

# Pavement Management – Funding Alternatives

City Council Meeting  
November 8, 2017

# Purpose

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- Respond to Council request to discuss internal funding alternatives for increased street maintenance.

# Agenda

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- Background/Review
- Updated Funding Gap
- Internal Funding Options
- Staff Recommendations
- Council Direction

Please Remember.....

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**WARNING**

Industry standards, assumptions, and  
generalizations at work!

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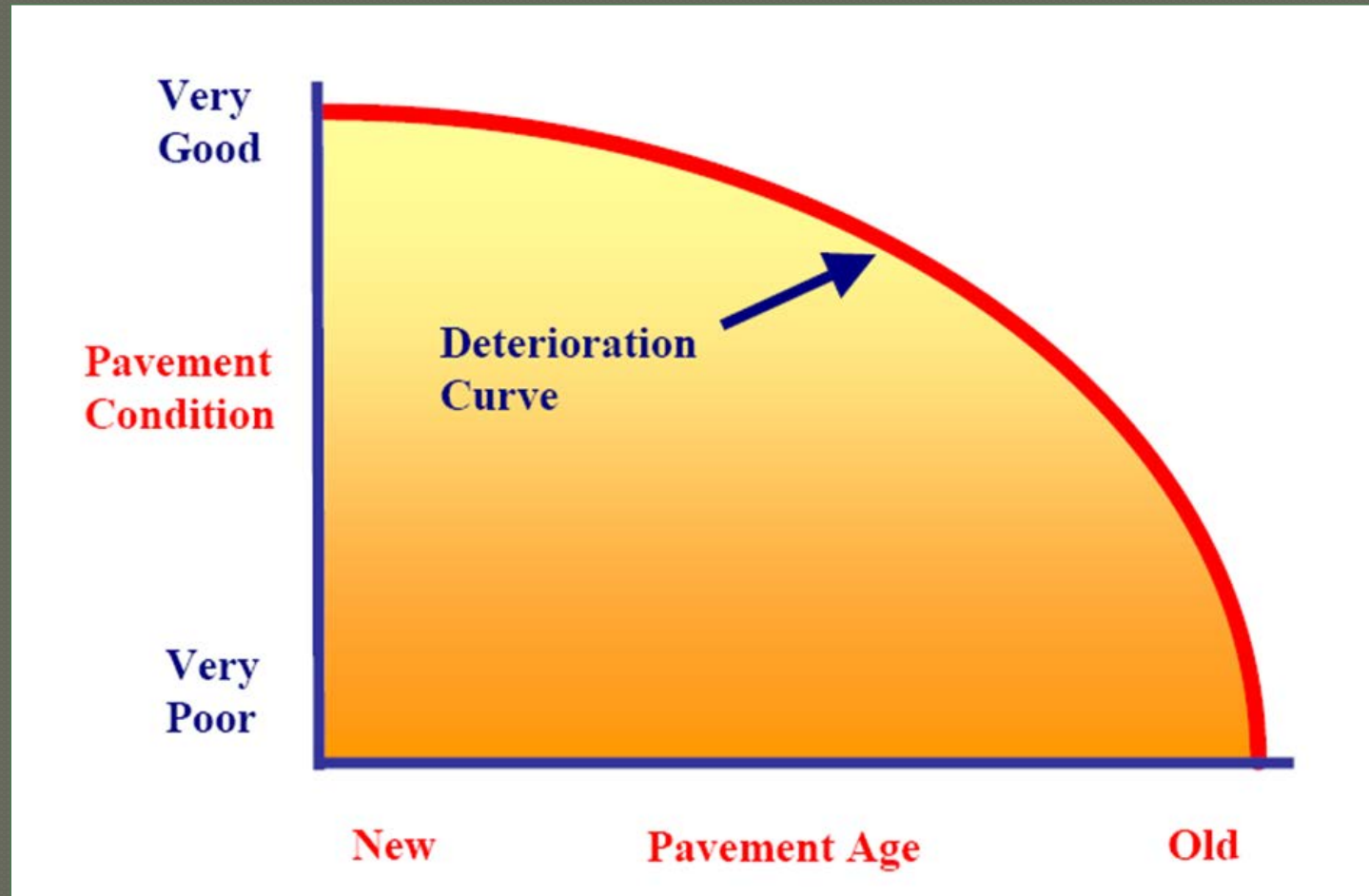
# Background/Review

# 2017 Discussion Timeline

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- Jan 23 – Pavement Asset Management
- Feb 6 – State of Albany Roads
- March 20 – Funding Alternatives
- May 8 – Fuel Tax Initiative Process
- July 24 – Fuel Tax Initiative Decision

# How Pavements Fail



From the National Center for Pavement Preservation

# Pavement Condition Index (PCI)

	Standard PCI™ Rating Scale	Suggested Colors
100	<b>Good</b>	Dark Green
85	<b>Satisfactory</b>	Light Green
70	<b>Fair</b>	Yellow
55	<b>Poor</b>	Light Red
40	<b>Very Poor</b>	Medium Red
25	<b>Serious</b>	Dark Red
10	<b>Failed</b>	Dark Grey
0		

