INVESTMENT MODEL

Cost Escalator	5.0%			1	2	17	18	19	20	21	22	23	24
	Cost	Current Inventory (sq-ft)		2013	2014	2029	2030	2031	2032	2033	2034	2035	2036
Phase I - Sewer		11,726,595	\$ 7,131,062										
Reconstruct	\$ 8.00	323,654	\$ 2,589,232										
Overlay	\$ 1.50	1,494,636	\$ 2,241,954										
Cape Seal	\$ 0.45	3,551,339	\$ 1,598,103										
Slurry Seal	\$ 0.20	3,508,869	\$ 701,774										
No Action	\$ -	2,848,097	\$ -										
Phase I - Non-Sewer		1,759,837	\$ 889,979										
Reconstruct	\$ 8.00	39,285	\$ 314,280										
Overlay	\$ 1.50	144,982	\$ 217,473										
Cape Seal	\$ 0.45	611,977	\$ 275,390										
Slurry Seal	\$ 0.20	414,181	\$ 82,836										
No Action	\$ -	549,412	\$ -										
Phase II		4,498,129	\$ 2,885,989										
Reconstruct	\$ 8.00	133,026	\$ 1,064,208										
Overlay	\$ 1.50	612,667	\$ 919,001										
Cape Seal	\$ 0.45	1,319,413	\$ 593,736										
Slurry Seal	\$ 0.20	1,545,225	\$ 309,045										
No Action	\$ -	887,798	\$ -										
Phase III		4,863,129	\$ 3,834,120										
Reconstruct	\$ 8.00	206,603	\$ 1,652,824		\$ 1,735,465								
Overlay	\$ 1.50	873,487	\$ 1,310,231										
Cape Seal	\$ 0.45	1,101,498	\$ 495,674										
Slurry Seal	\$ 0.20	1,876,959	\$ 375,392										
No Action	\$ -	804,582	\$ -										
Outside Sewer		1,597,532	\$ 462,689										
Reconstruct	\$ 8.00	12,382	\$ 99,056		\$ 104,009								
Overlay	\$ 1.50	40,670	\$ 61,005		\$ 64,055								
Cape Seal	\$ 0.45	500,801	\$ 225,360		\$ 236,628								
Slurry Seal	\$ 0.20	386,338	\$ 77,268		\$ 81,131								
No Action	\$ -	657,341	\$ -										
Total Roads		24,445,222	\$ 15,203,840										
Reconstruct	\$ 8.00	714,950	\$ 5,719,600										
Overlay	\$ 1.50	3,166,442	\$ 4,749,663										
Cape Seal	\$ 0.45	7,085,028	\$ 3,188,263			\$ 817,952	\$ 858,849	\$ 901,792	\$ 946,881	\$ 994,225	\$ 1,043,937	\$ 1,096,133	\$ 1,150,940
Slurry Seal	\$ 0.20	7,731,572	\$ 1,546,314			\$ 890,755	\$ 935,292	\$ 982,057	\$ 1,031,160	\$ 1,082,718	\$ 1,136,854	\$ 1,193,696	\$ 1,253,381
No Action	\$ -	5,747,230	\$ -										
			TOTAL NEEDS	\$ 900,000	\$ 925,000	\$ 1,708,706	\$ 1,794,142	\$ 1,883,849	\$ 1,978,041	\$ 2,076,943	\$ 2,180,790	\$ 2,289,830	\$ 2,404,321
Sources													
Measure I Bonding					\$ 2,500,000								
1/2% Sales Tax sewer / State Revolving Fund													
General Fund or 1/4% sales Tax roads				\$ 250,000	\$ 622,338	\$ 1,281,479	\$ 1,405,618	\$ 1,470,595	\$ 1,509,313	\$ 1,508,334	\$ 1,483,609	\$ 1,544,691	\$ 1,633,872
RDA Bond Proceeds													
Measure I Residual				\$ 650,000	\$ 302,662	\$ 601,340	\$ 625,464	\$ 650,190	\$ 675,534	\$ 701,512	\$ 1,091,728	\$ 1,119,021	\$ 1,146,997
1/4% sales tax residual						\$ 1,281,479	\$ 1,405,618	\$ 1,470,595	\$ 1,509,313	\$ 1,508,334	\$ 1,483,609	\$ 1,544,691	\$ 1,633,872
			TOTAL REVENUES			\$ 1,882,820	\$ 2,031,082	\$ 2,120,785	\$ 2,184,847	\$ 2,209,846	\$ 2,575,337	\$ 2,663,713	\$ 2,780,869
			SURPLUS/(GAP)			\$ 174,113	\$ 236,940	\$ 236,937	\$ 206,806	\$ 132,903	\$ 394,547	\$ 373,883	\$ 376,548
Uses			RUNNING BALANCE			\$ 2,469,566	\$ 2,706,507	\$ 2,943,443	\$ 3,150,249	\$ 3,283,152	\$ 3,677,699	\$ 4,051,581	\$ 4,428,129

