



Infrastructure Advisory Committee

Final Report April 2001



April 17, 2001

Mayor Jones and Councilmembers
City of Fullerton

On behalf of the Infrastructure Advisory Committee, I would like to thank you for the opportunity to provide recommendations in addressing the City of Fullerton's \$150.4 million infrastructure deficiency.

First, we would like to express our gratitude to the City staff members who methodically provided all the essential background information on the infrastructure deficiencies, City's current financing policies and financing options. The Committee Members appreciate staff's efforts, support and responsiveness.

The City Council tasked the Infrastructure Advisory Committee with three goals:

1. Review the existing infrastructure deficiencies assessment.
2. Recommend a priority plan and project schedule for remediating the City's infrastructure deficiencies.
3. Recommend an infrastructure deficiency funding plan with alternative strategies for financing ongoing maintenance costs and capital improvement projects.

The Committee accomplished Goal 1 by confirming that the infrastructure deficiency assessment of \$150.4 million is real and reasonable. Goal 2 was achieved through the development of a priority plan for infrastructure improvement projects. Finally, Goal 3 was accomplished through the identification of current and new sources of revenue to fund the infrastructure deficiencies.

Mayor Jones, City Councilmembers
April 17, 2001
Page 2

In fulfilling its three goals, the Committee formulated 14 recommendations. The Committee believes that these recommendations provide the City Council with options to address the current infrastructure deficiency and position the City to more effectively maintain its extensive infrastructure of arterial and residential streets, sidewalks and curbs & gutters, street lights, parks and alleys in future years.

Sincerely,

Larry Ballard, Chair
Infrastructure Advisory Committee

Richard Daybell, Member
Richard Feuchter, Member
Ed Ginter, Member
Charles Kovac, Member
Pearl Mann, Member
Paul Simons, Member
Joseph Stopper, Member
Infrastructure Advisory Committee

Table of Contents

Executive Summary	I
Infrastructure Deficiencies	Section I
Infrastructure Funding Policy	Section II
Financing Options	Section III
Recommendations	Section IV
Attachments	

INFRASTRUCTURE ADVISORY COMMITTEE ACTION PLAN

Public Awareness Campaign – Recommendation 1

Develop and implement an extensive public awareness campaign to inform residents of the current state of the City's infrastructure and need for action to be taken.

- City Manager's Office (J. Phillips and S. Palmer) will serve as project lead.
- Short-term project is a basic public awareness program focusing mostly on current media sources and highlighting the Infrastructure Advisory Committee's final report and recommendations.
- Mid-term project is a comprehensive public awareness campaign. This project includes the development of a scope of work, issuance of a Request for Proposals, selection of consultant and contract award. The successful consultant will develop and conduct the Citywide campaign.

Opinion Survey - Recommendation 2

Conduct a survey of Fullerton residents to identify their opinions on options for financing the necessary improvements and continue maintenance of the City's infrastructure.

- City Manager's Office and Administrative Services Department (J. Phillips and C. Meyer) will serve as project lead.
- Short-term project is to combine an infrastructure survey with other surveys being conducted for the City. The survey would focus on the current state of the City's infrastructure and financing options.
- Long-term project is to conduct a follow-up opinion survey to determine if the comprehensive public awareness campaign was successful in heightening the awareness of residents regarding the current condition of the infrastructure.

Project Priorities - Recommendation 3

Officially establish the project priorities set forth by the Committee: 1) residential streets; 2) arterial streets; 3) sidewalks, curbs and gutters; 4) parks; 5) streetlights and 6) alleys.

- City Manager's Office (J. Phillips) will serve as the project lead.
- Short-term project is to develop a policy based on the recommendations of the committee for allocating funds designated by the City Council for infrastructure improvements.

Proactive Lobbying – Recommendation 4

Proactively lobby the appropriate federal institutions, Governor and State Legislature to provide additional funding for infrastructure improvements.

- City Manager's Office – (J. Phillips) will serve as project lead.
- Short-term implementation for this project with a long-term commitment to the project. This item will be added to the 2002 Legislative Platform and future platforms as appropriate. In addition, proposed federal and state legislation regarding infrastructure funding will be closely tracked and letters of support for infrastructure funding will be written as appropriate.

Phased Funding Approach – Recommendation 5

Establish a two-phased funding approach to address the unfunded infrastructure deficiencies. Phase I is to allocate current revenues to stop the growth of the deficiencies. Phase II is to identify new sources of funds to eliminate the remaining deficiencies.

- Administrative Services Department (C. Meyer) will serve as project lead.
- Short-term project is to develop a strategy in the budget process to identify and allocate General Fund monies for Phase 1.
- Long-term project is to develop a Phase II funding approach.

Continued Pursuit of Grant Funds – Recommendation 6

Continue pursuing regional, state and federal grants to fund infrastructure improvements and maintenance.

- Engineering Department (B. Hodson) will serve as project lead.
- Short-term implementation for this project with a long-term commitment to the project. Staff will continue to actively seek and apply for grants that provide funding for infrastructure improvements and maintenance.

Support Extension of Measure M – Recommendation 7

Support the Orange County Transportation Authority's efforts to extend Measure M (local transportation half-cent sales tax) scheduled to expire in 2011 and encourage additional direct allocations to cities for local uses.

- Engineering Department (J. Phillips) will serve as project lead.
- Long-term project. Monitor progress of Measure M extension and at appropriate milestones write letters of support.

Neighborhood Assessment District Program – Recommendation 8

Establish a Citywide Neighborhood Assessment District Program in which neighborhoods can petition the City Council for creation of an Assessment District to fund neighborhood infrastructure improvements and maintenance.

- Engineering Department (B. Hodson) will serve as project lead.
- Short-term project. Develop scope of work for consultant services to develop program, which will initially focus on alleys. Issue RFP, select consultant and award contract. Consultant to develop program. Upon completion, the program will be advertised to Fullerton residents and assistance will be provided to neighborhoods interesting in establishing assessment districts.
- Long-term project. Offer the assessment districts Citywide.

Redevelopment Area Plan – Recommendation 9

Develop a 10-year plan to eliminate infrastructure deficiencies in Redevelopment Project Areas.

- Engineering Department (B. Hodson) will serve as project lead.
- The short-term portion of this project will be to develop a tactical plan to eliminate infrastructure deficiencies in redevelopment areas within ten years. The plan will include a visual inspection, categorizing of all deficiencies, detailed cost estimates, identification of funding, a project schedule and funding plan. The long-term portion is to implement and effectively administer the plan.

Community Development Block Grant – Recommendation 10

Develop a 10-year plan to eliminate infrastructure deficiencies in Community Development Block Grant areas.

- Engineering Department (B. Hodson) will serve as project lead.
- The short-term portion of this project will be to develop a tactical plan to eliminate infrastructure deficiencies in Community Development Block Grant areas. The plan will include a visual inspection, categorizing of all deficiencies, detailed cost estimates, identification of funding, a project schedule, and funding plan. The long-term portion is to implement and effectively administer the plan.

Citizens' Infrastructure Review Committee – Recommendation 11

Establish a Citizens' Infrastructure Review Committee to ensure the Infrastructure Advisory Committee's recommendations are implemented.

- City Manager's Office (J. Phillips) will serve as project lead.
- Short-term project is to establish a Citizens' Infrastructure Review Committee, recruit and appoint members, and schedule and conduct periodic meetings. The Committee is a long-term commitment. A proposed charter for the establishment of a Citizens' Infrastructure Review Committee is included as Attachment B.

Staff Assignment – Recommendation 12

Assign a staff member to manage the approved Infrastructure Advisory Committee recommendations.

- For the short-term, the City Manager's Office (J. Phillips) will serve as the lead on this project for a 24-month period. A regular schedule for reporting updates and progress on all projects will be developed. After a majority of the recommendations have been assigned and are under development, the staff assignment will be permanently transferred to the Engineering Department. The staff assignment is a long-term commitment.

General Fund Allocation – Recommendation 13

Establish a permanent, annual General Fund allocation to the Capital Improvement Project Fund to finance infrastructure improvement projects.

- Administrative Services Department (C. Meyer) will serve as the project lead.
- For the short-term, the adopted FY 2001-02 budget includes allocations from the General Fund to the Unrestricted Capital Projects Fund for use on infrastructure improvement projects. In addition, a model will be developed to indicate the impacts of allocating an annual percentage of the General Fund to infrastructure improvements. The FY 2002-03 budget will be reviewed to determine the General Fund allocation for infrastructure improvements.

Special and General Taxes – Recommendation 14

Propose new or increased special or general taxes that would provide additional General Fund revenues.

- This long-term recommendation will be addressed at the direction of the City Council.

Recommendation 3 – Project Priorities

The Committee recommends that when the City Council makes funding allocations the following project priority list be used as a guideline for the allocation of those funds:

1. Residential Streets
2. Arterial Streets
3. Sidewalk and curbs & gutters
4. Parks
5. Streetlights
6. Alleys

Recommendation 4 – Proactive Lobbying

The Committee recommends that the City Council take a proactive approach to lobbying the appropriate federal institutions, Governor and State Legislature to provide additional funding for infrastructure improvements.

Recommendation 5 – Phased Funding Approach

The Committee recommends that the City Council address the infrastructure deficiencies with a two phased funding approach; initially funding to stop the growth of the deficiencies and then the second phase of funding to eliminate the remaining deficiencies.

Recommendation 6 – Continued Pursuit of Grant Funds

The Committee recommends that the City continue pursuing regional, state and federal grants to fund infrastructure improvements and maintenance.

Recommendation 7 – Support Extension of Measure M

The Committee recommends that the City Council support the Orange County Transportation Authority's efforts to extend Measure M (local transportation half-cent sales tax) scheduled to expire in 2011 and encourage additional direct allocations to cities for local uses.

Recommendation 8 – Neighborhood Assessment District Program

The Committee recommends that the City Council establish a Citywide Neighborhood Assessment District Program in which neighborhoods can petition the City Council for creation of an Assessment District to fund neighborhood infrastructure improvements and maintenance.

Recommendation 9 – Redevelopment Project Areas

The Committee recommends that a 10-year plan be developed and implemented to eliminate infrastructure deficiencies in Redevelopment Project Areas.

Recommendation 10 – Community Development Block Grant Areas

The Committee recommends that a plan be developed and implemented to eliminate infrastructure deficiencies in Community Development Block Grant areas.

Recommendation 11 – Citizens' Infrastructure Review Committee

The Committee recommends that the City Council create a Citizens' Infrastructure Review Committee.

Recommendation 12 – Staff Assignment

The Committee recommends that a staff member be assigned to manage the approved recommendations.

Recommendation 13 – General Fund Allocation

The Committee recommends that the City Council establish a permanent, annual General Fund allocation to the Capital Improvement Project Fund to finance infrastructure improvement projects.

Recommendation 14 – Special and General Taxes

The Committee recommends that the City Council propose new or increased special or general taxes that would provide additional General Fund revenues.

Section I

Infrastructure Deficiencies

Along with many California cities, Fullerton was largely developed between the 1940's and 1980's. As commercial, industrial and residential developments were planned and built, the City's infrastructure was simultaneously created. Arterial and residential streets were built, sidewalks, curbs and gutters installed, alleys constructed, streetlights erected, open space preserved into parks and recreational facilities, public facilities built, and sewers, storm drains and water systems installed throughout the City.

The City's expansion over this 40-year period focused on installing the City's required infrastructure. In the early 1990's much of the City's infrastructure began to reach and exceed its useful life, requiring significant reconstruction or even full replacement. At this same time California, along with the entire nation, experienced a recession, resulting in significant cutbacks in State and local spending. Statewide, cities and counties delayed or canceled many capital improvement projects. As a result, the League of California Cities estimates that these local agencies now face \$10.5 billion in deficiencies for just the streets and roads.

The City of Fullerton faces this same challenge, having identified \$150.4 million in unfunded infrastructure deficiencies. On August 17, 1999 staff presented to the Fullerton City Council an update on the City's infrastructure deficiencies. The City Infrastructure Report identifies nine major infrastructure categories: residential streets, arterial streets, sidewalks and curbs & gutters, parks, streetlights, alleys, public facilities, sewers and storm drains, and water system.

Residential Streets

The residential streets category includes all 212 miles of residential and industrial streets located within the City limits. This is the largest infrastructure deficiency in the City and is estimated at \$61.7 million. The deficiency includes streets in need of total reconstruction or partial reconstruction and asphalt overlay. Staff has divided the City into eight maintenance areas for purposes of developing a program for residential reconstruction and asphalt overlay projects. The attached map (Attachment A) shows the current deficiencies in each maintenance area, with the largest number located in Area 7 estimated at \$9.9 million and the smallest amount in Area 8 estimated at \$4.2 million.

Of the estimated \$61.7 million in deficiencies, a total of \$4.1 million is eligible for Community Development Block Grant (CDBG) and Redevelopment Agency (RDA) funds. Deficiencies totaling \$634,000 are eligible for RDA funds and \$767,000 qualifies for CDBG funds. In addition, \$2.7 million of the identified deficiencies is located in both RDA and CDBG projects areas. Other potential funding sources to finance the correction of these deficiencies include Gas Tax and Measure M Turnback funds, both of which can be used citywide without restrictions.

The current annual average amount received from all the sources of funds listed above is \$1.2 million. If sufficient funds were available, an estimated additional \$1.24 million annually would be required to maintain all residential streets at an acceptable level.

Arterial Streets

The City of Fullerton has approximately 63 miles of arterial streets. It is estimated that 25 miles of the streets are deficient at a cost of \$38.4 million to repair all deficiencies. This figure includes six miles of arterial streets that are in need of total reconstruction and nine miles requiring partial reconstruction and asphalt overlay at a total estimated cost of \$27.5 million. These streets are in immediate need of work to bring them to an acceptable level. An additional ten miles of arterial streets require minimal reconstruction and asphalt overlay at a total projected cost of \$10.9 million. If no repair work is done the continued deterioration will add a minimum of \$1.2 million a year.

Based on the current project priority list for the next seven years, about \$7.7 million of the \$38.4 million is projected to be funded using Gas Tax, Measure M Turnback, and Arterial Highway Rehabilitation Program (AHRP) funds. The City is eligible for federal funds through the Orange County Transportation Authority's AHRP, a competitive program requiring a 50% minimum local match from the City. For the first two years of AHRP, the City has been allocated \$827,500.

A total of \$3.6 million has been programmed in RDA funds. An additional \$2.0 million in deficiencies is located in the RDA project areas and is, therefore, eligible for RDA funding.

Currently, the average annual funding for arterial streets over the next 20 years is \$1.7 million. If sufficient funds were available, an estimated additional \$1.4 million annually would be required to maintain all arterial streets at an acceptable level.

Project priorities are based on the Pavement Management Program, field reviews, and traffic volumes. The Pavement Management Program was recently updated to reflect current pavement conditions.

Sidewalks and Curb & Gutters

The current estimated deficiency for sidewalks is \$6.1 million, and for curb & gutters is \$7.7 million, totaling \$13.8 million. The majority of these deficiencies are the result of expanding city parkway tree roots. Of the total estimated deficiencies, \$803,000 is RDA eligible, \$609,000 is CDBG eligible, and \$1.1 million qualify for both RDA and CDBG funding.

The Maintenance Services staff has indicated that a majority of these street trees will need to be removed and replaced with an approved tree to keep this problem from recurring. Engineering and Maintenance Services staffs coordinate tree removal and the sidewalk/curb & gutter replacement projects on a continuing basis.

Additional funding sources for sidewalk replacements include Gas Tax and Measure M Turnback funds. Sewer and Drainage funds are used for curb & gutter replacement. The total funding for these projects averages \$300,000 per year.

Parks

Conditions of all 43 park facilities and recreation areas in the City were inventoried and rated in 1996 and 1997. Cost estimates have been prepared for the replacement or repair of all facilities that were rated fair to very poor condition. These facilities include athletic fields, game slabs, picnic areas, play areas, irrigation systems, landscaping, lighting, and restrooms. The total cost for correcting park deficiencies is estimated at \$22.4 million. This amount does not include master plan improvements for Hillcrest Park and Independence Park, which are funded by the 1998 Revenue Bonds. The Laguna Lake restoration project has received a \$2.0 million grant from the State, and is therefore not included in the \$22.4 million estimate.

Three parks are located in CDBG areas and are eligible for \$1.9 million in funding. Another three parks are located in RDA areas and qualify for \$3.7 million in RDA assistance. Six parks are located in overlapping CDBG and RDA areas making them eligible for an additional \$4.2 million in funding. Improvements at the remaining 31 parks are estimated at \$12.6 million. Park Dwelling Fees are the primary source of funds for these parks.

Streetlights

The original infrastructure report identified two categories of streetlight problems. The first category was the installation of additional streetlights to meet the City's spacing standards and upgrading illumination levels in older neighborhoods. This upgrade improves overall safety in residential neighborhoods. These improvements are being funded with CDBG monies. This category is not included in the infrastructure deficiency costs.