FIG. 1 Pavement Condition Index (PCI), Rating Scale, and Suggested Colors



# City of Albany Streets

**Good Condition – PCI = 85 to 100**  
**[N. Albany Road near bridge – PCI = 96]**



**Fair Condition – PCI = 55 to 70**  
**[34<sup>th</sup> Ave. near Columbus – PCI = 64]**



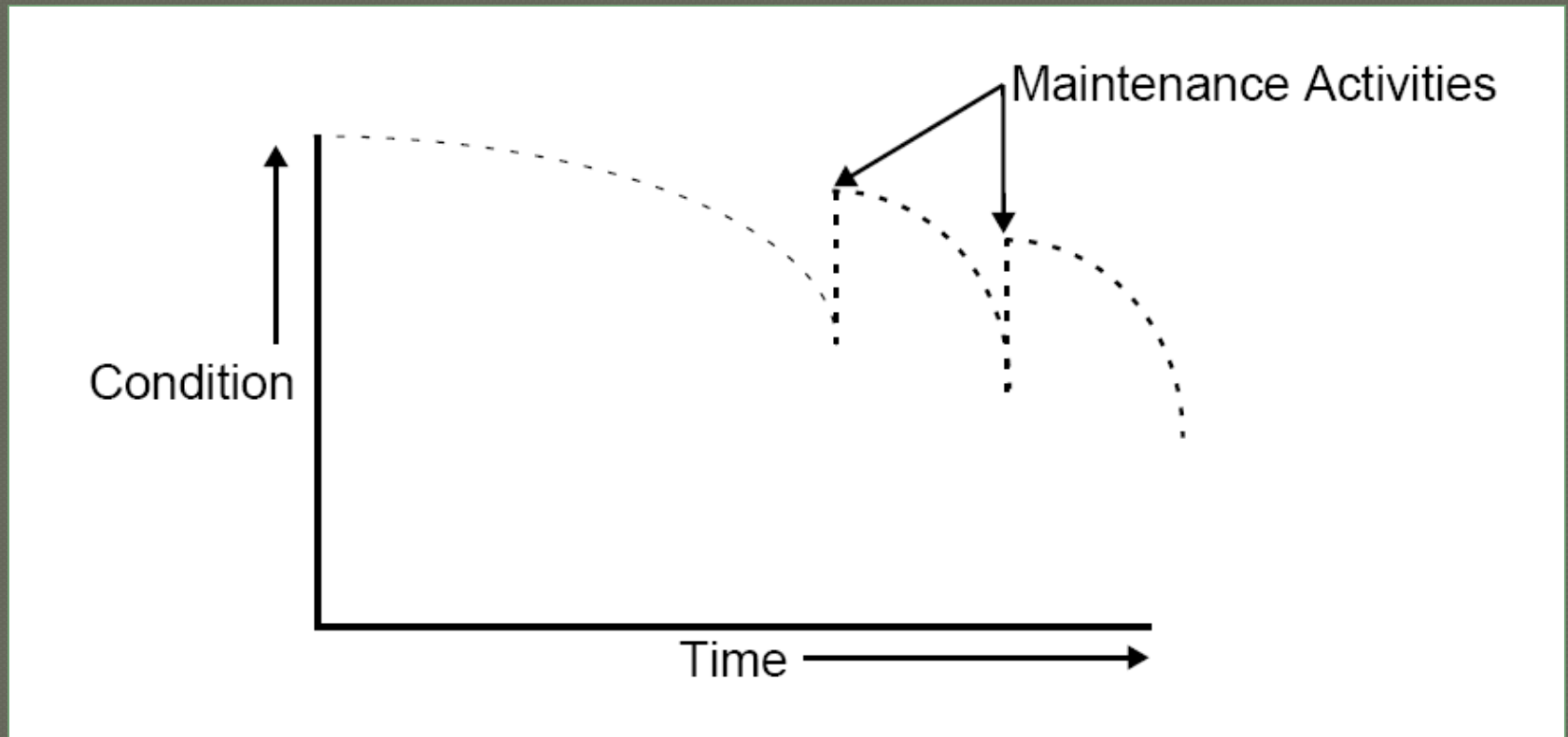
**Very Poor Condition – PCI = 25 to 40**  
**[Hill Street, 20<sup>th</sup>-24<sup>th</sup> Ave. – PCI = 33]**