ATTACHMENT A – ROAD INVESTMENT MODEL

Cost Escalator	5.0%			1	2	25	26	27	28	29	30	31	32	
		Current Inventory (sq-ft)		2013	2014	2037	2038	2039	2040	2041	2042	2043	2044	
Phase I - Sewer		11,726,595	\$ 7,131,062											
Reconstruct	\$ 8.00	323,654	\$ 2,589,232											
Overlay	\$ 1.50	1,494,636	\$ 2,241,954											
Cape Seal	\$ 0.45	3,551,339	\$ 1,598,103											
Slurry Seal	\$ 0.20	3,508,869	\$ 701,774											
No Action	\$ -	2,848,097	\$ -											
Phase I - Non-Sewer		1,759,837	\$ 889,979											
Reconstruct	\$ 8.00	39,285	\$ 314,280											
Overlay	\$ 1.50	144,982	\$ 217,473											
Cape Seal	\$ 0.45	611,977	\$ 275,390											
Slurry Seal	\$ 0.20	414,181	\$ 82,836											
No Action	\$ -	549,412	\$ -											
Phase II		4,498,129	\$ 2,885,989											
Reconstruct	\$ 8.00	133,026	\$ 1,064,208											
Overlay	\$ 1.50	612,667	\$ 919,001											
Cape Seal	\$ 0.45	1,319,413	\$ 593,736											
Slurry Seal	\$ 0.20	1,545,225	\$ 309,045											
No Action	\$ -	887,798	\$ -											
Phase III		4,863,129	\$ 3,834,120											
Reconstruct	\$ 8.00	206,603	\$ 1,652,824		\$ 1,735,465									
Overlay	\$ 1.50	873,487	\$ 1,310,231											
Cape Seal	\$ 0.45	1,101,498	\$ 495,674											
Slurry Seal	\$ 0.20	1,876,959	\$ 375,392											
No Action	\$ -	804,582	\$ -											
Outside Sewer		1,597,532	\$ 462,689											
Reconstruct	\$ 8.00	12,382	\$ 99,056		\$ 104,009									
Overlay	\$ 1.50	40,670	\$ 61,005		\$ 64,055									
Cape Seal	\$ 0.45	500,801	\$ 225,360		\$ 236,628									
Slurry Seal	\$ 0.20	386,338	\$ 77,268		\$ 81,131									
No Action	\$ -	657,341	\$ -											
Total Roads		24,445,222	\$ 15,203,840											
Reconstruct	\$ 8.00	714,950	\$ 5,719,600											
Overlay	\$ 1.50	3,166,442	\$ 4,749,663											
Cape Seal	\$ 0.45	7,085,028	\$ 3,188,263			\$ 1,208,487	\$ 1,268,911	\$ 1,332,357	\$ 1,398,975	\$ 1,468,924	\$ 1,542,370	\$ 1,619,488	\$ 1,700,463	
Slurry Seal	\$ 0.20	7,731,572	\$ 1,546,314			\$ 1,316,050	\$ 1,381,853	\$ 1,450,946	\$ 1,523,493	\$ 1,599,667	\$ 1,679,651	\$ 1,763,633	\$ 1,851,815	
No Action	\$ -	5,747,230	\$ -											
			TOTAL NEEDS	\$ 900,000	\$ 925,000	\$ 2,524,537	\$ 2,650,764	\$ 2,783,303	\$ 2,922,468	\$ 3,068,591	\$ 3,222,021	\$ 3,383,122	\$ 3,552,278	
Sources														
Measure I Bonding					\$2,500,000									
1/2% Sales Tax sewer / State Revolving Fund														
General Fund or 1/4% sales Tax roads				\$250,000	\$622,338	\$1,738,828	\$1,876,204	\$2,056,332	\$2,150,702	\$2,192,862	\$2,192,855	\$2,102,116	\$1,949,764	
RDA Bond Proceeds														
Measure I Residual				\$650,000	\$302,662	\$1,175,672	\$1,205,064	\$1,235,190	\$1,266,070					
1/4% sales tax residual						\$1,738,828	\$1,876,204	\$2,056,332	\$2,150,702	\$2,192,862	\$2,192,855	\$2,102,116	\$1,949,764	
						TOTAL REVENUES	\$2,914,500	\$3,081,268	\$3,291,522	\$3,416,772	\$2,192,862	\$2,192,855	\$2,102,116	\$1,949,764
						SURPLUS/(GAP)	\$389,962	\$430,503	\$508,220	\$494,304	(\$875,729)	(\$1,029,165)	(\$1,281,005)	(\$1,602,514)
Uses						RUNNING BALANCE	\$4,818,092	\$5,248,595	\$5,756,815	\$6,251,118	\$5,375,389	\$4,346,224	\$3,065,219	\$1,462,705