The second category addresses the 3,159 lights that are currently connected to outdated high-voltage electrical services. Replacement parts for these high-voltage systems have been difficult to locate and initially, the suppliers indicated that only a one-year supply of parts was still available. The Maintenance Services Department contracted with Black and Veatch to evaluate the City's current streetlight infrastructure and make recommendations for improvements. The consultant determined that the current supply of parts for the high-voltage system is expected to remain available for approximately five to ten years.

The estimated cost to rewire and change all the high-voltage parts to accept lower voltage, more up-to-date 110-volt electrical service is approximately \$9.48 million. A total of 914 of these streetlights are located within RDA and CDBG project areas. Therefore, 96 streetlight upgrades, at a cost of \$288,000, are eligible for RDA funding and another 468 streetlight upgrades costing \$1,404,000 qualify for CDBG funds. In addition, 350 streetlights are located in both RDA and CDBG projects areas at a cost of \$1,050,000. The remaining \$6.74 million in streetlight deficiencies has no identified funding.

Alleys

A total of 129 alley segments (a segment is one block or less) need to be reconstructed with either new pavement and/or concrete gutters. The total cost for this reconstruction work is estimated at \$4.6 million. A total of \$842,000 in deficiencies is located in RDA areas and \$1,043,000 in CDBG areas qualifying these alleys for RDA or CDBG funds. Gas Tax and Measure M Turnback funds cannot be used for alleys.

Alleys are not given a high priority since they carry low traffic volumes and generally provide access only to adjacent properties. The primary benefits for the general public in improving alleys are better drainage and appearance. Staff has typically included

one or two alley segments in the Capital Improvement Program each year, dependent on available RDA or CDBG funds.

Public Facilities

Staff surveyed all public buildings and parking lots and prepared a 30-year priority list for the repair, replacement, and reconstruction of these facilities. The Facility Capital Repair Fund has been created to fund these improvements over the next 30 years and provide a \$1.0 million reserve for emergency repairs.

The public building improvement list includes HVAC systems, roofs, flooring, and paint. The majority of these items will be repaired or replaced on a "life cycle" basis. Routine maintenance is performed on all buildings and is not part of this program. Public parking lots will be reconstructed when required and will be slurry sealed at regular intervals (eight to ten years) as part of this program.

The average amount budgeted for this program will be \$400,000 per fiscal year for the next five years. The total cost for the program over 30 years is \$6.1 million for public buildings and \$2.4 million for parking lots. The most critical needs have been prioritized and placed in the first five to seven years of the program.

Sewers and Storm Drains

The City's Sewer and Drainage Master Plan was recently updated. The Master Plan identifies drainage deficiencies based on the criteria that all private property should be protected from flooding in a 100-year storm and that at least one lane in each direction shall remain passable on arterial streets in a 25-year storm. Once all the drainage systems within the City were identified, a primary drainage system comprised of the highest priority projects was selected. The current cost to correct deficiencies for the primary drainage system is estimated at \$9.0 million. These high priority projects will be funded with Sewer and Drainage funds and will be included in the Capital Improvement Program over the next five years.

All upgrades and replacements of substandard mainline sewers were completed in previous years according to the Master Plan. However, the City has a number of high maintenance sewers that require repairs once to twice a year. To lower long-term maintenance costs, these repairs are included in the Capital Improvement Program, which is funded through Sewer and Drainage funds.

Water System

The Water System Master Plan was updated in 1997. The Master Plan identifies approximately \$11.3 million in improvements necessary to continue providing reliable and safe water to the community and to meet the ever-changing water industry standards. These improvements include replacement and upgrades of water mains, meters and valves; water reservoir upgrades; and upgrades and replacement of water production and treatment equipment.

These improvements will be funded through the Water Fund from water rate fees over the next 20 years. Currently, \$1.8 million is appropriated annually for water system improvement projects. Although these improvements are not considered deficiencies, they are essential in maintaining the City's high-standard water system. It is projected that by fiscal year 2008-09 these improvement projects will be completed and an annual maintenance expenditure of \$750,000 will adequately meet the ongoing maintenance and capital repairs required for the water system.

Section II

Infrastructure Funding Policy

During the past two years, the City initiated a funding policy to address the infrastructure deficiencies throughout the City. The 11 strategies developed in an attempt to provide additional funding are described in this section.

Provide initial funding to establish a capital repair and replacement program for City facilities and parking lots.

- The Facility Capital Repair Fund has been created and is being funded on an annual basis through allocations from operating department budgets. These allocations are funded primarily by the General Fund, and result from savings realized by a reduction in the cost of the employer's contribution to the retirement system. The Facility Capital Repair Fund will be allocated \$143,560 in 1999-2000, \$292,940 in 2000-2001, and approximately \$440,000 in 2001-2002 and following years. This amount is sufficient based on a study of facility and parking lot needs over a 30-year period to fund the identified deficiencies and ongoing repair and replacement needs.

Where cost effective, fund upgrades to facility HVAC and lighting systems with energy savings.

- The City is completing a \$1.8 million project with Viron Engineering to upgrade City lighting and HVAC systems. The financing for this project was made available through a lease/purchase agreement, with energy savings providing the principal source of funds for repayment.

Continue existing funding levels and sanitation fee split to fund maintenance and capital outlays to meet sewer and drainage system needs.

- The City currently charges a 'sanitation' fee equal to 25% of the charge for water use. This fee, which was first authorized in 1969, is used to fund a number of activities including street sweeping, tree trimming, sewer maintenance, and the construction and repair of the City's sewer and storm drain systems. Since 1976 sanitation fee revenues have been divided between the Sanitation Fund (street sweeping, tree trimming, sewer maintenance) and the Sewer and Drainage

Capital Outlay Fund (sewer/storm drain construction) on a 65/35 ratio. The sanitation fee will provide, in the 1999-2000 fiscal year, \$2.3 million for Sanitation Fund activities and \$1.5 million for Sewer and Drainage Fund capital needs. Revenues are projected to meet both existing service and long-term capital outlay needs in both areas.

Continue to pursue state and federal funding for Airport improvements.

- Following the debt refinancing in 1996 for Airport improvements, it has been the City's policy to actively seek both state and federal grants for Airport improvements. Loans, though available from the state, are not pursued because of limited Airport revenues. Available funds are reserved and used for the local match requirements of state and federal grant programs.

Maximize the use of Redevelopment funds where appropriate based on available funding levels.

- The City/Agency issued \$24.5 million of bonds in 1998 backed by an Agency pledge of increment to finance both area-specific and citywide facilities benefiting the project areas, and to refinance \$4 million in existing Agency debt. In 1999 the City/Agency refinanced an existing 1986 bond, extending its term and reducing the annual debt service. This "refunding" has increased Agency cash flow and made additional funds available for ongoing Agency purposes.
- The Agency's ability to incur new debt or take increment (except for existing debt) will sunset on January 1, 2004, unless action is taken to extend the life of the project areas. This is a significant policy issue that needs to be dealt with if the City/Agency plans on utilizing Agency financing/funding for both area-specific and citywide infrastructure deficiencies beyond the 2002-03 fiscal year.

Maximize the use of CDBG funds in target areas based on available funding levels.

- The Council has approved changes in the allocation of CDBG funds to emphasize infrastructure deficiencies in the target areas, which currently cover 10.6% of the City. Funding for this purpose in 1999-2000 is \$715,160 and represents 42% of the total CDBG funding received from the federal government. The remaining funds are used to provide services benefiting the target areas.

Allocate General Fund balance in excess of required reserves for capital outlays.

- Capital outlay requests in the 1999-2001 budget are funded on a limited basis with General Fund monies. This is a change from recent years when no General Funds were available for this purpose.
- The original intent of this proposed policy was to allocate the projected General Fund balance, with the exception of the required 10% reserve, into the Capital Projects Fund to pay for infrastructure/facility needs. Because of revenue uncertainties (principally slow sales tax growth and the slower than expected increase in property taxes), this proposal has not been implemented as part of the 1999-2001 budget.

Utilize PERS funds as available for one-time facility repairs and modernization.

- On an annual basis, the Public Employees' Retirement System (PERS) determines an employer contribution rate, and collects and places the contributions in the employer's account. In the past, PERS refunded excess funds to the City, which the City used extensively for one-time facility repair and modernization. In 1995 state law changed and instead of refunding excess funds, PERS now retains the funds and adjusts the employer's contribution rate accordingly. This change combined with increases in the rate of return on PERS investments, has caused the employer contribution rates to decline each year. The City's contribution rate reached zero for the 1999-2000 fiscal year and is expected to remain at this level for at least the next decade unless a significant change in the earnings occurs with the PERS portfolio.

The City utilizes the annual savings to fund capital projects, designate funds to the Facility Capital Repair Fund, and offset lower than anticipated growth in General Fund revenues. The General Fund absorbed virtually all of the savings and only limited funds are currently available for infrastructure deficiencies.

In 1999, PERS notified the City that its employer account for Miscellaneous Employees was "superfunded." This means that the balance in the employer's account has sufficient funds to cover the actuarial funding requirement of the retirement plan without further contributions from the employer for either the employer's or employees' contribution.

The City also funds the employee's share of the retirement contribution. This money is held in the employee's account and is used for retirement payments or can be withdrawn if the employee leaves City service. The \$1.2 million annual contribution is currently funded through the City's superfunded employer account relieving the City of this cost. As a result, an additional \$500,000 per year for at least the next several years is available to fund infrastructure deficiency projects. As with the overfunding previously described, a change in PERS' portfolio earnings could alter this situation, and the City would once again have to contribute to the retirement accounts.

Continue to pursue other regional, state, and federal grants for street, bikeway, and park purposes.

The Engineering and Community Services departments continue to actively pursue funds at both the regional and state level. Currently, the major funding source available for arterial street reconstruction is the Arterial Highway Rehabilitation Program. This is a countywide competitive program administered by the Orange County Transportation Authority (OCTA) using available Federal Highway funds.

Other than Redevelopment Agency and Community Development Block Grant funds, other federal, state, or regional funds are not available for street reconstruction projects.

The City has applied for or received grants from the state and Integrated Waste Management Agency for replacement of specific items within the parks. Staff is also applying for grants from the state and OCTA for upgrades to recreational trails. Staff will continue to apply for any available grants relating to reconstruction and upgrade of the City's infrastructure system.

Fund alley improvements outside of Redevelopment and CDBG target areas through assessment districts.

- Alleys are not an eligible expenditure for Gas Tax or the Measure M program funds. Excluding the use of General Funds, these improvements are most appropriately funded through benefit assessments since they benefit only a limited number of adjoining properties.

Support statewide efforts to make additional funding available for infrastructure.

- In early 2000, the legislature passed AB 2928 – Traffic Congestion Relief Plan. This plan provides for five years of funding for local governments specifically for street rehabilitation projects. For Fiscal Year 2000-01 the City of Fullerton received \$914,176 and will receive \$271,900 annually beginning in July 1, 2001 through June 30, 2006.

Section III

Financing Options

The Engineering Department's City Infrastructure Report identified significant, unmet funding needs for both correcting immediate deficiencies and ongoing maintenance. Though some of the needs can be met with existing levels of funding from restricted or other revenue sources such as the water system, sewers, storm drains, and public facilities/parking lots, the most significant needs cannot. The unfunded infrastructure deficiencies are as follows:

Residential Streets	\$61,700,000
Arterial Streets	38,400,000
Sidewalks/Curb/Gutters	13,800,000
Park Facilities	22,400,000
Street Lights	9,480,000
Alleys	<u>4,600,000</u>
	\$150,380,000

The Committee discussed a wide variety of financing options to fund the \$150.4 million in infrastructure deficiencies. The following provides a brief overview of the types of financing options evaluated by the Committee. In addition, Attachment C provides a brief outline of the significant legislative actions affecting local revenue raising authority.

Redevelopment Agency Participation

It is estimated that a total amount of \$11.9 million in deficiencies is eligible for RDA funds. However, RDA funds are restricted to specific project areas and are scheduled to expire in 2004. In order to continue using RDA funds for these areas, the Agency must extend the expiration date.

Community Development Block Grant Participation

An estimated \$5.7 million of the infrastructure deficiencies qualify for CDBG funding. However, similar restrictions that apply to the RDA funds apply to CDBG funds as well. Although no expiration date is placed upon the project areas, the grant funds may be expended in target areas only. Also, the federal government continually reviews the funding levels of this program and provides no guarantees for funding levels for coming fiscal years.

The total cost of infrastructure deficiency projects identified as eligible for CDBG funds far exceeds the 42% annual entitlement currently allocated to infrastructure deficiencies. If additional CDBG funds are to be used for this purpose a change in policy must be approved that would allocate a larger percentage of the funds to correcting infrastructure deficiencies.

Community Development Block Grant and Redevelopment Agency Areas

Several areas throughout the City have been designated as both CDBG and RDA projects areas. As a result projects located within these areas are eligible for both CDBG and RDA funds. A total of \$10.5 million in infrastructure deficiency projects is located in these overlapping areas qualifying these projects for CDBG or RDA funding. These projects are in addition to the projects identified above as eligible for CDBG and RDA funds. The restrictions discussed in the preceding paragraphs regarding CDBG and RDA participation also apply to these funds.

Allocation of Increased General Fund Revenues

Based on the City Infrastructure Report and Infrastructure Funding Policy provided in the first and second sections of this report and the limited availability of both restricted and unrestricted funds, the City Council has limited options in terms of allocating additional existing revenues to infrastructure needs.

This includes allocating general operating funds in excess of City Council established reserves or setting aside a fixed percentage of the General Fund revenues each year. However, if revenue does not grow at a rate that can accommodate increases of this scale, other City programs would need to be reduced.

Revenue-Raising Options

Historically, the City had a number of revenue-raising options. The range and usefulness of these options have been significantly curtailed starting in 1978 with Proposition 13 and continuing through the approval of Proposition 218 in 1996.

Virtually all new revenue-raising options require either a vote of the electorate or a protest ballot (similar to an election, but applies only to affected properties in an assessment district). The following is a description of revenue-raising options available to the City along with any applicable restrictions on the uses of the funds and approval requirements.

Assessment Districts

Assessment districts are used to finance improvements for streets, street lighting, landscaping, sidewalks, sewers, storm drains, etc., and are apportioned to designated properties. Assessments can be made for the construction (including debt service), operation, and maintenance of improvements.

Typically, an engineering firm with expertise in assessment districts creates the districts and apportions the benefits of the projected improvements, as well as the costs of maintenance and operation if applicable. The public is notified of the proposed district and a public hearing is held to discuss the proposed district, improvements, and apportionment of costs. Each affected property owner is individually notified as to the proposed assessment for that parcel.

Proposition 218 significantly impacted the City's ability to create districts and levy assessments. Previously only City Council approval was required. Now additional significant restrictions have been added including:

- Assessments are defined as a levy upon real property for a special benefit conferred upon the real property. General benefits are not assessable and must be funded by the general revenues.
- 'Special' benefits are defined as a particular and distinct benefit over and above general benefits to parcels or the public at large. Benefited public parcels are not exempt from the assessments.
- Approval of the creation of an assessment district now requires a 45-day mailed notice and a ballot, in addition to other existing requirements. A majority protest is based on ballots received from owners of the affected properties, weighted by their proportional financial obligation.
- Annual or periodic increases in assessments for maintenance or operations are subject to the same process unless the original assessment plan includes a schedule of increases or a formula for determining changes in the level of assessments.
- Assessments are subject to the initiative process and the burden of proof is on the public agency in defending any legal action contesting the validity of the assessment.

General and Special Taxes

Propositions 13, 4, 62, and 218 have, over the past 20 years, completely changed local government's ability to levy taxes. Prior to Proposition 13, local governments established the property tax rate based on local revenue needs, and could levy non-property taxes by a simple majority vote of the local legislative body.

Property taxes may only be increased if approved by a two-thirds majority vote in a general election. Parcel taxes, which are based on the assessed value of the property, are considered property taxes.

Special taxes are any tax imposed for specific purposes, including taxes for specific purposes and placed into the General Fund. Special taxes require a two-thirds majority vote in either a special or general election. Examples of special taxes include taxes for libraries, police services, fire services, and other special distinct government purposes. Parcel taxes are included within the definition of special taxes.

General taxes are taxes imposed for general government purposes. General taxes must be approved by a majority vote in a general election. Examples of general taxes are business license taxes, admission taxes, and utility taxes. Special care needs to be taken with general taxes to avoid their becoming special taxes through actions by the legislative body committing the proceeds of the taxes to specific "special" purposes.

Sales taxes are imposed by state law, and one percent is levied in behalf of cities. Under the local option sales tax, a city can place a measure on the ballot to increase the local sales tax for transactions that occur within the City. However, the local sales tax cannot exceed one percent (1.0%) unless the proposed increase has been approved by the legislature, placed on the ballot by the local agency, and approved by either a majority or super majority vote depending on whether it is a general or special tax.