**Failed Condition Streets – PCI < 10**  
**[Oak Street at school – PCI = 5]**



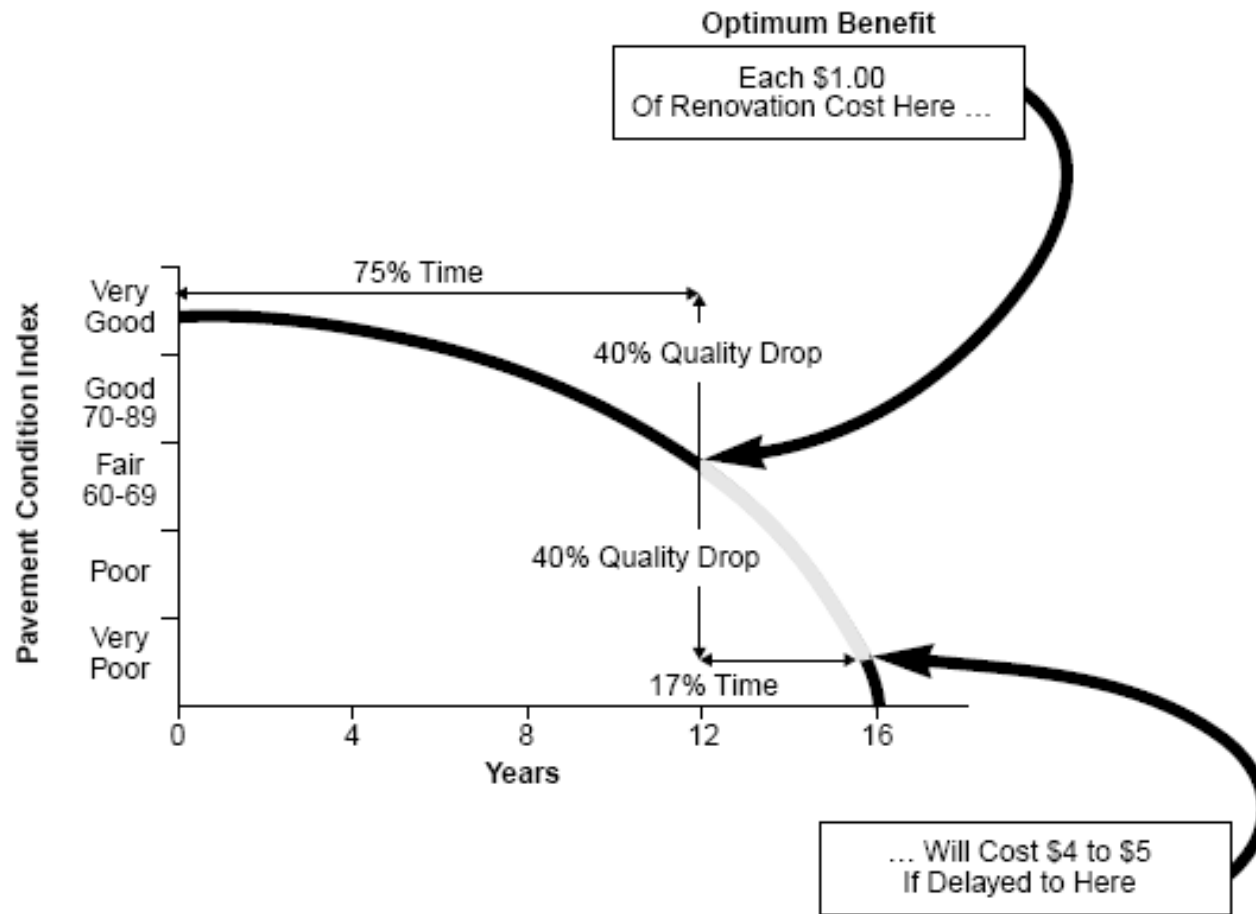
# Optimized Investment Strategy



From the Northwest Technology Transfer Center

“Keeping the Good Pavements Good”

