



# Tomorrow's Paving Today

**OVERVIEW** Yuba County leveraged future SB1 dollars to perform four years of road fixes in a single summer with savings to repair 30 percent more roadways.

**CHALLENGE** Since 1994, Public Works has had to rely almost solely on Highway Users Tax (gas tax) revenues, a source that was inadequate even when it was established 25 years ago, and since that time it has never been adjusted for inflation. With the cost of construction climbing steadily, the purchasing power of gas tax revenues has been in a free-fall, and as a result Yuba County's roadways, like counties throughout the state, continued to deteriorate.

Finally, in 2017, the California Legislature passed SB1, a landmark comprehensive transportation funding bill that established a reliable source of gas tax revenues for the foreseeable future that adjusts for inflation. However, it would still take years to make meaningful progress in repairing our roads, and early solutions by Yuba County to accelerate repairs ran into state regulatory roadblocks.

**SOLUTION** Yuba County leaders decided to explore options to leverage the new gas tax dollars in ways that could make up for previous years when the county was unable to fully restore long stretches of roadway. A "light bulb" concept emerged: Advancing SB1 funds so that the county could complete future road repair work in a single construction season and then pay back the advance over time using future apportionments of SB1 revenues.

**INNOVATION** Yuba County began by working with its lobbyists to fix state regulations that did not allow local agencies to advance fund road improvement work and then repay it using future year apportionments of SB1 revenue. The county was successful in changing regulations through SB848.

Next, Yuba County approached another county agency that is part of the same county Treasurer-managed investment pool to discuss a loan. The Yuba Water Agency has significant power generation

revenue in that pool. The process was complicated and lengthy, and it required the use of special bond counsel and financial advisors. The final form of the agreement was a lease – leaseback through the Yuba Public Facilities Corporation. The County formed the Corporation in 1991 for the specific purpose of assisting with the financing of public facilities that are used for the benefit of the citizens of the County. Essentially, the role of the Corporation is to act as a third party lessor. The end result of the agreement was an advance/loan of \$9 million at a favorable interest rate of 2.25%, which for the Yuba Water Agency was slightly above its investment rate; win-win. Yuba County will use its general fund to pay off interest on the advanced funding, as benefits to residents far exceed the cost of improvements.

**RESULTS** Prior to this concept, Yuba County had a 2019 schedule to repair 18 miles of roads using SB1 funds. However, by using advanced funds from the Yuba Water Agency, the county was able to finalize contracts to complete 70 miles of road repairs in the summer of 2019, which represents 15% of the county’s entire network of paved roads. Amazingly, this approach resulted in savings that reached as much as \$4 million. The savings were realized by a number of factors including doing two large contracts at once instead of multiple smaller ones, avoiding escalating construction costs expected over the next few years, avoiding ongoing maintenance on the roads to be repaired, and fewer trips to the repair shop for residents, who will enjoy smoother rides on the new roads. The economies of scale allowed us to realize outstanding unit prices, with the bids well under the engineer’s estimate. These cost savings will be rolled into further road rehabilitation work for next year’s contract.

**REPLICABILITY** Yuba County already completed the necessary work to fix state regulations that previously blocked local entities from leveraging future SB1 dollars. Counties can work with their Treasurer’s office to identify other agencies within their shared investment pools to find opportunities to secure loans to bring future road construction projects into the current construction season. The loan process is still complicated but contains great benefits to the county, the lending agency, and residents.

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Through a creative approach to using road repair funding from SB1, the new Gas Tax, Yuba County is able to complete four years' worth of road repairs in a single summer, and do it at a lower cost.

## Previous Road Repairs Planned for 2019 Before Advanced Funding

<u>ROADS</u>	<u>MILES</u>
Griffith Ave	0.70
Hallwood Blvd	1.10
Walnut Ave	1.80
Broadway Rd	1.40
Warehouse Rd	0.20
West Ella Ave	0.60
Third Avenue	0.20
Beverly Ave	0.30
College Way	0.40
Laurel Lane	0.80
Thome Rd	0.70
Old State Hwy	0.20
Silva Ave	0.90
Erle Road	1.30
Virginia Road	2.30
Ostrom Road	4.10
Pendola Ext	1.50

**From 18 miles of fixed roads to more than 70 miles**

Special thanks to our funding partner



## Road Repairs Beginning Summer 2019 Now Possible with Advanced Funding

<u>ROADS</u>	<u>MILES</u>	<u>ROADS</u>	<u>MILES</u>
3rd Ave	0.42	Meadow Way	0.27
5th Ave	0.11	O'Brien Rd	0.19
7th. Ave	0.12	Old State Hwy	0.18
8th Ave	0.75	Pacific Ave	0.50
9th Ave	0.12	Plumas Arboga Rd	1.58
10th St	0.24	Silva Ave	0.88
11th Ave	0.12	Smartsville Rd	1.14
11th Ave	0.24	Spring Valley Rd	2.29
13th St	0.11	Sunrise Ave	0.10
Arboga Rd	1.03	Sunset Ave	0.10
Ardmore Ave	0.74	Sunshine Ave	0.14
Avondale Ave	0.18	Thome Rd	0.75
Bald Mt Rd	0.70	Warehouse Rd	0.21
Baugh St	0.11	Western Ave	1.10
Beverly Ave	0.10	Algodon Rd	1.00
Beverly Ave	0.24	Hallwood Blvd	1.10
Blue Gravel Rd	0.12	Walnut Ave	1.80
Bomann Dr	0.17	Dolan Harding	1.72
Broadway St	1.75	Frenchtown Rd	7.62
Browns Vly Schl	0.69	Fruitland Rd	4.94
Canal St	0.19	Fruitland Rd	1.96
Church Ln	0.08	Honcut Rd	0.48
College Way	0.38	Hoover Rd	0.23
Cottonwood Ave	0.37	Indiana Ranch Rd	1.47
Country Club Rd	1.15	Iowa City Rd	1.53
Dantoni Rd	0.43	Krosens Rd	0.89
Diggings Rd	0.05	Lambert Rd	0.28
Dunning Ave	0.44	Littlefield Rd	0.56
Ella Ave	0.46	Loop Rd	1.34
West Ella Ave	0.13	Pat Ln	0.10
Erle Rd	1.30	Judy St	0.20
Fleming Way	0.48	Neil Wy	0.10
Georgina Dr	0.09	Colleen Ct	0.10
Griffith Ave	0.68	Vickie Dr	0.80
Hammonton-Smartsville Rd	0.49	Redhill Wy	1.14
Joines Rd	0.81	Smith Rd	0.85
Laurel Ln	0.83	Township Rd	2.85
McGanney Ln	0.19	Virginia Rd	0.66
McGowan Pky	0.34	NY House Rd	3.76
Meadow Ct	0.08	Texas Hill Rd	2.70
		Frenchtown-Dobbins Rd	1.80