Municipal Borrowing

In addition to creating assessment districts or levying new taxes, cities have the option of issuing debt for the purpose of spreading the costs of major capital improvements over the life of the improvement or other specified periods of time. The types of bonds available to the City are as follows:

General Obligation Bonds are secured by an additional levy on the property tax and, as such, require a two-thirds vote for approval. General obligation bonds can be authorized at a given level but only issued as required based on the phasing of the projects.

Revenue Bonds are secured by revenue sources committed to paying the debt service on the bonds. An example is issuing debt, secured by water revenues, to construct specific water facilities. Depending on the size of the bond issue, the City may need to levy a new general or special tax to support the debt service or commit a portion of the City's existing tax base.

Lease Revenue Bonds/Certificates of Participation are long-term debt issuances secured by leases on City properties, but are limited to 'essential' public facilities. The City has a very limited number of essential facilities, and a majority is already used as security for existing lease revenue bonds. More importantly, a revenue stream must be available to pay the debt service.

Assessment District Bonds can be issued to pay for improvements benefiting the district. The debt service on the bonds is paid for by annual assessments on the benefited parcels. Proposition 218 has narrowed the usefulness of this financing option by limiting assessments only to 'special' benefits. The City's general revenues would be required to carry the cost of debt service on any 'general benefits.'

Section IV

Recommendations

Following a comprehensive presentation on the state of the City's infrastructure in August 1999, the City Council established the Infrastructure Advisory Committee and tasked the Committee with three goals:

1. Review the existing infrastructure deficiencies assessment.
2. Recommend a priority plan and project schedule for remediating the City's infrastructure deficiencies.
3. Recommend an infrastructure deficiency funding plan with alternative strategies for financing ongoing maintenance costs and capital improvement projects.

The Infrastructure Advisory Committee addressed Goal 1 by carefully reviewing, understanding and discussing all of the information provided by City staff on the City's nine infrastructure deficiency categories. Recommendations to the City Council for Goals 2 and 3 were developed and unanimously passed by the Committee members.

GOAL 1 – REVIEW EXISTING INFRASTRUCTURE DEFICIENCIES ASSESSMENT

The Infrastructure Advisory Committee began meeting in January 2000 and met once a month for 16 months. During the first four meetings, City staff presented to the Committee the nine infrastructure deficiency categories, providing detailed information on the current conditions of the City's infrastructure, estimated improvement and maintenance costs and other related statistics.

Initially, City staff provided the Committee members with the City of Fullerton's current organizational structure and summary of governing policies. In addition, the Committee members were presented with an overview of local government finance, including the City's sources of revenue and the related spending restrictions.

A Department Head or Division Manager presented each area of infrastructure deficiency to the Committee. The presentations included detailed reports on the current status of the infrastructure deficiencies, estimated funding requirements, available sources of funds, and future projections.

Following careful review and in-depth discussions on the information provided, the Committee confirmed the validity of the data received and believes that it accurately represents the current infrastructure deficiency problem. The Committee accomplished Goal 1 by confirming that the infrastructure deficiency assessment of \$150.4 million is real and reasonable. In addition, the Committee determined that if no additional funds are allocated to the six infrastructure deficiencies, the total assessment of \$150.4 million will increase to an estimated \$255 million by the year 2020.

GOAL 2 – PRIORITY PLAN AND PROJECT SCHEDULE

After carefully reviewing all of the nine infrastructure deficiencies, it was determined that the three funded categories of deficiencies; public facilities, sewers and storm drains and water system, were not addressed in-depth by the Committee, since sufficient funding is available to finance the identified deficiencies. The remaining six categories: residential streets, arterial streets, sidewalks and curbs & gutters, parks, streetlights and alleys were thoroughly discussed to determine their priority status.

Based on the information provided on the six unfunded infrastructure deficiencies, the Committee members developed a plan for prioritizing and scheduling infrastructure improvement projects, thereby accomplishing Goal 2.

The Committee also determined that an essential aspect of prioritizing projects, allocating funding and identifying additional revenue sources are identifying the opinions of and providing information to the residents of Fullerton. Therefore, Goal 2 was expanded to include a public awareness campaign and opinion survey.

Recommendation 1 – Public Awareness Campaign

The Committee recommends that the City Council develop and implement an extensive public awareness campaign to inform residents of the current state of the City's infrastructure and the need for action to be taken.

Throughout the Committee's discussions regarding the current state of the City's infrastructure, an overlying issue continuously emerged: the residents of Fullerton are generally unaware of the seriously deteriorated condition of the City's infrastructure and the lack of funding available to finance the necessary improvements. The Committee feels strongly that without thoroughly educating the residents and raising their awareness of these issues, efforts to place infrastructure improvement projects at the top of the City's priorities and implement means to increase revenues to fund infrastructure improvements would not be successful.

The Committee strongly recommends that the City Council approve the development and implementation of a comprehensive public awareness campaign to educate the residents on the City's infrastructure deficiencies and funding issues. The Committee members consider this recommendation a top priority.

Recommendation 2 – Opinion Survey

The Committee recommends that Fullerton residents be surveyed to identify their opinions on options for financing the necessary improvements and continued maintenance of the City's infrastructure.

In 1999, the Administrative Services Department conducted a comprehensive customer survey for the City's cable television services. Included in this survey were 11 questions regarding the City's infrastructure and options for funding improvements. This survey provided the Committee with a glimpse of the residents' opinions. The results of this survey are included in Attachment D.

The Committee recommends that a more comprehensive residential and business opinion survey be conducted to determine the priorities of the residents and business owners and their preferences in funding the necessary improvements. In addition, the Committee recommends that a survey be conducted prior to initiation of the public awareness campaign, as well as after, to determine its effectiveness. Finally, periodic follow-up surveys are also considered by the Committee to be beneficial in determining the changing opinions of residents and business owners over an extended period of time.

Recommendation 3 – Project Priorities

The Committee recommends that when the City Council makes funding allocations the following project priority list be used as a guideline for the allocation of those funds:

- 1. Residential Streets**
- 2. Arterial Streets**
- 3. Sidewalk and curbs & gutters**
- 4. Parks**
- 5. Streetlights**
- 6. Alleys**

The Committee members developed the project priority list after extensively considering a variety of factors, including public safety, aesthetics, accessibility, liability, residential usage, health issues, value of investment and security. A brief summary is provided

below discussing the issues and criteria used to establish the priority of each unfunded infrastructure deficiency.

Residential Streets

Fullerton residents are most impacted by the condition of residential streets, both as motorists and homeowners. Residential streets are heavily used by residents and their condition directly affects their driving ease, comfort, safety, and enjoyment of the City. In addition, neighborhood appeal and housing values are impacted by the condition of residential streets. Therefore, the Committee selected residential streets as the top priority for receiving funding.

Arterial Streets

Arterial streets are used by both residents and non-residents, but fundamentally are designed to move traffic through the City. Businesses are the direct beneficiaries of arterial streets and their condition impacts the visual appeal of business districts. Arterial streets set the standard for a city, greatly impacting its overall aesthetic appeal. The Committee determined that the number two priority for funding should be arterial streets, recognizing that the poor condition of the arterial streets can negatively impact the overall condition and aesthetic appearance of the City.

Sidewalks and Curbs & Gutters

Most of the damage to the City's sidewalks and curbs & gutters is caused by street trees. The Committee supports the replacement of seriously offending trees with tree species that are proven less destructive to the infrastructure. The Committee considered safety, liability, and aesthetics in determining that sidewalk and curb & gutter projects are not a high priority for funding. However, the Committee recommends that sidewalk and curb & gutter projects be coordinated, whenever possible, with street reconstruction projects.

Parks

In determining the priority of park improvements and upgrades, the Committee considered safety, ADA compliance, health issues, residential usage and aesthetics. Generally, park deficiencies were determined to be a low priority. However, the Committee recommends that funds should be allocated for potential safety problems and ADA compliance projects. The Committee members agreed that other sources of revenue could be used to fund park deficiencies, such as expanding the adopt-a-park program, user fees, park dwelling fees, CDBG monies and RDA funds as appropriate.

Streetlights

The Maintenance Services Department contracted with the architecture/engineering firm Black and Veatch to evaluate the City's current streetlight infrastructure and make recommendation for improvements and upgrades. The consultant's report identified and estimated \$9.48 million in deficient streetlights. This deficiency includes the upgrade of 3,159 streetlights from high-voltage to 110-volt electrical service. Also, the consultant determined that the current supply of parts for the high-voltage lights is expected to remain available for approximately five to ten years, significantly longer than the one-year time period staff had originally indicated. Taking all these factors into consideration, the Committee determined that the streetlight deficiencies were a lower priority based on the fact that the deficiencies are not a serious safety issue and the replacement parts will be available for approximately five to ten years.

Alleys

Alleys have historically been a low City Council priority, are not considered a safety issue, have relatively few residential users, and generally are not visible from residential or arterial streets. Alleys do not qualify for funds designated for street improvements, but assessment districts can be formed by residents to fund alley improvements. Based on these factors, the Committee determined that alleys would be the lowest funding priority of all the unfunded infrastructure deficiencies.

GOAL 3 – INFRASTRUCTURE DEFICIENCY FUNDING PLAN

The Committee accomplished Goal 3 by identifying the amount of funding required to stop the growth of the deficiencies and the amount of additional funding required to entirely eliminate the remaining deficiencies. Based on the total amount of \$150.4 million, the Committee identified current and new sources of funds to fully resolve the infrastructure deficiencies. Existing and new revenue raising options are included in Recommendations 6, 7, 8, 9, 10, 13, and 14.

The Committee carefully reviewed all the revenue-raising options available to the City and discussed the impacts on residents and businesses, restrictions on the uses of the funds and approval requirements. Historically, the City had a number of revenue-raising options. The range and usefulness of these options were significantly curtailed starting in 1978 with the passage of Proposition 13 and continuing through the approval of Proposition 218 in 1996. Virtually all new revenue-raising options require either a vote of the electorate or a protest ballot (similar to an election, but applies only to affected properties in an assessment district). Attachment C provides a brief overview of the significant legislative decisions affecting local revenue raising authority.

Recommendation 4 – Proactive Lobbying

The Committee recommends that the City Council take a proactive approach to lobbying the appropriate federal institutions, Governor and State Legislature to provide additional funding for infrastructure improvements.

Each year the state and federal legislatures pass a number of bills authorizing funding for infrastructure improvements. Deteriorated infrastructure is an issue throughout the 50 states, and especially in California. The National League of Cities and the League of California Cities encourage and support bills that provide funding for infrastructure improvements. The Committee recommends the City become more active in the lobbying efforts, including the issue of infrastructure funding in the City's annual Legislative Platform; tracking proposed allocation of funds for infrastructure and writing letters of support; writing letters of opposition to state and federal legislatures on any proposed legislation aimed at reducing or eliminating funding sources for infrastructure improvements; and spearheading Orange County cities' proactive lobbying efforts for additional funding for infrastructure improvements.

Recommendation 5 – Phased Funding Approach

The Committee recommends that the City Council address the infrastructure deficiencies with a two phased funding approach; initially funding to stop the growth of the deficiencies and then the second phase of funding to eliminate the remaining deficiencies.

The Committee developed infrastructure deficiency graphs illustrating the growth of the deficiencies and amount of funding required to stop and fully eliminate the deficiencies. Graphs are included as Attachment E. The Committee determined that a two-phased funding approach could effectively address the unfunded infrastructure deficiencies.

Phase I would correct the deficiency growth utilizing existing funds. This phase would involve initiating within the General Fund, a five-year funding allocation build-up at the rate of 1% per year to an annual level of \$2.5 million per year. This allocation would be supplemented by CDBG and RDA funding at an amount of \$2.5 million per year providing a total of \$5 million per year. The charts illustrate this by showing the amount of funding and total deficiency ultimately as parallel lines. Currently the two lines continue to move farther apart reflecting the infrastructure costs increasing. The deficiency graphs and charts are included in Attachment E and Attachment F. Phase II is the allocation of additional revenue sources to reduce and eventually eliminate the deficiency problem through new or increased special or general taxes.

Recommendation 6 – Continued Pursuit of Grant Funds

The Committee recommends that the City continue pursuing regional, state and federal grants to fund infrastructure improvements and maintenance.

Each year state and federal agencies offer grants to local agencies for street and road improvements. The City of Fullerton requests and receives funding from both sources. The Committee supports these efforts and recommends that the City submit applications for all grants for infrastructure improvements.

Recommendation 7 – Support Extension of Measure M

The Committee recommends that the City Council support the Orange County Transportation Authority's (OCTA) efforts to extend Measure M (local transportation half-cent sales tax) scheduled to expire in 2011 and encourage additional direct allocations to cities for local uses.

In 1990, Orange County voters approved Measure M, the local measure intended to relieve traffic congestion. It is anticipated that over \$4.2 billion will be collected from the half-cent sales tax over the 20-year period. These funds have been allocated, per the Measure M guidelines, for freeway expansion, local and regional streets and roads projects, urban rail and other transportation related programs and services. Measure M is scheduled to expire in 2011.

If OCTA initiates efforts to extend Measure M, the continuation of the half-cent sales tax specifically for transportation related programs and services would be beneficial to the City of Fullerton. Currently, the City receives approximately \$1.3 million a year in Measure M funds for street and road improvements. The Committee recommends the Council actively support the continuation of this important revenue source.

Recommendation 8 – Neighborhood Assessment District Program

The Committee recommends that the City Council establish a Citywide Neighborhood Assessment District Program in which neighborhoods can petition the City Council for creation of Assessment Districts to fund neighborhood infrastructure improvements and maintenance.

Neighborhood Assessment Districts have been successfully implemented throughout the State of California providing residents with a mechanism for funding neighborhood infrastructure improvements and regular maintenance. The establishment of such a district can help neighborhoods address deterioration and other issues, invest in their community, ensure the continued beautification of their neighborhood and protect housing values.

Recommendation 9 – Redevelopment Project Areas

The Committee recommends that a 10-year plan be developed and implemented to eliminate infrastructure deficiencies in Redevelopment Project Areas.

The City of Fullerton currently has four established Redevelopment Project Areas. Residential and arterial street reconstruction projects, streetlight upgrades, sidewalk and curb & gutter improvements, park improvements and alley rehabilitation can be fully funded through Redevelopment Project Area funds. The Committee recommends staff develop and implement a comprehensive 10-year plan identifying all the infrastructure deficiencies within Redevelopment Project Areas.

Agency funding is critical to addressing the City's substantial infrastructure needs. Approximately 30% of the land area of the City is included in Redevelopment Project Areas. In recent years, the priority for usage of redevelopment funds has been for capitol improvement projects, including debt payments for past and future public improvements. For the last five years, approximately 60% of all redevelopment funds have been used for infrastructure provision and improvement.

The authority to incur new debt for Fullerton's three Project Areas, unless extended, will expire on January 1, 2004. This would effectively end the Fullerton Redevelopment program. The Agency would only be able to obtain property tax revenues sufficient to cover the debt in place as of January 1, 2004. Through amendment of the Project Area Plans, Redevelopment Law provides authority for the dates for incurring new debt to be extended for up to ten years.

The total amount of net tax revenue that the Agency would potentially be in position to receive (or not receive if the Plan Limits are not amended) from all three Project Areas is approximately \$150 million. Therefore, the Committee recommends that the Redevelopment Agency and the City Council modify the Redevelopment Plan limits to extend for an additional ten years the last date to incur new debt in each of the Project Areas.

Recommendation 10 – Community Development Block Grant Areas

The Committee recommends that a plan be developed and implemented to eliminate infrastructure deficiencies in Community Development Block Grant areas.

Residential street reconstruction projects, streetlight upgrades, sidewalk and curb & gutter improvements, park improvements and alley repairs are all eligible projects that can be funded with CDBG funds. The Committee recommends staff develop a

comprehensive plan identifying all the infrastructure deficiencies within CDBG areas and establish a reasonable schedule to eliminate the deficiencies.

Recommendation 11 – Citizens' Infrastructure Review Committee

The Committee recommends that the City Council create a Citizens' Infrastructure Review Committee.

To ensure that Council's direction with regards to the recommendations is implemented, the Committee encourages the creation of a Citizens' Infrastructure Review Committee. In addition, if any revenue raising options are approved by Council and implemented, the Citizens' Infrastructure Review Committee could be responsible for reviewing the expenditure of funds on infrastructure improvements.

Recommendation 12 – Staff Assignment

The Committee recommends that a staff member be assigned to manage the approved recommendations.

To ensure that Council's direction with regard to recommendations is implemented, the Committee recommends a current staff member be assigned the responsibility of managing the recommendations and associated projects. In addition, it is recommended that the staff member report regularly to the Citizens' Infrastructure Review Committee and annually to the City Council on the status of approved recommendations and projects.

Recommendation 13 – General Fund Allocation

The Committee recommends that the City Council establish a permanent, annual General Fund allocation to the Capital Improvement Project Fund to finance infrastructure improvement projects.

Over the past few years, as the City's financial situation has stabilized, the City Council established an Unrestricted Capital Projects Fund. When the City has received 'one-time' monies, unexpected expenditure savings, or the General Fund cash balance has exceeded set parameters, the Council has directed that the monies be deposited into this fund.