# Pavement Renovation Economics

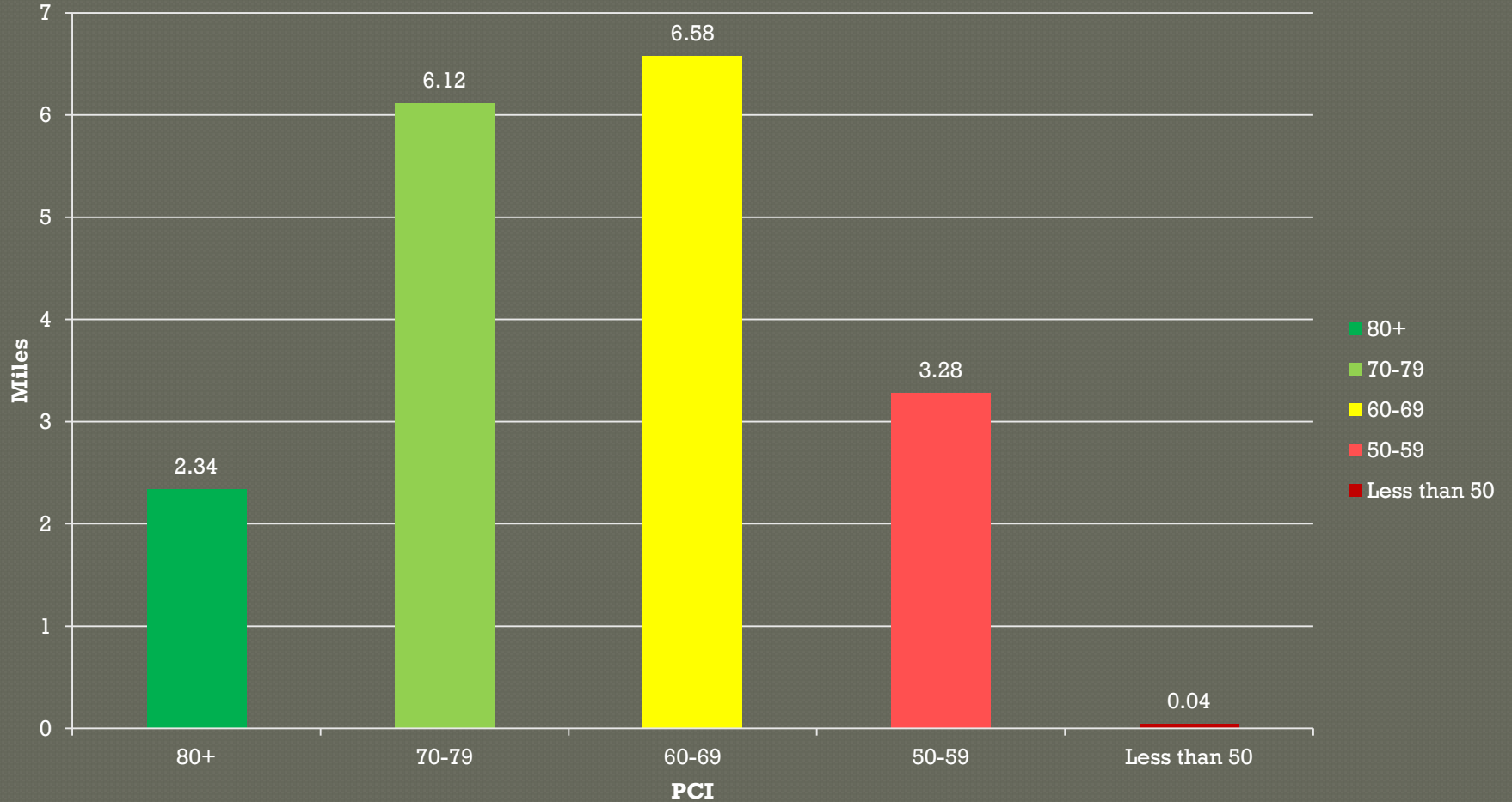


From the Local Agency Pavement Management Application Guide  
Published by the Northwest Technology Transfer Center