The Committee supports this approach and further recommends, as noted in Recommendation 5, that the City Council consider establishing a long term goal of depositing 5% of total General Fund revenues into the Unrestricted Capital Projects Fund. In the first year, a 1% allocation should be made, increasing 1% each year of

the subsequent four years. At the end of the five-year period, estimated revenues into this fund would total approximately \$2.5 million per year.

Recommendation 14 – Special and General Taxes

The Committee recommends that the City Council propose new or increased special or general taxes that would provide additional General Fund revenues.

The Committee carefully evaluated all the special and general tax options available to the City for financing infrastructure deficiency improvement projects. The following provides a summary of special and general tax options including the financial impact to Fullerton residents.

Special Taxes

General Obligation Bonds

General obligation bonds can be issued to fund any municipal capital improvement project. Through the issuance of bonds, the City borrows funds for a duration of up to 30 years and is responsible for principal and interest payments. The issuance of general obligation bonds requires a two-thirds voter approval rate. A property tax increase is required as a guaranteed source of funds to pay back the debt service on the bonds.

Based on the net amount of unfunded deficiencies (excluding all CDBG and RDA funding) a \$122.3 million bond issuance with a tax-exempt interest rate of 5.5% for a duration of 28 years would result in an annual debt service payment of \$8,292,214. To adequately finance this bond issuance, the estimated increase in the property tax rate would be .12%. This increase would result in an estimated increase of \$120 per year per \$100,000 of assessed property value.

Property Tax Increase

Proposition 13 provides that the property tax may be increased if approved by two-thirds of the voters. To raise approximately \$7.5 million per year a local rate increase of .108% would be necessary. This would equate to an annual property tax increase of \$108 per \$100,000 of assessed property valuation.

Assessment Districts

Under Proposition 218, assessment districts must be approved by the property owners representing a majority of the proposed assessments. In addition, assessments are restricted to the provision of special benefits and can be repealed by referendum. As a result, a secure, long-term revenue stream from assessments can only be insured if the revenues are used to secure long term bonds. The estimated total deficiencies eligible for assessment is \$76.9 million.

Annual debt service equals \$5,417,517 based on the total assessment of \$76.9 million for a term of 28 years at an interest rate of 5.5%. The average annual debt service per residential parcel, assuming equal values of properties, is estimated at \$209. Actual assessments would vary based on the number of parcels, assessed property value and number of units on each parcel. Alternatively, the cost on a per dwelling unit basis would be approximately \$121.

General Taxes

Parcel Tax

Parcel taxes must be approved by a simple majority vote and the revenue is used for a general municipal purpose. However, if the revenue is dedicated to a specific purpose, such as infrastructure, a two-thirds voter approval is required.

Using a \$7.5 million annual revenue requirement and a flat parcel tax (equal tax regardless of size of parcel), the estimated average annual cost would be \$236.19 per year per parcel.

Sales and Use Tax Increase

A local option sales tax increases the cost of goods purchased within the City. Local option sales and use taxes are permitted if: 1) the State Legislature approves the proposed tax; 2) it is placed on the ballot by a two-thirds vote of the City Council; and 3) it is approved by either a majority or two-thirds vote depending on whether it is a general purpose or dedicated tax. Sales taxes can only be levied in 1/4-cent intervals. A 1/4-cent sales tax would yield \$3.75 million annually. A 1/2-cent sales tax would yield \$7.5 million annually.

Based on City sales tax data for a family size of three, the difference in sales taxes paid resulting from a 1/2-cent sales tax increase would be approximately \$182 per year.

Utility Tax

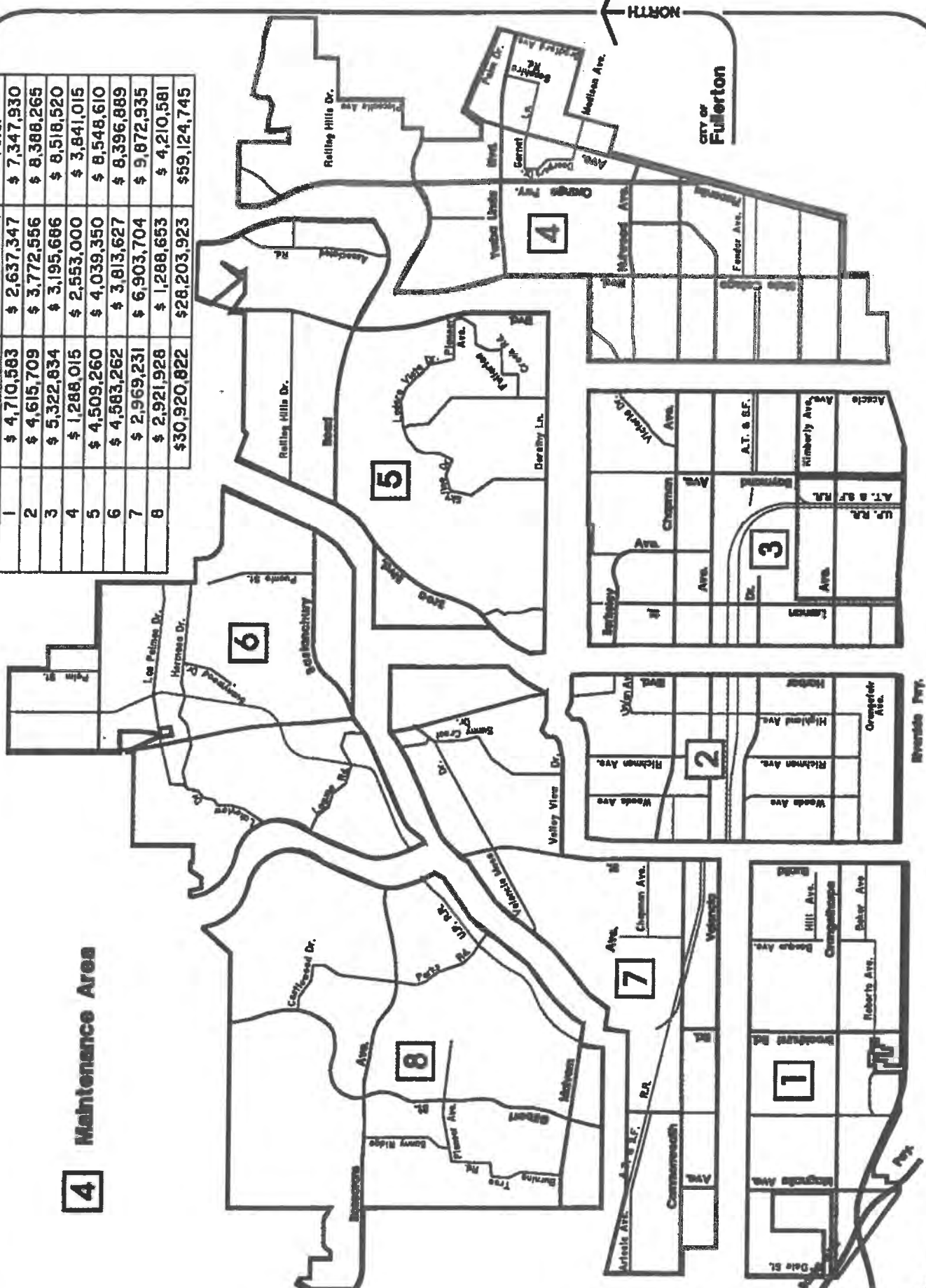
A utility tax is a general tax levied as a percent of a utility user's bill. The tax is applicable to gas, electric, telephone, cable television, and water service. A utility tax requires a majority vote for approval. It is estimated that a utility tax of 4 3/4% would be necessary to generate approximately \$7.5 million per year. The effect of a 4 3/4% utility tax on residential customers is estimated to be \$10.45 per month or \$125.40 per year.

Table of Contents

Executive Summary	i
Infrastructure Deficiencies	Section I
Infrastructure Funding Policy	Section II
Financing Options	Section III
Recommendations	Section IV
Attachments	
Attachment A – Residential Street Deficiencies	
Attachment B – Arterial Street Pavement Management Program	
Attachment C – Significant Legislative Actions	
Attachment D – Residential Survey Results	
Attachment E – Recommendation 5 – Infrastructure Deficiency Graphs	
Attachment F – Charts and Graphs prepared at the Committee’s Request	

"ATTACHMENT A"

4 Maintenance Area



CITY OF FULLERTON

Pavement Management Program Executive Summary



Prepared By:

Nichols • Valleria & Associates

May 2000

200.01.30



Nichols • Valleria & Associates
16052 Beach Boulevard, Suite 214
Huntington Beach, California 92647

Phone: 714-848-8897
Fax: 714-848-2667

Table of Contents

Purpose.....	3
Existing Pavement Condition	3
Present Cost to Repair the Road Network	5
Future Expenditures for Pavement Maintenance	6
Impacts of Projected Funding Levels	6
Budget Needs	7
Budget Scenarios	9
Scenario 1 - Unconstrained (\$38.3 million/5 years)	10
Scenario 2 - Budget Maintaining Current PCI (\$2.3 million/year)	11
Scenario 3 - Existing Budget (\$7.98 million/year)	12
Scenario 4 - Ideal Budget (\$5 million/year).....	13
Discussion and Recommendations	14
Summary	17

List of Tables

Table 1.	Pavement Condition Summary for The City of Fullerton (2000).....	3
Table 2.	Projected Pavement Budget for 2000 to 2004	6
Table 3.	Summary of Results from Needs Analysis	7
Table 4.	Summary of Results from Scenario 1 - Unconstrained Budget.....	10
Table 5.	Summary of Results from Scenario 2 - Budget Maintaining Current PCI	11
Table 6.	Summary of Results from Scenario 3 - Existing Budget.....	12
Table 7.	Summary of Results from Scenario 4 - Ideal Budget	13

List of Figures

Figure 1.	Pavement Condition Categories by PCI	4
Figure 2.	Costs To Maintain Pavements Over Time	6
Figure 3.	Cost Effectiveness of Treatments	8
Figure 4.	PCI vs. Deferred Maintenance for Unconstrained Budget (\$38.3 million/5 yrs).....	10
Figure 5.	PCI vs. Deferred Maintenance for Budget Maintaining Current PCI (\$2.3 million/yr.)	11
Figure 6.	PCI vs. Deferred Maintenance for Existing Budget (\$7.98 million/yr.)	12
Figure 7.	PCI vs. Deferred Maintenance for Ideal Budget (\$5 million/yr.).....	13
Figure 8.	Pavement Condition Index per Option by Year.....	14
Figure 9.	Effect of Different Budgets on Backlog of Work.....	15
Figure 10.	Percentage of Road Network Area of Each Condition Category for Different Budget Scenarios	16

Purpose

The City of Fullerton contracted with Nichols • Vallergera & Associates (NV&A) to perform Pavement Management System (PMS) related services including pavement condition surveys, pavement condition index (PCI) calculations, budgetary analysis, and preparation of an executive summary for their arterial streets.

The purpose of this report is to assist policy makers in utilizing the results of the Pavement Management System (PMS). Specifically, this report links the PMS recommended repair program costs to the City of Fullerton's current and projected budget to identify various overall maintenance and rehabilitation strategies. This report assesses the adequacy of current and projected revenues to meet the maintenance needs recommended by the PMS program. It also maximizes the return from expenditures by:

- (1) implementing a multi-year road rehabilitation and maintenance program;
- (2) developing a preventative maintenance program; and
- (3) selecting the most cost effective repairs.

This report assists the City of Fullerton with identifying maintenance priorities specific to the City's needs. This study examines the overall condition of the arterial network and highlights options for improving the current network-level pavement condition index (PCI). These options are developed by conducting "what-if" analyses using Fullerton's pavement management system database. By varying the budget amounts available for pavement maintenance and repair, one can see how different funding strategies can impact the City's roads over the next five years.

Existing Pavement Condition

The City of Fullerton is responsible for the repair and maintenance of approximately 62 centerline miles of arterials. The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less. The City of Fullerton's current Pavement Condition Index for arterial roadways is 75, or in the fair condition category. Table 1 (below) summarizes the condition of the arterials in the City of Fullerton.

Table 1. Pavement Condition Summary for the City of Fullerton (2000)

Condition Category	PCI Range	Percent of Network
Very Good	90-100	33.1%
Good	84-89	13.5%
Fair	73-83	13.8%
Poor	60-72	16.6%
Very Poor	0-59	23.0%

Figure 1 (below) shows the classifications of pavement condition by different PCI.

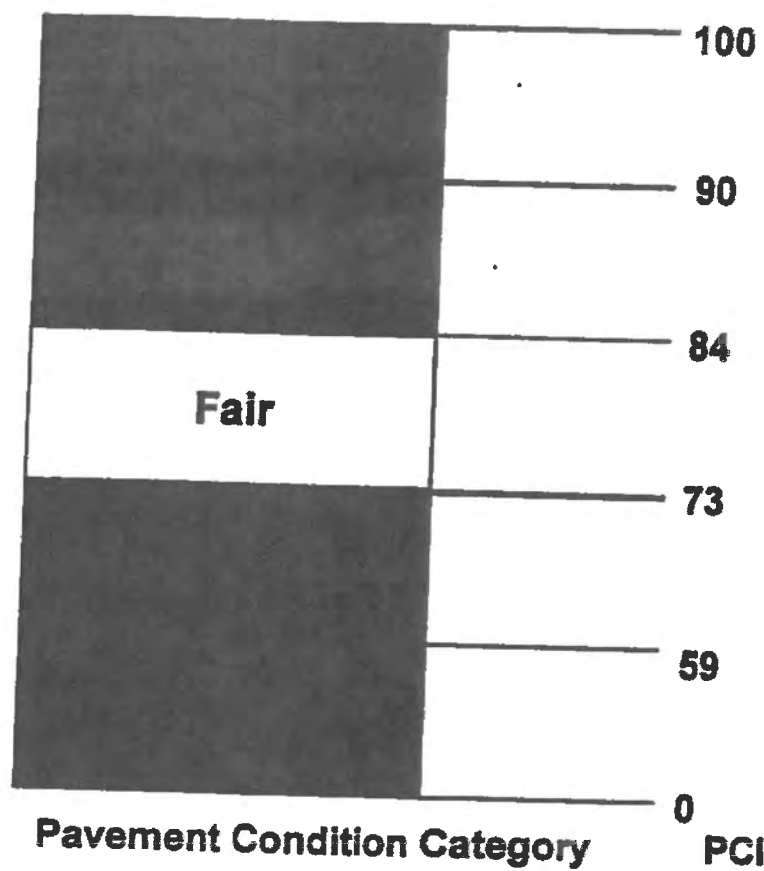


Figure 1. Pavement Condition Categories by PCI

Present Cost to Repair the Road Network

The MTC Pavement Management System (PMS) is designed to achieve an optimal network PCI somewhere between the low to mid 80's, which brings the network into a "good" condition category. In other words, the system will recommend maintenance treatments in an attempt to bring all of the arterials in the City of Fullerton to fair-good condition, with the majority of the roads falling in the mid 80's PCI range. Program outputs show that it would cost the City approximately \$54 million over the next ten-year period to bring the arterials up to a PCI of 87 from a current PCI of 75. Of this total, approximately \$32 million is needed in the first year alone. These costs exceed the City's current funding levels. Additional revenues must be obtained to enable the City to devote such a large quantity of resources to pavement repair in such a short period of time.

As mentioned earlier, approx. 46.6% of the City of Fullerton's arterials have a PCI of 84 to 100, which is in the good or better condition category. Why then, does it cost so much to repair the City's roads, and why bother improving them?

The cost to repair and maintain a pavement depends on its current PCI. In the "good" category, the cost is minimal to apply preventive maintenance treatments such as crack and surface seals, which can extend the life of a pavement by correcting minor faults and reducing further deterioration. Treatments of this sort are applied before pavement deterioration has become severe and usually cost approximately \$2/sq. yd. About one-half of the City's arterials would benefit from these relatively inexpensive, life-extending treatments.

As noted in Table 1, approximately 14% of the City's arterials fall into the "fair" condition category. Pavements in this range show some form of distress or wear that require more than a life-extending treatment. By this point, a well-designed pavement will have served at least 75% of its life, and the quality of the pavement has dropped by about 40%. The road surface may require a thin overlay, which typically costs about \$1-5/sq. yd.

The remaining 40% of the City of Fullerton's arterials fall into the "poor" or "very poor" PCI ranges. These pavements are near the end of their service lives and often exhibit major forms of distress such as potholes, extensive cracking, etc. At this stage, a roadway usually requires either a thick overlay or reconstruction. The costs for these treatments range from \$5 - \$54/ sq. yd.

One of the key elements of a pavement management repair strategy is to keep roads in the "good" and "fair" categories from deteriorating. This is particularly true for roads in the "fair" range, because they are at the point where pavement deterioration accelerates if left untreated.

Future Expenditures for Pavement Maintenance

It is estimated that the City of Fullerton will spend \$8 million on pavement maintenance during the next five years (2000 - 2004), assuming current funding levels. Table 2 (below) summarizes the projected budget amounts.

Table 2. Projected Pavement Budget for 2000 to 2004

Year	2000	2001	2002	2003	2004	Total
City Estimate (\$)	1,270,000	1,693,000	2,320,000	1,494,000	1,200,000	7,977,000

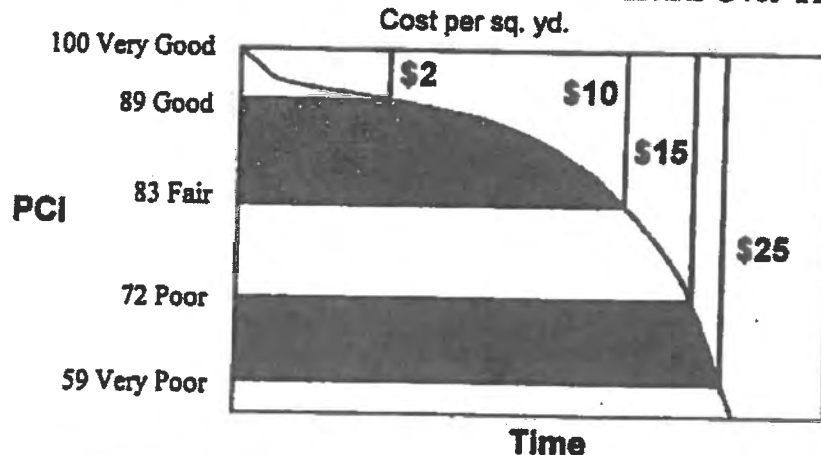
Impacts of Projected Funding Levels

Using the PMS budget scenarios module, the projected \$8 million in pavement maintenance expenditures were applied against the estimated \$38 million in needed repairs. With the existing budget over the next five-year period, the condition of the network deteriorates, with the average PCI decreasing from 75 to 64. The amount of "deferred" maintenance increases from approximately \$31 million to \$41 million. This backlog will continue to accumulate if additional funding can not be allocated.

Deferred maintenance consists of pavement maintenance that is needed, but which can not be accomplished due to lack of funding. Shrinking budgets have forced many California cities and counties to defer much-needed road maintenance. By deferring maintenance, not only does the frequency of citizens' complaints about the condition of the network increase, but the cost to repair these roads rises as well.

Figure 2 (below) demonstrates that pavement maintenance follows the old colloquial saying of "pay me now, or pay me later." History has shown that it costs less to maintain roads in good condition than to repair roads that have failed. By allowing pavements to deteriorate, roads that once cost only \$2/sq. yd. to slurry seal/cape seal may soon cost \$15/sq. yd. to overlay and upwards of \$25/sq. yd. to reconstruct.

Figure 2. Costs To Maintain Pavements Over Time



Budget Needs

Based on the principle that it costs less to maintain roads in good condition than bad, the MTC Pavement Management System strives to develop a maintenance strategy that will first improve the overall condition of the arterials to an optimal PCI somewhere between the mid and upper 80's, and then sustain it at that level. Although the average PCI for the City's arterials is 75, which is in the "fair" condition category, significant portions of the arterials suffer from load-related distresses. In addition, there is currently a significant backlog of several million dollars in maintenance. If these issues are not addressed, the quality of the arterials will inevitably decline. In order to correct these deficiencies, a cost-effective funding and maintenance and rehabilitation strategy must be implemented.

The first step in developing a cost-effective maintenance and rehabilitation strategy is to determine, assuming unlimited revenues, the maintenance "needs" of the City of Fullerton's arterials. Using the PMS budget needs module, maintenance needs over the next five years were estimated at \$38.3 million. If the City of Fullerton follows the strategy recommended by the program, the average arterial PCI will increase to 87. If, however, no maintenance is applied over the next five years, already distressed roads will continue to deteriorate, and the PCI will drop to 64. The results of the budget needs analysis are summarized in Table 3 (below).

Table 3. Summary of Results from Needs Analysis

Year	2000	2001	2002	2003	2004
PCI w/ Treatment	96	92	90	88	87
PCI w/out Treatment	75	71	69	66	64
Budget Needs (\$ million)	32.3	4.98	.637	.153	.264
Preventive Maintenance	1.2%	1.5%	95.1%	65.3%	33.7%
Rehabilitation	98.8%	98.5%	4.9%	34.7%	66.3%

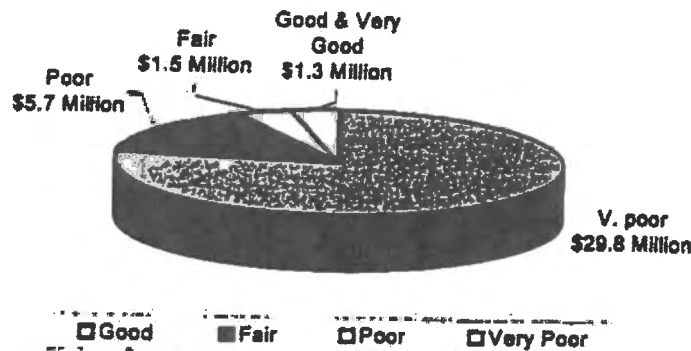
Table 3 shows the level of expenditures required to raise the City of Fullerton's arterial condition to an optimal PCI of 87 and eliminate the current maintenance backlog. The results of the budget needs analysis represent the ideal funding strategy recommended by the MTC PMS. Of the \$38.3 million in maintenance needs shown, approximately \$1.3 million (3.4 percent) is earmarked for preventative maintenance or life-extending treatments, while \$37 million (96.6 percent) is allocated for the more costly rehabilitation and reconstruction treatments.

The cost-effectiveness of preventative maintenance treatments is demonstrated in Figure 3 (below) which compares the current condition of the arterials and the maintenance needs estimated by the program. The portion of the arterials in good and very good condition – (46.6% of the City's arterials) requires \$1.3 million of work over the next five years, whereas the 53.4% in the "fair" to "very poor" condition needs approximately \$37 million in expenditures.

Figure 3. Cost-Effectiveness of Treatments



Network Area by Condition



Maintenance Needs By Condition

Budget Scenarios

Having determined the maintenance needs of the City's arterials, the next step in developing a cost-effective maintenance and rehabilitation strategy is to conduct several what-if analyses. Using the PMS budget scenario module, the impacts of various budget "scenarios" can be evaluated. The program projects the effects of the different scenarios on pavement condition (PCI) and deferred maintenance (backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies becomes clear. The following scenarios were run for the purposes of this report:

Scenario 1 Unconstrained Budget - The total amount for the next five years and the budget for each year are the same as identified in the budget needs analysis. This scenario will allow the City to reasonably improve the condition of the arterials to a PCI of 87.

Scenario 2 (\$2.3 million/year) Budget Maintaining Current PCI - The budget required to maintain the City's arterials at a PCI of around 75 would be \$2.3 million/yr.

Scenario 3 Selected Budget With All Sections - The City of Fullerton's existing budget was input into the scenarios module. This scenario will allow the City to examine the effects of the City's current budget on the arterials condition. The PCI of the arterials drops down to 70 after five years with the City's current Budget.

Scenario 4 Ideal Budget With All Sections - This scenario shows the ideal budget for the arterials (\$5 million per year). In this scenario, the average arterial PCI will improve to 82 from its current level of 75 after five years while the amount of deferred maintenance decreased from \$27.3 million to approximately \$19 million.

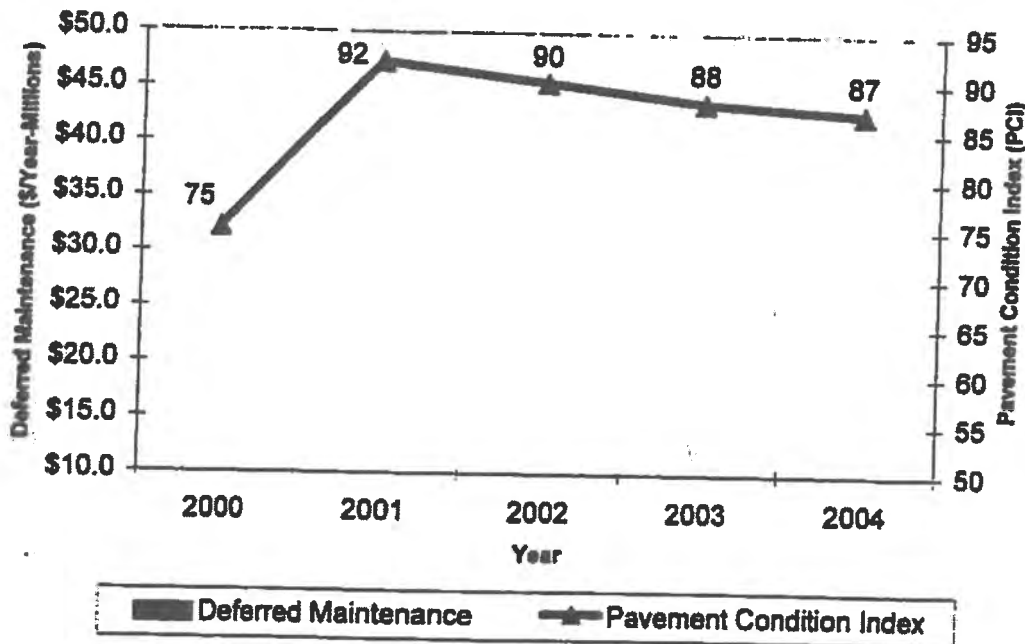
Scenario 1: Unconstrained Budget

The results indicate that the average arterial PCI will increase to 87 from its current level of 75 by the year of 2004.

Table 4. Summary of Results from Scenario 1 –Unconstrained Budget

Year	2000	2001	2002	2003	2004	Total
Budget (\$ million)	32.27	4.98	0.637	0.153	0.264	38.3
Rehabilitation (\$ million)	31.4	4.9	0.031	0.053	0.175	36.56
Preventive Maintenance (\$ million)	0.63	0.077	0.606	0.101	0.089	1.503
Deferred Maintenance (\$ million)	-	-	-	-	-	-
PCI	75	92	90	88	87	

Figure 4. PCI vs Deferred Maintenance for Unconstrained Budget (\$38.3 million/5years)



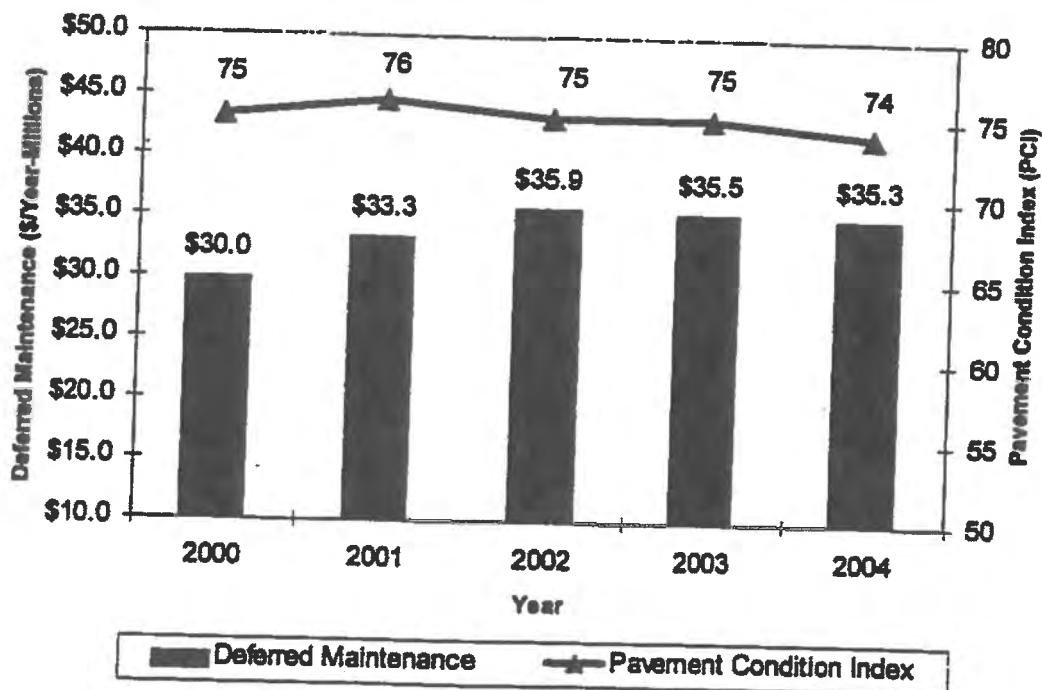
Scenario 2 (\$2.3 million/year) Budget Maintaining Current PCI

The budget required for maintaining the City's arterials at an average PCI of 75 or steady state condition will be \$2.3 million/yr.

Table 5. Summary of Results from Scenario 2 - Budget Maintaining Current PCI

Year	2000	2001	2002	2003	2004	Total
Budget (\$ million)	2.3	2.3	2.3	2.3	2.3	11.5
Rehabilitation (\$ million)	2.07	2.04	2.06	2.03	2.04	10.24
Preventive Maintenance (\$ million)	0.233	0.227	0.240	0.272	0.251	1.223
Deferred Maintenance (\$ million)	29.98	33.34	35.91	35.53	35.27	
PCI	75	76	75	75	74	

Figure 5. PCI vs Deferred Maintenance for Maintaining Current PCI (\$2.3 million/yr.)



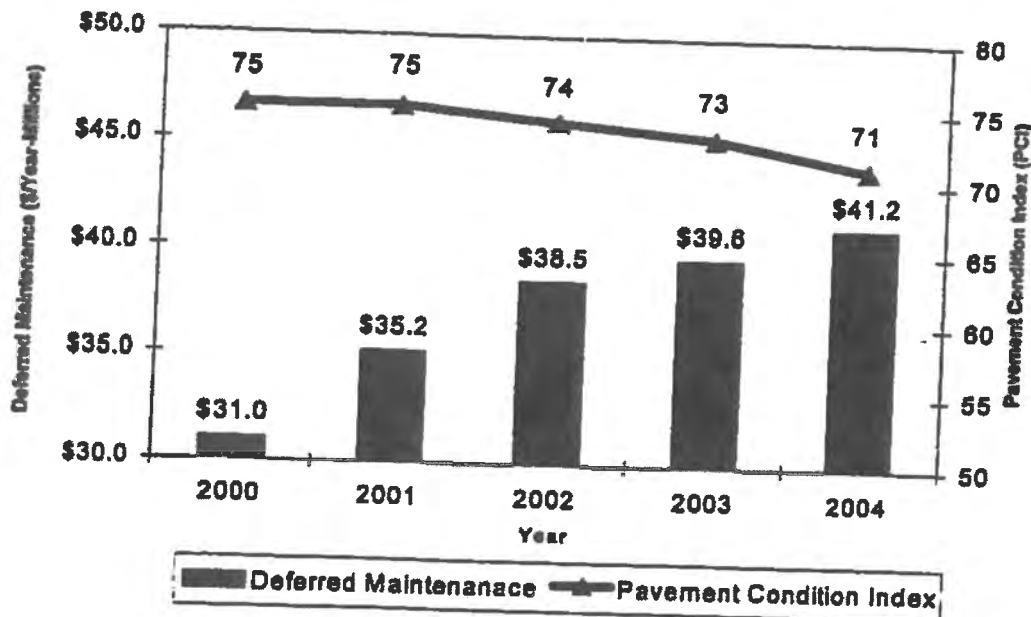
Scenario 3: Existing Budget

In this scenario, the average PCI for the arterials will deteriorate to approximately 71 from its current level of 75. Roads in this category are in "poor" condition. In this scenario, not only the road condition deteriorates but also the backlog of work that is deferred due to lack of funds is growing from \$31 million in 2000 to \$41 million in 2004. What this implies is that the City is "not catching up" with the increasing number of roads that are deteriorating.

Table 6. Summary of Results from Scenario 3 - Existing Budget

Year	2000	2001	2002	2003	2004	Total
Budget (\$ million)	1.27	1.69	2.32	1.49	1.2	7.98
Rehabilitation (\$ million)	1.20	1.60	2.17	1.49	1.20	7.66
Preventive Maintenance (\$ million)	0.066	0.092	0.146	0.082	0.117	0.504
Deferred Maintenance (\$ million)	31.01	35.15	38.52	39.64	41.20	
PCI	77	75	74	73	71	

Figure 6. PCI vs Deferred Maintenance for Existing Budget (\$7.98 million/yr.)