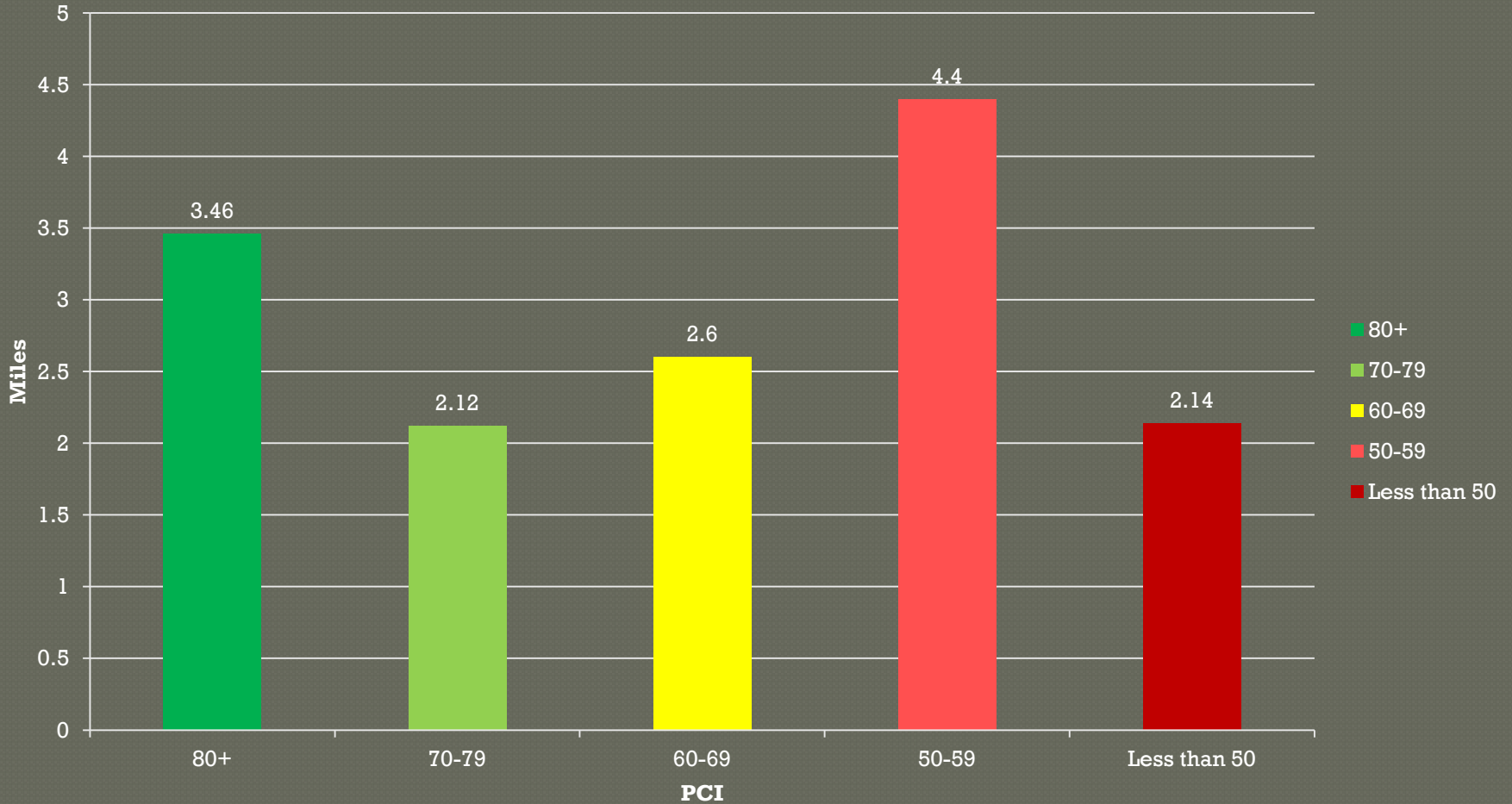




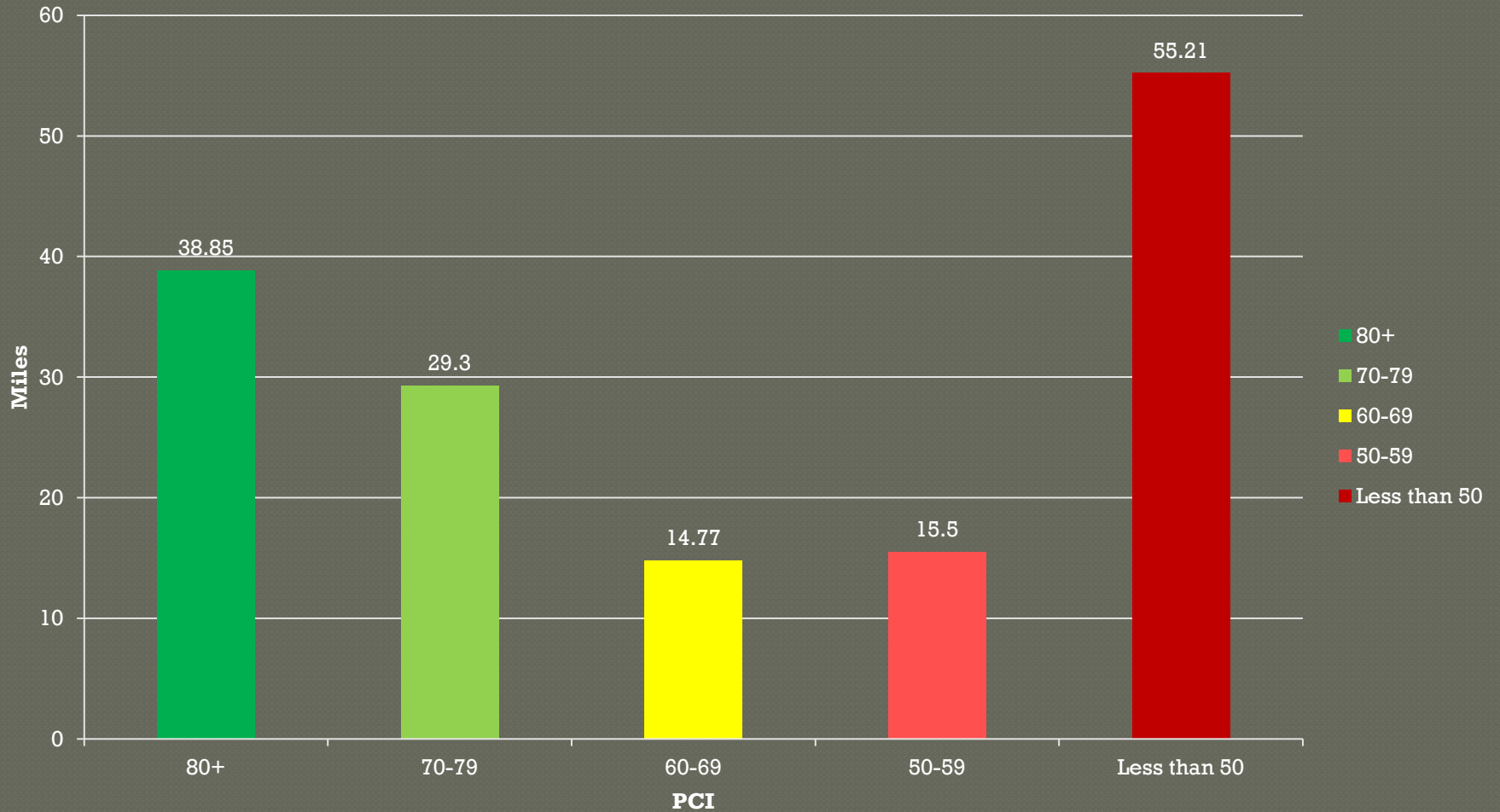
# Current Condition - Arterials



# Current Condition - Collectors



# Current Condition - Locals



# PCI Projection: Current Funding

## Projected Average PCI with No Additional Funding

	Existing	+10 yrs	+20 yrs	+30 yrs
Arterial	70	51	29	26
Collector	63	47	33	27
Local	58	45	33	24



# Selected Level of Service

Prioritize arterial/collectors and maintain each street to a  $PCI \geq 60$



34<sup>th</sup> Ave. near Columbus: PCI = 64

- Avoids costly reconstruction
- Consistent with Albany's Strategic Plan
- Balances life cycle costs & required resources
- ***Requires additional financial resources***

# Required Funding

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- For  $PCI \geq 60$ :

- \$20M lump sum investment(s) (i.e. bonds) for arterials and collectors that require complete reconstruction.
- \$5M annual revenues to adequately maintain all arterials and collectors to avoid costly reconstruction.