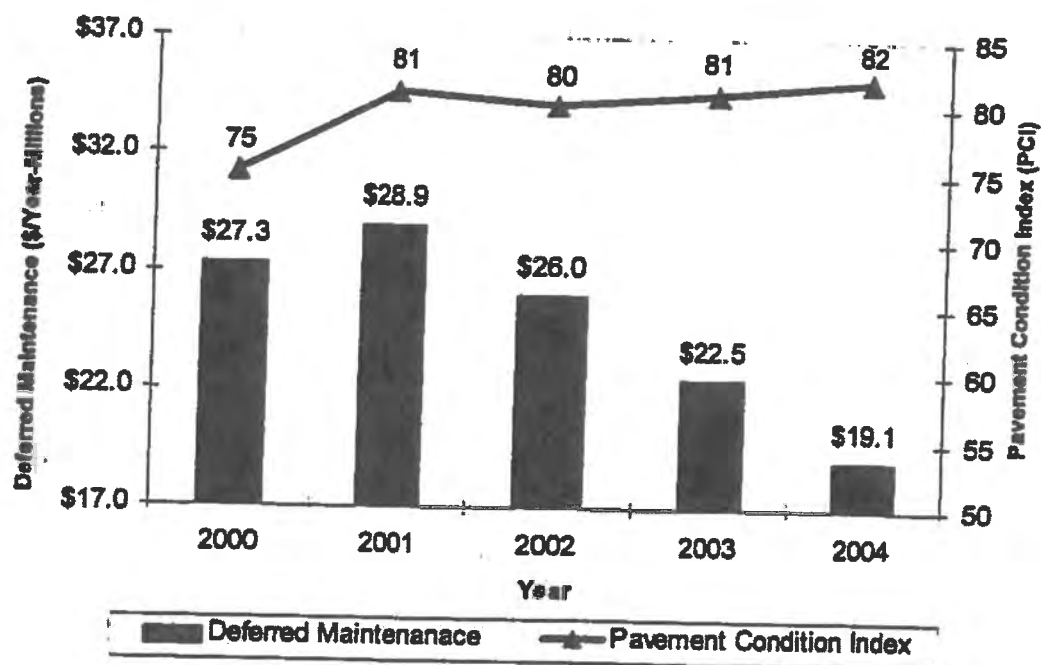
Scenario 4: Ideal Budget

This scenario shows the ideal budget for the maintenance of the arterials (\$5 million per year). In this scenario, the average PCI for arterials will improve to 82 from its current level of 75 after five years, while the amount of deferred maintenance decreased from \$27.3 million to approximately \$19 million.

Table 7. Summary of Results from Scenario 4 - Ideal Budget

Year	2000	2001	2002	2003	2004	Total
Budget (\$ million)	5.0	5.0	5.0	5.0	5.0	25.0
Rehabilitation (\$ million)	4.64	4.6	4.64	4.6	4.63	23.11
Preventive Maintenance (\$ million)	0.35	0.11	0.35	0.35	0.11	1.27
Deferred Maintenance (\$ million)	27.3	28.9	26.0	22.5	19.1	
PCI	75	81	80	81	82	

Figure 7. PCI vs Deferred Maintenance for Ideal Budget (\$5 million/yr.)



Discussion and Recommendations

Figure 8 illustrates the change in PCI over time for the different budget scenarios. Note that in case of ideal funding strategy, ultimately PCI reaches 82 after five years. By comparison, City of Fullerton's existing budget results in a drop in PCI to 71 after five years.

Figure 8. Pavement Condition Index per Option by Year

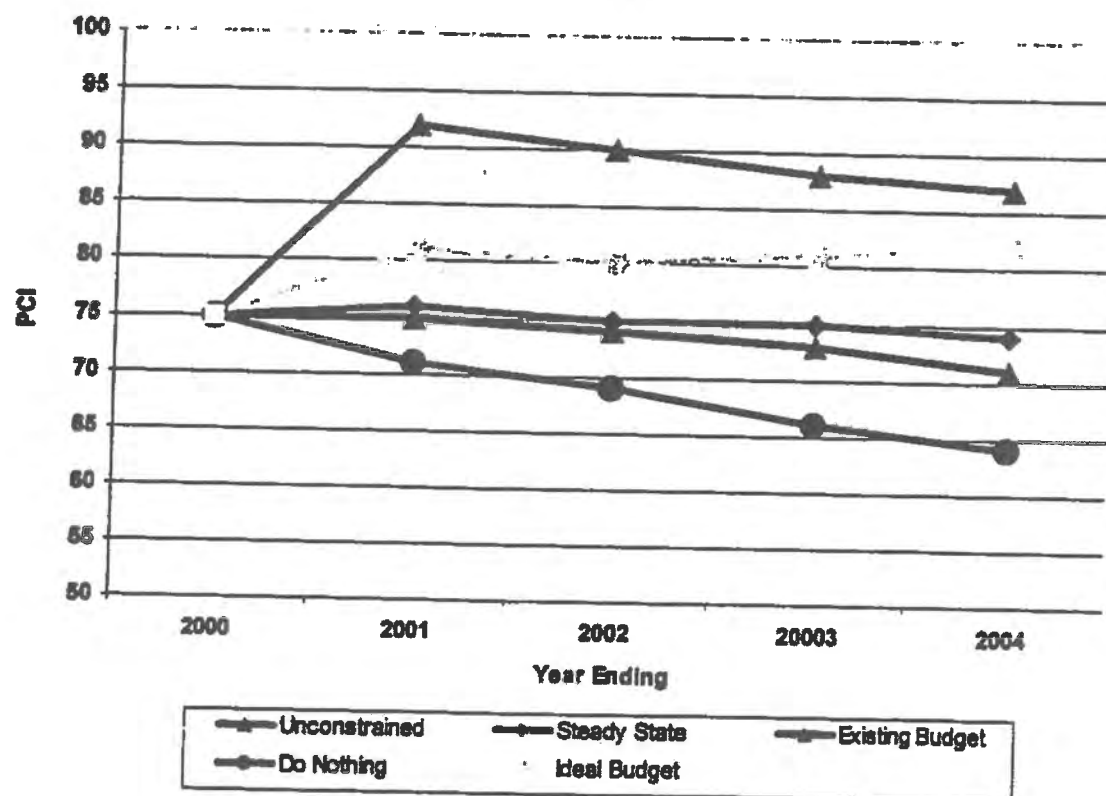


Figure 9 below illustrates the change in deferred maintenance over time for the different budget scenarios. Note that the unconstrained budget has no backlog of maintenance. The backlog maintenance decreases for the ideal budget whereas in the existing budget, backlog maintenance increases.

Figure 9. Effect of Different Budgets on Backlog of Work

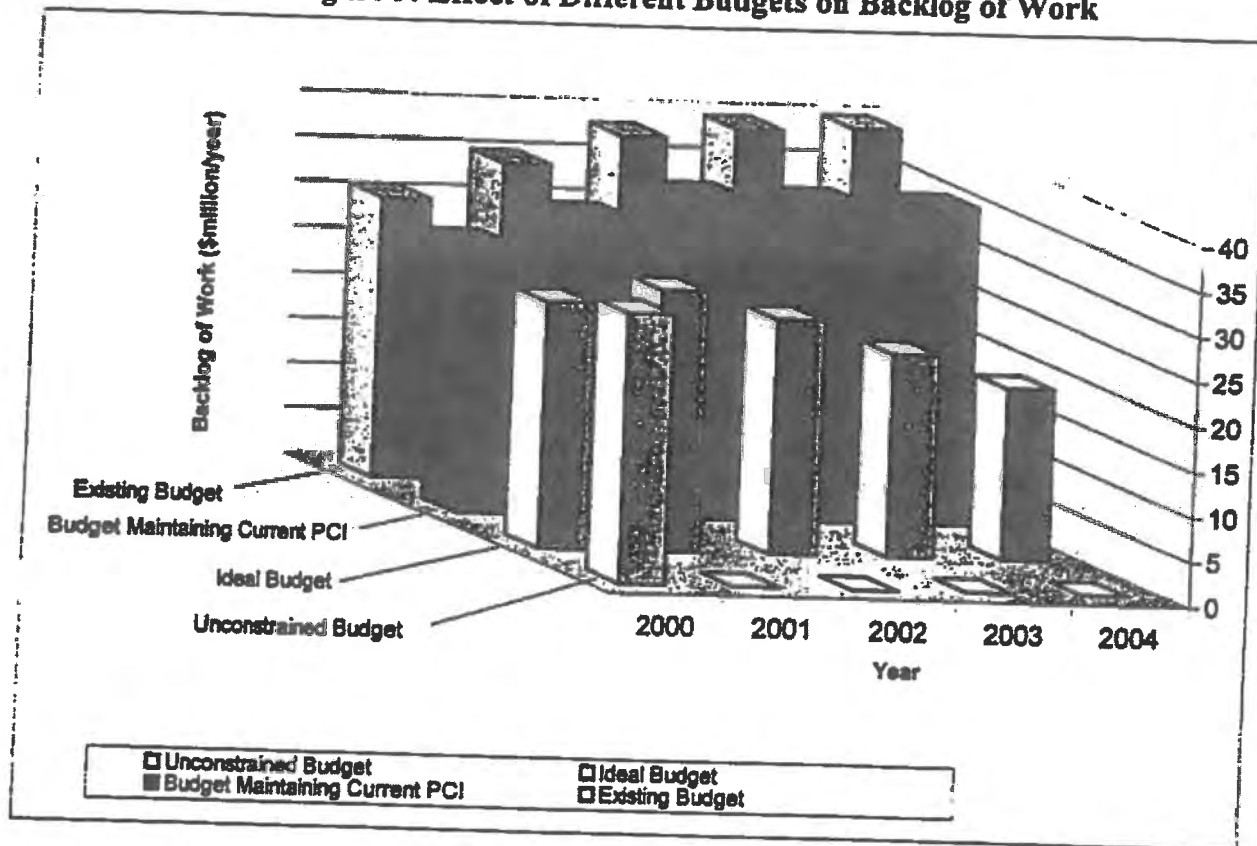


Figure 10. Percentage of Road Network Area of Each Condition Category for Different Budget Scenarios

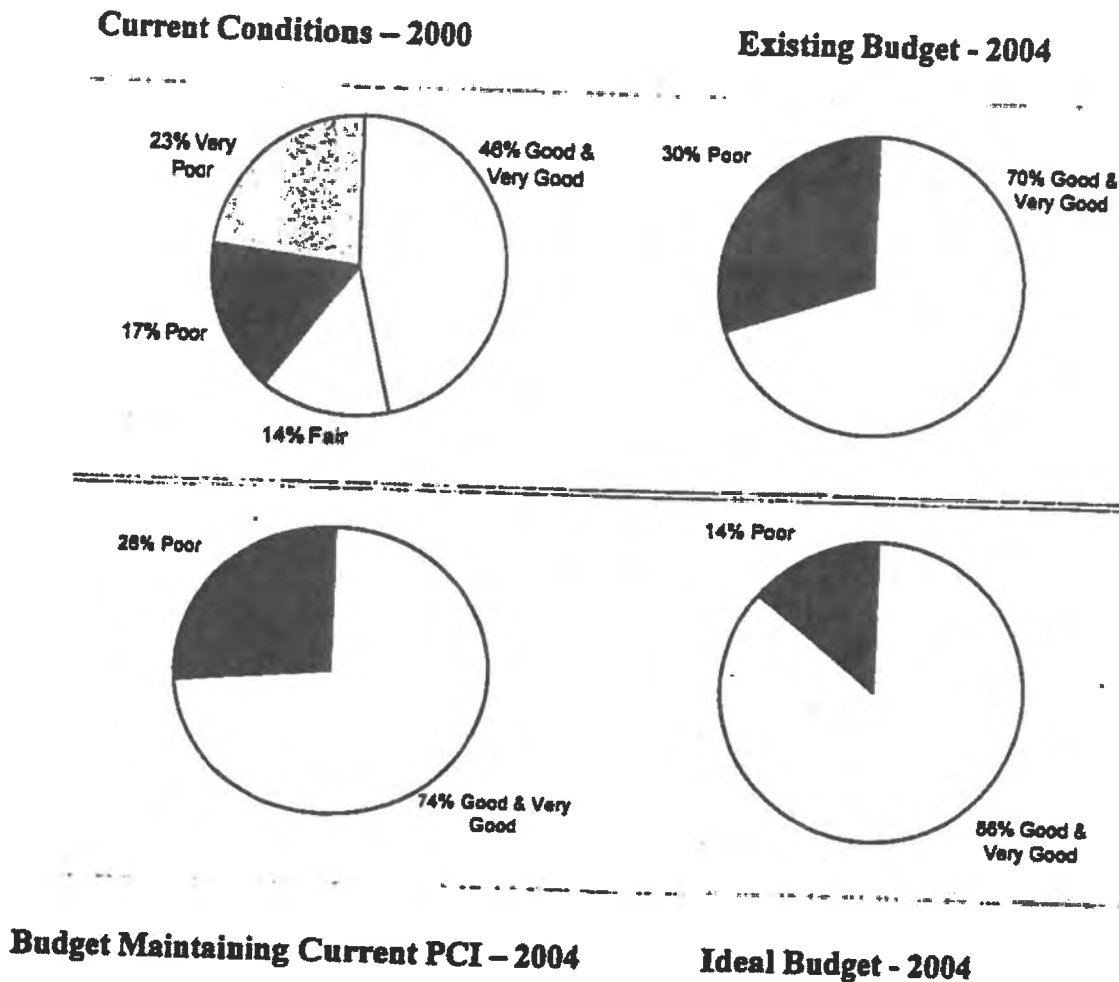


Figure 10 (above) illustrates the change in the percentage of the road area within each condition category for the different budget scenarios. Note that the "good" condition section increases only in the ideal budget from 74% to 86%. With Existing Budget, "good" condition section decreases to 70% while the "poor" to "very poor" section increases to 30%.

Of various maintenance and funding options considered, the ideal budget strategy for the City of Fullerton is presented in Scenario 4, with a five-year expenditure total of \$25 million. Not only does this plan improve the network PCI to 82, but it also reduces the deferred maintenance backlog from approximately \$27 million to \$19 million after five years.

The least desirable funding options are the City of Fullerton's existing projected budget, presented in Scenario 3. In this Scenario, the percentage of arterials in the "good" condition decreases while the percentage of arterials in the "poor" and "very poor" categories increases. This will result in increased funding needs in the future since rehabilitating roads that "slip" into "very poor" condition represent the least cost effective projects. The decrease in the arterials PCI and the increase in deferred maintenance also indicate a budget shortfall in this Scenario.

Summary

In summary, the City of Fullerton has a substantial investment in their roadway network. Overall, about 46.6% of the City's arterials are in the "good" condition category and the remaining 53.4% of the arterials require a significant amount of money to bring them into the "good" condition category. With the City of Fullerton's projected budget of around \$8 million for five years, the average PCI of the arterials is expected to decrease, with an increase in deferred maintenance backlog. The higher backlog will result in increased future costs as more capital intensive treatments will be necessary (such as reconstruction) as streets are deferred, where less expensive treatments (such as cape seals or overlays) are currently feasible.

It is recommended that the City of Fullerton increase the funds available for street maintenance. The PMS results show that total expenditures of approximately \$25 million over the next five years will result in a significant improvement in the average PCI for arterial streets, and will reduce arterial streets in the "poor" and "very poor" categories. An additional benefit would be fewer citizen complaints and more cost-effective expenditures of maintenance funds.

SIGNIFICANT LEGISLATIVE ACTIONS AFFECTING LOCAL REVENUE RAISING AUTHORITY

Proposition 13 (1979)

Limits property tax to 1% of cash value and increases to a maximum of 2% per year. Eliminated separate tax levy for libraries and parks and created two classes of taxes: 1) General taxes requiring approval of the legislative body, and 2) Special taxes requiring a two-thirds vote of the electorate). In addition authorized State to allocate property taxes. City of Fullerton currently receives approximately 15.6 cents of every property tax dollar collected.

Proposition 4 (1979)

Limits growth in government spending (proceeds of taxes) to changes in population and inflation. Purpose is to limit fees to reasonable costs of providing service plus overhead. Generally, limit is significantly higher than actual appropriation. For example (FY 2000 figures):

Fullerton's appropriation subject to limit:	\$35,347,730
Fullerton's appropriation limit:	\$93,549,426

Proposition 62 (1986)

Modified Supreme Court's ruling in Farrell v. San Francisco requiring a majority vote of the people for all general taxes. Affirmed in 1995 by Supreme Court in Guadino v. Santa Clara.

Education Revenue Augmentation Fund (ERAF) (1992-93)

Legislature transferred City property taxes to schools in both 1992 and 1993 on a permanent basis. Fullerton's share of this loss is approximately \$2.6 million per year. This amount continues to increase each year.

Proposition 72 (1973)

Increased sales tax one-half percent for public safety purposes. Cities receive only 6%, which is split between the Police and Fire Departments. County receives remaining 94%.

Proposition 218 (1986)

Requires a majority vote by electorate on all general taxes – and a two-thirds majority if a new general tax is for a specific purpose. Restricts the use of property-related fees for any purpose other than for the specific purpose for which they are collected. Limits assessment district fees and requires majority approval of new/increased assessments. Provides for referendum on any fee or charge if 5% of voters in last gubernatorial election sign a petition to put it on the ballot.

City of Fullerton

Streets, Sidewalks & Parks Survey

Final Report

Submitted by:

**Ms. Tia Kim
Gregory Robinson, Ph.D.
Social Science Research Center
CSU Fullerton**

May, 2000

City of Fullerton Resident Survey

Introduction and Method

In October 1999, the City of Fullerton contracted with the Social Science Research Center (SSRC) at California State University, Fullerton to solicit citizen assessments of the condition of major streets, residential streets, parks and sidewalks. Data concerning city residents' priorities for repair or improvement, and preferred method of finance for these repairs or improvements were also collected. To obtain citizen opinions, the SSRC conducted telephone interviews in English and Spanish with 844 randomly selected residents of the City of Fullerton. Telephone interviews were conducted from the SSRC's survey research laboratory, utilizing Computer Assisted Telephone Interviewing (CATI) equipment and software. The CATI system is a sophisticated information gathering protocol that contributes to the accuracy of data and to preserving the random nature of the sample.

Telephone interviews were conducted between October 14th and November 24th, 1999, Monday through Friday from 5-9 p.m., Saturday from 2-5 p.m., and Sunday from 1-8:30 p.m. The sample frame consisted of both listed and unlisted telephone numbers of all Fullerton residents. Therefore, every resident with a telephone had an equal chance of being selected to participate in the study. It is our belief that no major events occurred during the interview period that might have affected responses to the survey items. The response rate for this survey collection was approximately 83%; an extremely high rate for Random Digit Dial surveys. A response rate at this level promotes confidence in the generalizeability of sample statistics to the total city population. We are 95% confident that the true population parameter fall within plus or minus 3% of the statistics reported here.

This report describes residents' opinions of city infrastructure and statistically significant relationships between these variables and demographic indicators such as, age, gender, race/ethnicity, annual household income, zip code of residency, voter registration, and whether the respondent voted in the 1998 November election.

Results

Respondent Demographics

Gender

At the conclusion of each survey, interviewers coded respondent gender. Of the 844 completed interviews, 472 are female (56.3% of the sample) and 364 are male (43.4%). Interviewers were unable to determine the gender of eight of the respondents by voice.

Age

Respondents average 44 years of age. The median age is 42. As depicted in the table below, there are more respondents in the 18 to 40 age groups than in other groups. The smallest group consists of respondents who are 51 to 60 years old (12.2%). Fifty-seven respondents of 844 (6.8%) declined to state their age.

Table 1

Age	Frequency	Percent
18 to 30	186	22.0
31 to 40	192	22.7
41 to 50	157	18.6
51 to 60	103	12.2
61 to 90	149	17.7
Declined to State	57	6.8
Total	844	100.0

Race/Ethnicity

As depicted by Table 2 below, the largest racial/ethnic group is Caucasian/ White (67.3%, of the valid responses), with Hispanics/ Latinos comprising the second largest ethnic group (17.7%). Thirty-six of 844 respondents (4.3%) refused to disclose their racial/ethnic background.

Table 2

Race/Ethnicity	Frequency	Percent
Caucasian or White	544	67.3
Hispanic or Latino	143	17.7
Asian	66	8.2
Other Race/Ethnic Group	34	4.2
Black or African American	21	2.6
Total	808	100.0

Fourteen of the 21 respondents who specified their race/ethnicity as "other" self-identified as either Bi-racial or multi-racial. Other responses included Middle Eastern and Native American. In addition, survey respondents who indicated that they were Asian were asked to specify their race. The largest number of Asian respondents, 13 (19.7%), indicated that they were Korean, eleven respondents (16.7%) are Japanese and 11 (16.7%) are Chinese. Responses also included Asian Indian, Filipino, Vietnamese and Thai.

Total Annual Household Income

About one-half of the respondents indicate a total annual household income above \$50,000 and half below. The largest proportion of the sample (20.9%) falls in the highest income category; \$90,000 or more annually. Approximately 14% of the sample report earning less than \$20,000. A total of 141 respondents (16.7% of the total sample) either did not know or declined to state their total annual household income. The percentages in Table 3 below were computed on the basis of valid replies.

Table 3

Total Annual Household Income	Frequency	Percent
Less than \$20,000	94	13.4%
Between \$20,000 and \$24,999	60	8.5%
Between \$25,000 and \$34, 999	87	12.4%
Between \$35,000 and \$49, 999	117	16.6%
Between \$50,000 and \$69,000	116	16.5%
Between \$70,000 and \$89, 999	82	11.7%
\$90,000 and above	147	20.9%
Total	703	100.0%

Geographic Distribution of the Sample by Zip Code

The 844 respondents are geographically distributed among seven zip codes in the City of Fullerton. Five of the respondents interviewed live on the campus of California State University, Fullerton. Sixteen of the respondents (1.9%) refused to provide their home zip code. Two respondents report that they resided in zip codes 92837 and 92838, respectively. The largest proportion of respondents (36.1%) resides in 92833. The distribution of respondents among the four most populated zip codes is presented in Table 4 below.

Table 4

Zip Code	Frequency	Percent
92831 (East)	220	26.8%
92832 (South Central)	185	22.5%
92833 (West)	296	36.1%
92835 (Northeast)	120	14.6%
Total	821	100.0%

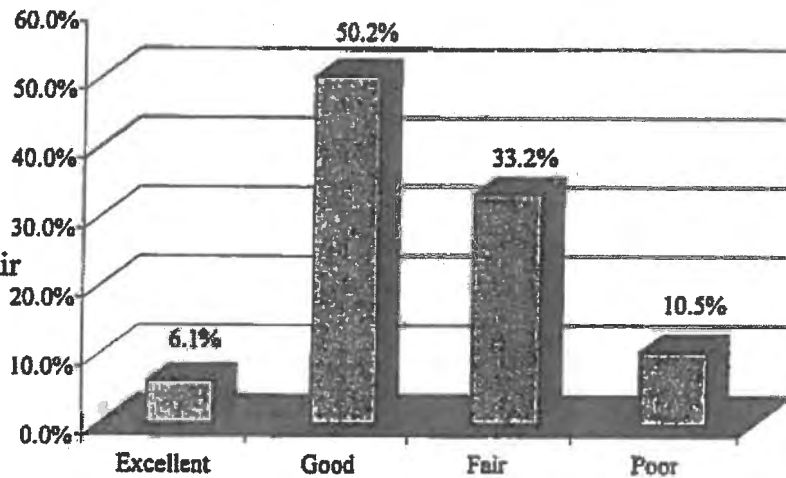
RESIDENT RATINGS OF INFRASTRUCTURE CONDITIONS

Although 844 Fullerton residents completed surveys, not every respondent was able to rate the conditions of the city's streets, parks and sidewalks. The percentages and frequencies reported are for only those respondents who provided valid responses.

Major Streets

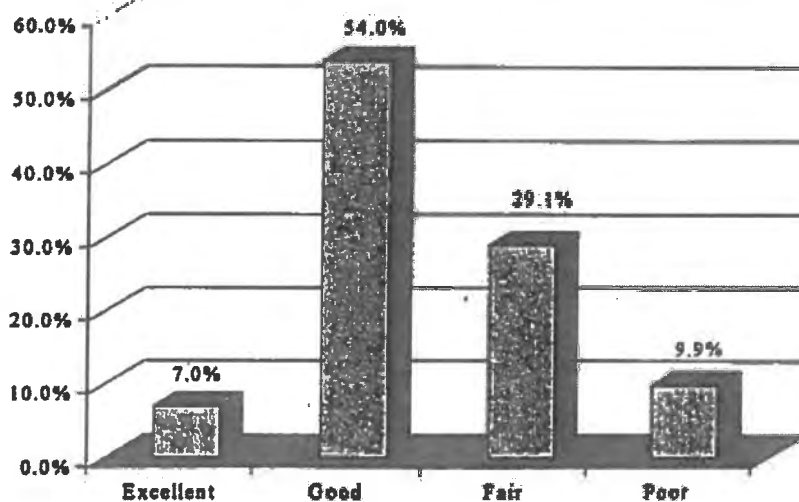
Slightly over one-half of those surveyed (50.2%) indicate that major streets in Fullerton are in good condition. One-third (33.2%) indicate they are in fair condition

Figure 1: 'Would you say that major streets in the City of Fullerton are in...'



Residential Streets

Figure 2: 'Would you say that residential streets in the City of Fullerton are in...'

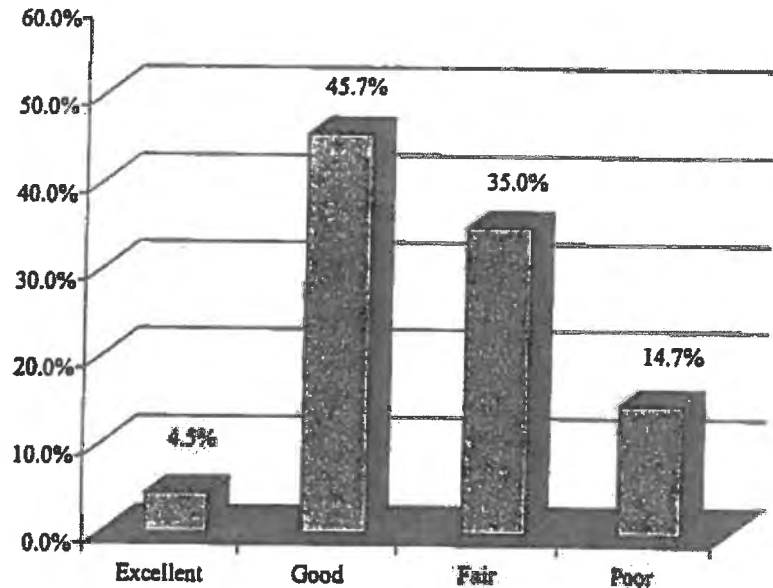


Again, over one-half (54.0%) of those surveyed report that residential streets are in good condition with 29.1% reporting they are in fair condition.

Sidewalks

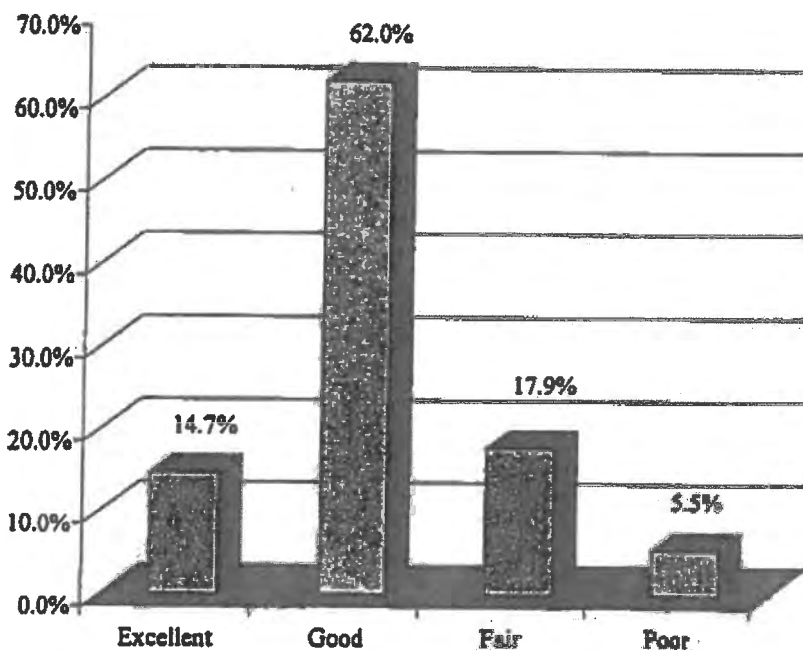
Most respondents (45.7%) report that the condition of sidewalks in the City of Fullerton is good, 35% that they are fair, and 14.7% that they are poor.

Figure 3: "Would you say that sidewalks in the City of Fullerton are in..."



Parks

Figure 4: "Do you think that the parks in the City of Fullerton are in..."

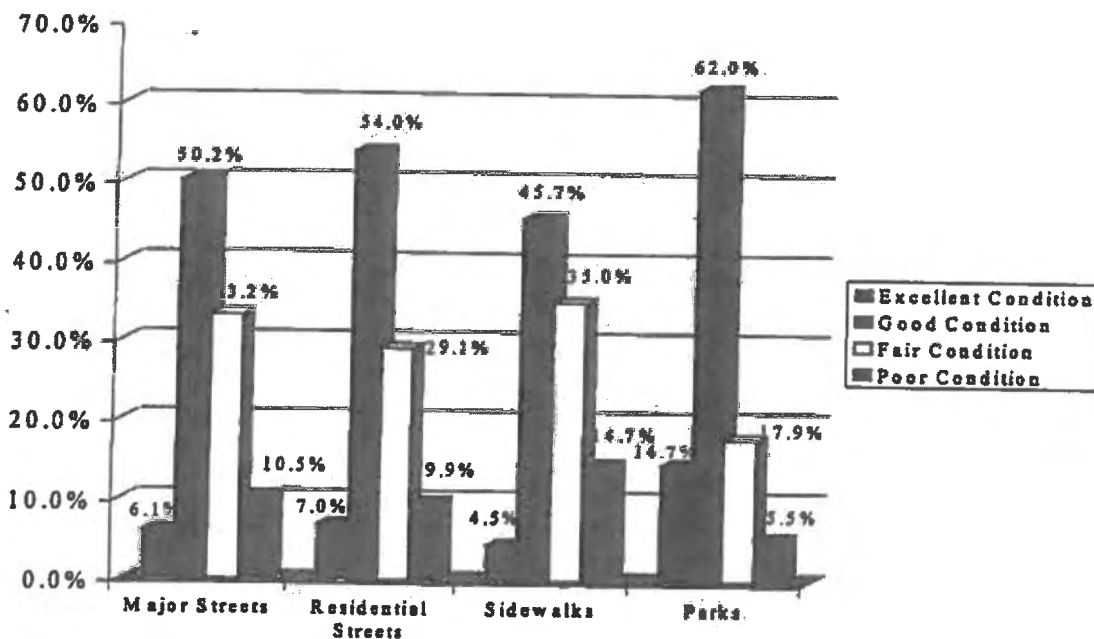


Sixty-two percent of respondents indicate that parks are in good condition, 14.7% say excellent, and 17.9% fair.

Overall, the majority of residents report that the city's major streets, residential streets, sidewalks, and parks are in excellent or good condition. As illustrated by Figure 5, 76.7% of respondents indicate that parks are in excellent or good condition (the blue and red columns combined). Sixty-one percent report that residential streets are in excellent or good condition, 56.3% that major streets are in excellent or good condition, and 50.2% indicate that sidewalks are in excellent or good condition. City parks receive the highest rating, city sidewalks the worst.

A small proportion of residents report that the condition of streets, sidewalks, and parks is poor. More city residents (14.7%) rate sidewalks in "poor" condition than any other element of the city's infrastructure.

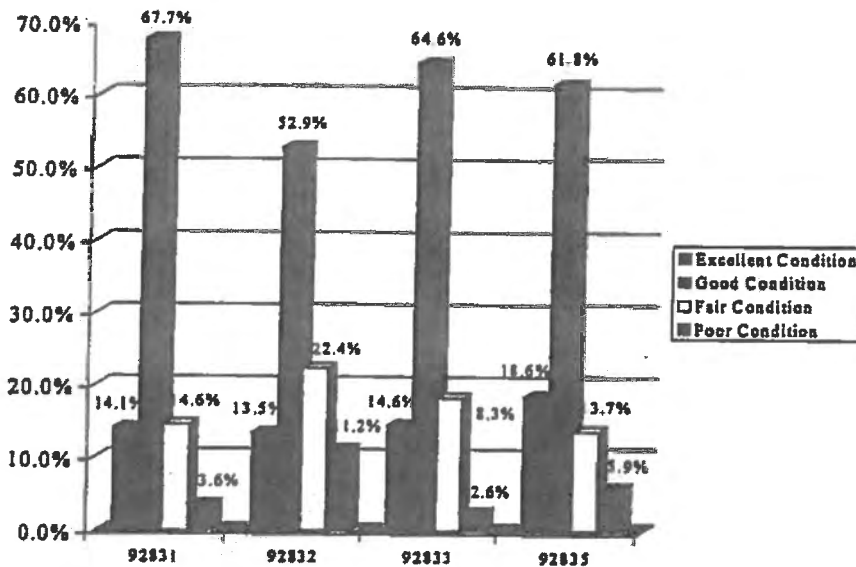
Figure 5: Resident Ratings of Infrastructure Conditions



Ratings of Infrastructure by Zip Code

As reported above, the majority of survey respondents reside within the four primary zip codes 92831, 92832, 92833, and 92835. About 80% of the residents of the 92831, 92833, and 92835 zip codes indicate that their parks are in excellent or good condition, compared to 66.4% of respondents from the 92832 zip code that rate their parks as either "excellent" or "good". As illustrated by Figure 6 on the next page, the differences are most pronounced between survey respondents residing in the 92831 and the 92832 zip codes.