# Funding Gap

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## Required Funding

- \$20M lump sum
- \$5M annual

## Current Funding

- \$0M lump sum
- \$1.6M annual

## Funding Gap

- \$20M lump sum
- \$3.4M annual

**\*Prior to HB 2017**

# Funding Alternative Summary

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- ◉ General Fund - \$250K/yr, \$500K
- ◉ Franchise Fees - \$1.2M/yr
- ◉ In-Lieu of Franchise Fees - \$450K/yr
- ◉ Stormwater Service Charges - \$400K/yr
- ◉ Gas Tax - \$750K/yr
- ◉ Transportation Utility - TBD
- ◉ General Obligation (GO) Bonds - \$20M
- ◉ Local Improvement District (LID) – N/A
- ◉ Other

Note: Dollar amounts reflect staff assumptions and are not fixed.

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# Updated Funding Gap

*(Arterials & Collectors)*

# Anticipated Revenues HB 2107

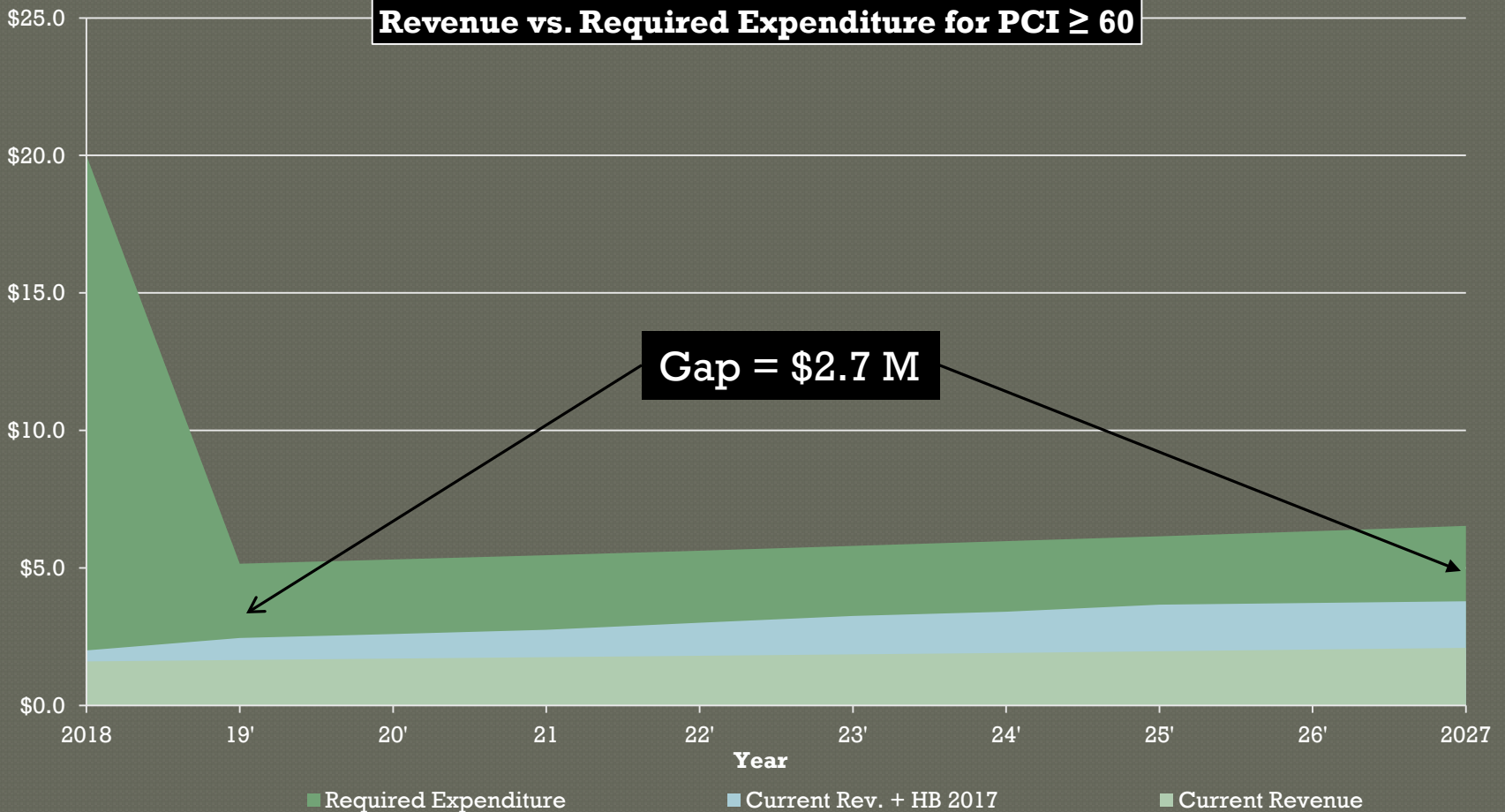
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- Anticipated additional revenues for Albany based on planned increases in state gas tax.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
\$0.4M	\$0.8M	\$0.9M	\$1.0M	\$1.2M	\$1.4M	\$1.5M	\$1.7M	\$1.7M	\$1.7M

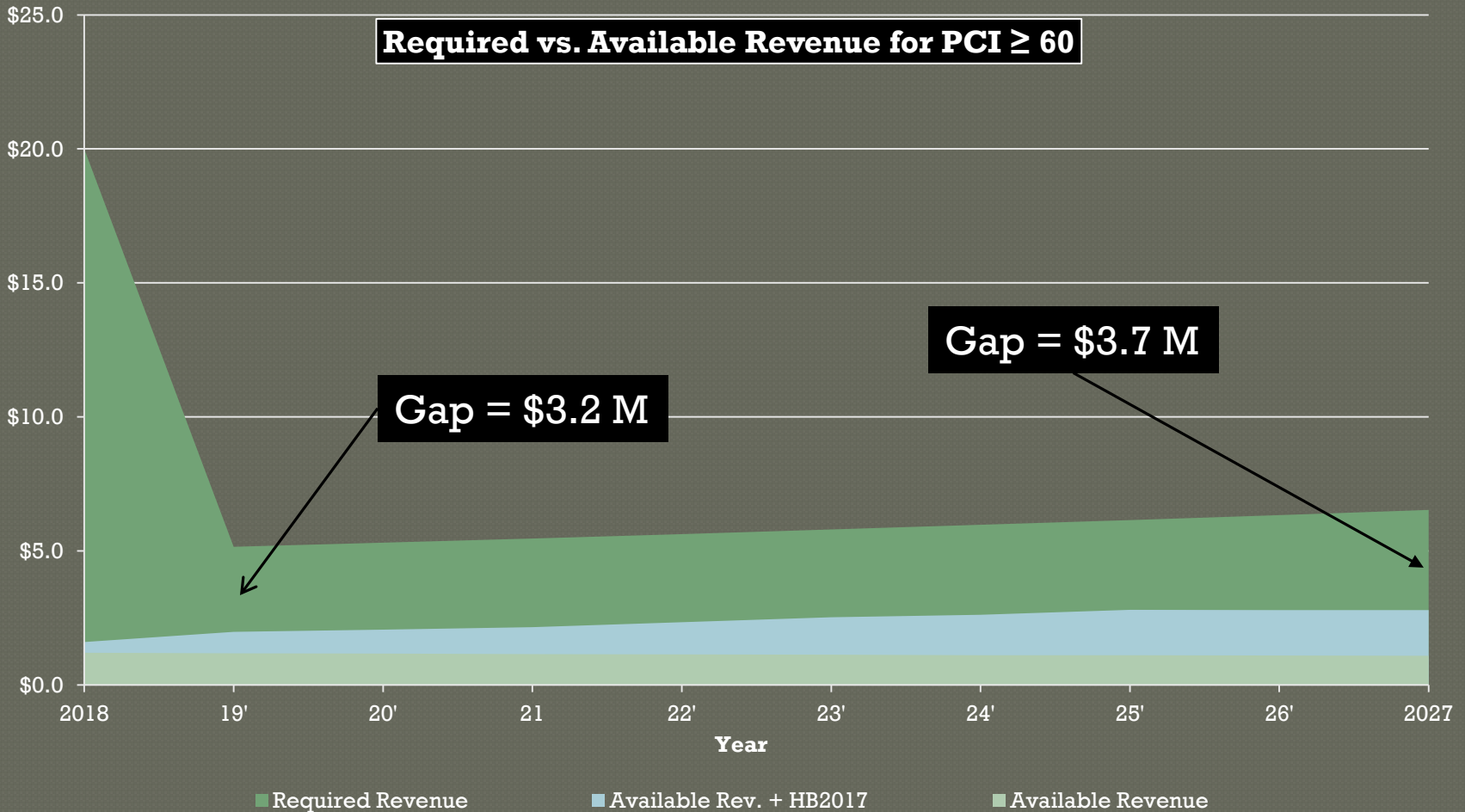
Source: 8-10-17 e-mail from ODOT to Mayor Konopa (rounded to nearest \$100K)

# Updated Funding Gap



\*Over simplified for discussion purposes. Assumes all other transportation revenues and expenses are unchanged from, or equally proportionate to, 2017. Assumes SW paying SW costs.

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\*Over simplified for discussion purposes. Assumes all other transportation revenues and expenses are unchanged from, or equally proportionate to, 2017.



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# Internal Funding Options

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- Council request to discuss previous internal funding mechanisms for streets.
  - General Fund
  - Franchise Fees

# General Fund – Historic Funding

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- Long history of participating in street light costs
- Legitimate general benefit
- Participation suspended in 2011
  - \$260,000 per year at that time



# Franchise Fees – Historic Funding

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- 30% of electric and 40% of natural gas franchise fees went to streets
- Redirected to General Fund due to competing priorities
- Loss of \$1.2M in street revenue (today's \$)

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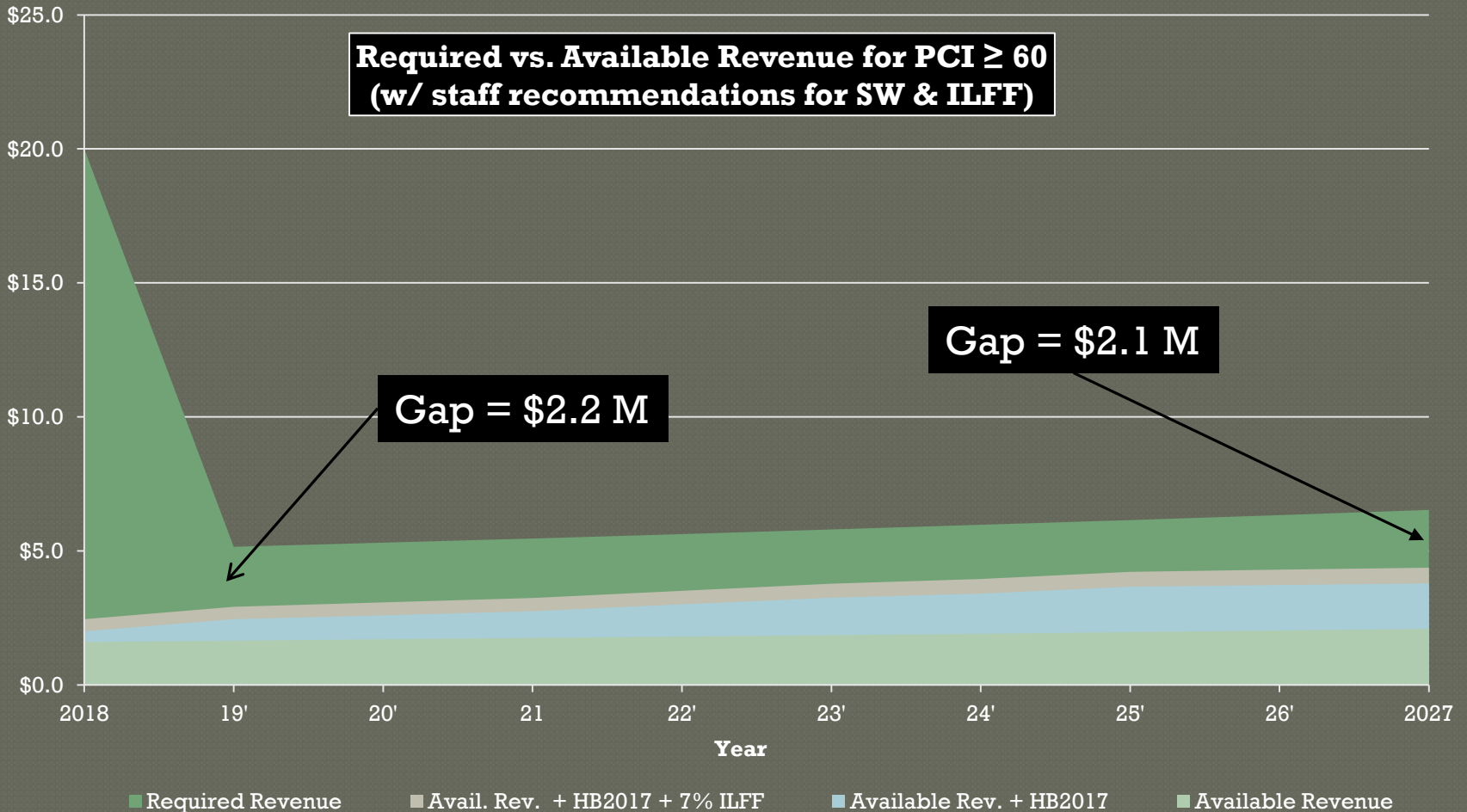
# Staff Recommendations

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- Identify scope of future internal funding discussions
- Raise community awareness
- Spring 2018 - Stormwater cost recovery
- Fall 2018 - 7% In-lieu of Franchise Fees
- 2019 – Reconsider broader funding strategies, after:
  - Discussing system wide and impacts

# Updated Funding Gap



\*Over simplified for discussion purposes. Assumes all other transportation revenues and expenses are unchanged from, or equally proportionate to, 2017.

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# Discussion/Questions



# Current Funding

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## ○ Approximately \$1.6M

- STP Funds Through MPO (arterial and collector)
  - ~\$450K
- Water and Sewer ILFF
  - ~\$1.0M
- SDC Reimbursement Fees
  - ~\$0.1M