Figure 6: Resident Ratings of Parks by Zip Code

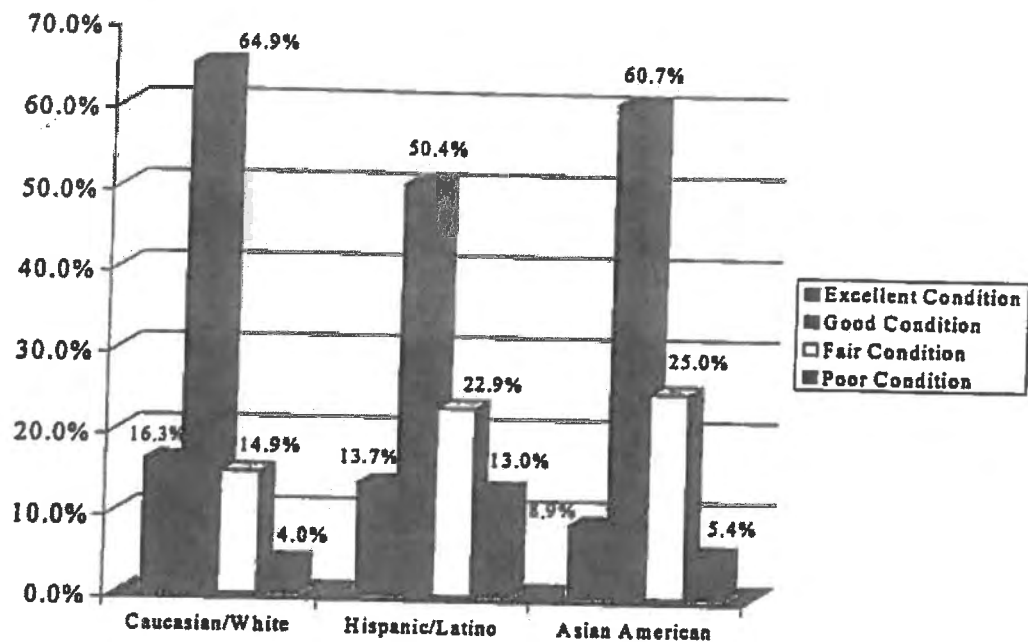


Ratings of Infrastructure by Race/ Ethnicity

The majority of the respondents interviewed (67.3%) self-identified as Caucasian/ White, 17.7% Hispanic/ Latino, 8.2% Asian American, 4.2% "Other" (including Native American, Middle Eastern, and Bi or Multi-Racial), and 2.6% African American. A statistically significant relationship was found between the rating of the condition of parks and race/ ethnicity. As illustrated by Figure 7 on the next page, a higher proportion of Caucasian/Whites (81.2%) indicate that parks are in excellent or good condition compared to 69.6% of Asian Americans and 64.1% of Hispanic/Latinos. Those respondents who identified as "other" or African American were omitted from statistical analyses because of the small number of cases

A higher proportion of Hispanic/Latinos (13%) indicate that the condition of parks is poor than do Caucasian/White (4%) and Asian American respondents (5.4%). The relationship found between Race/ Ethnicity and respondent ratings is confounded by the distribution of the respondents across the Fullerton zip codes. As reported above, residents of zip code 92832 provide lower ratings of their parks than do residents of other zip codes, and 92832 has a higher proportion of Latino/Hispanic residents than any other zip code.

Figure 7: Ratings of Park Conditions by Race/Ethnicity



Prioritization for Repair or Improvement

Although 56.3% of respondents indicate that the condition of major streets is excellent or good, 64.2% believe that the city's highest priority for repair and improvement should be major streets. Similarly, even though sidewalks were rated in the poorest condition, just 8.2% of the residents interviewed indicate that sidewalks should be the city's highest priority for repair or improvement.

Prioritization for Repair or Improvement by Zip Code

Across all four primary zip code areas, more respondents indicate that major streets should be the city's highest priority. Table 5 on the following page presents a crosstabulation of resident zip code and respondents' opinion regarding the city's highest priority for improvement or repair. Fewer respondents who reside in zip code 92832 (56.0%) compared to the other areas in Fullerton, indicated that major streets should be the city's highest priority. There is also a large difference between respondents' ratings of the importance of making parks the city's highest priority, residents in zip code 92833 are over three times as likely to name parks compared to residents in zip code 92832 (6.2% for 92833, 20.0% for 92832).

Table 5

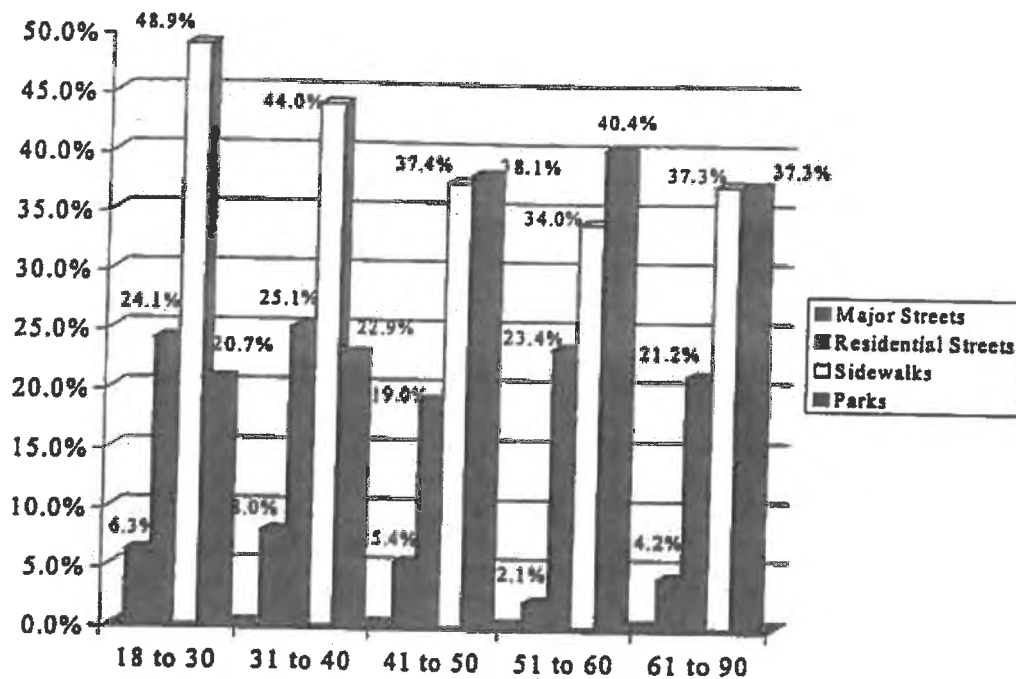
Highest Priority	92831	92832	92833	92835
Major Streets	123 (61.2%)	98 (56.0%)	190 (68.8%)	77 (68.1%)
Residential Streets	26 (12.9%)	32 (18.3%)	41 (14.9%)	13 (11.5%)
Sidewalks	15 (7.5%)	10 (5.7%)	28 (10.1%)	9 (8.0%)
Parks	37 (18.4%)	35 (20.0%)	17 (6.2%)	14 (12.4%)
Total	201 (100.0%)	175 (100.0%)	276 (100.0%)	113 (100.0%)

Prioritization for Repair or Improvement by Age

The majority of respondents in all five age groups (64.4%) state that major streets should be the city's highest priority. However, there was a slight but significant difference between age groups. A greater proportion of those in the 51 to 60 age group (71.1%) indicate that the city's highest priority should be major streets, compared to 59% in the 31 to 40 age group.

There is also a statistically significant difference between age groups with regard to what the city's lowest priority for repair or improvement should be. As depicted by Figure 8 on the following page, higher proportions of those 18 to 30 and 31 to 40 indicate that sidewalks should be the city's lowest priority compared to older respondents. Conversely, higher proportions of those 41 to 50 and 51 to 60 indicate that parks should be the city's lowest priority. The 61 to 90 age group was split with equal proportions naming sidewalks (37.3%) and parks (37.3%) as the city's lowest priority. Regardless of age, residents of the city of Fullerton indicate that either sidewalks or parks should be the city's lowest priority for repair or improvement.

Figure 8: Lowest Priority by Age Group



Method of Finance and Amount Willing to Pay

Proposed Methods of Finance

City residents do not strongly support any of the different methods (increase in tax, each property paying its fair share, approving a bond issue, or paying as they go) of financing improvements to streets and facilities. Figure 9 on the following page indicates the mean support for methods of finance measured on a five point scale, with five indicating strong support for the proposed method of finance and one indicating strong opposition. The method of finance that respondents indicated the least opposition to is "paying as we go," whereas the method that received the strongest opposition is "increasing taxes."

Figure 9: Mean Support for Methods of Finance

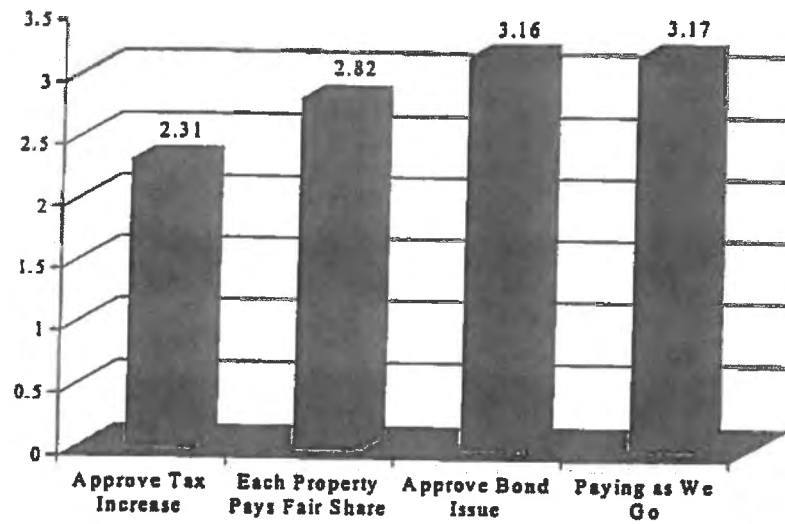


Figure 10 below depicts the three racial/ethnic groups of sufficient size for data analysis and the respective mean support for each of the groups for the proposed methods of finance. Hispanic/Latinos are more supportive of each property paying a fair share and "paying as we go" as methods of finance compared to the other two groups of respondents.

Figure 10: Differences in Mean Support for Methods of Finance

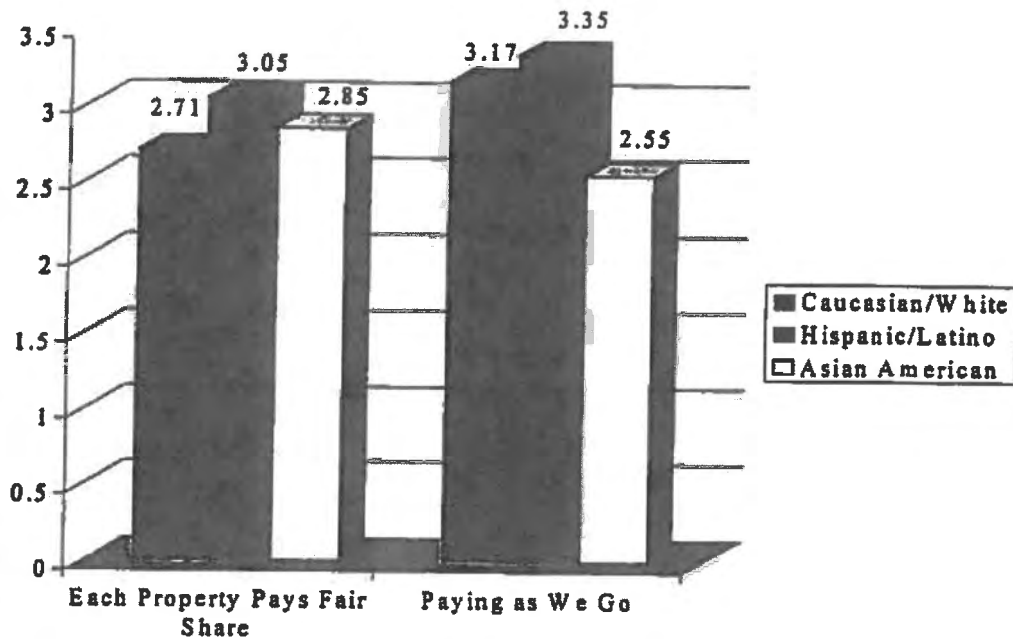
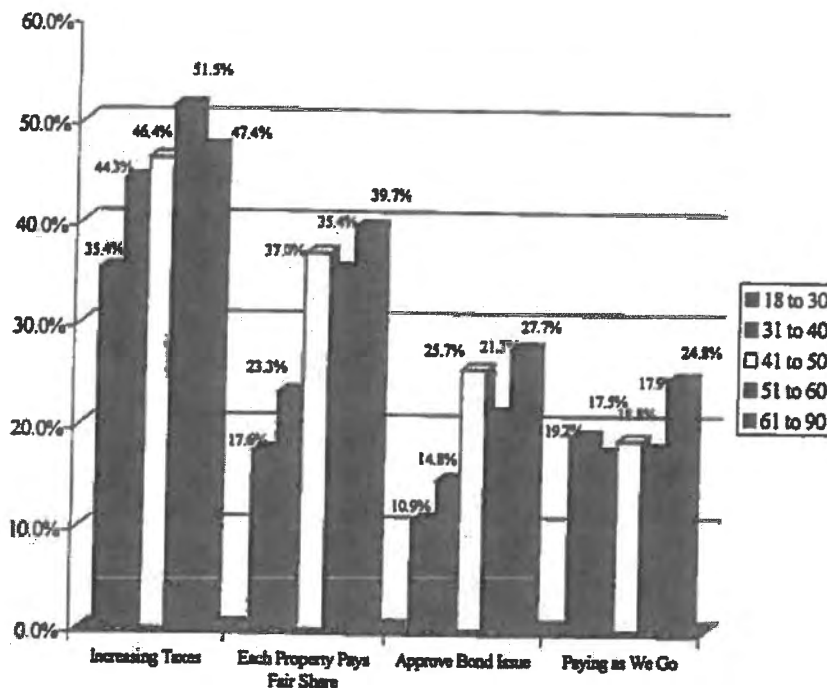


Figure 11 below depicts opposition to several methods of financing improvements to the City's infrastructure across various age groups. The percentages shown are the percentage of respondents who indicate that they are "strongly opposed" to the proposed method of finance. Overall, those aged 18 to 30 show the least opposition to almost every method of finance and those 61 or older indicate the most opposition to almost every method of finance.

Figure 11:
Differences in "Strong Opposition" to Methods of Finance
Between Age Groups

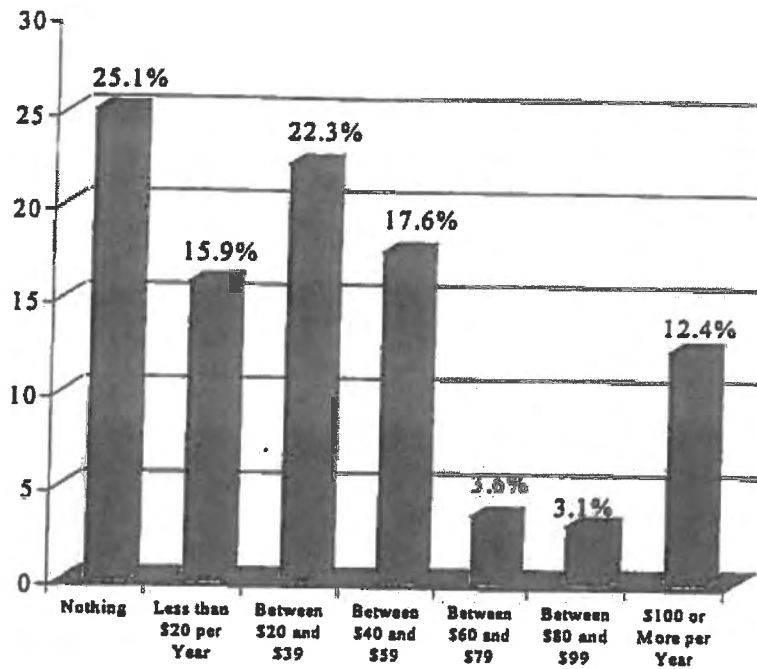


Respondents who indicated that they voted in the 1998 election were more likely (32.7%) than non-voters (21.5%) to strongly oppose the financing method whereby each property owner would pay a fair share. Of the 546 respondents who voted in the November election, 22.2% stated that they are strongly opposed to approving a bond issue compared to only 11.9% of those who did not vote in the November election.

Amount Respondent is Willing to Pay

As illustrated by Figure 12 below, of the 773 respondents who provided an answer to the question, 25.1% indicated that they would be willing to pay nothing to make city improvements, 15.9% would pay between \$1 and \$19 a year to make improvements, 22.3% would pay between \$20 and \$39 per year, 17.6% between \$40 and \$59 per year and 19.1% indicated a willingness to pay \$60 or more per year.

Figure 12: Amount Respondents are Willing to Pay per Year for City Repairs and Improvements



There are statistically significant differences between the amount that respondents are willing to pay and whether or not the respondent is registered to vote and voted in the 1998 November elections. Almost one-third (31.9%) of those surveyed who are not registered to vote indicate that they would pay nothing to help with city improvements, compared to 23.3% of survey respondents who are registered to vote.

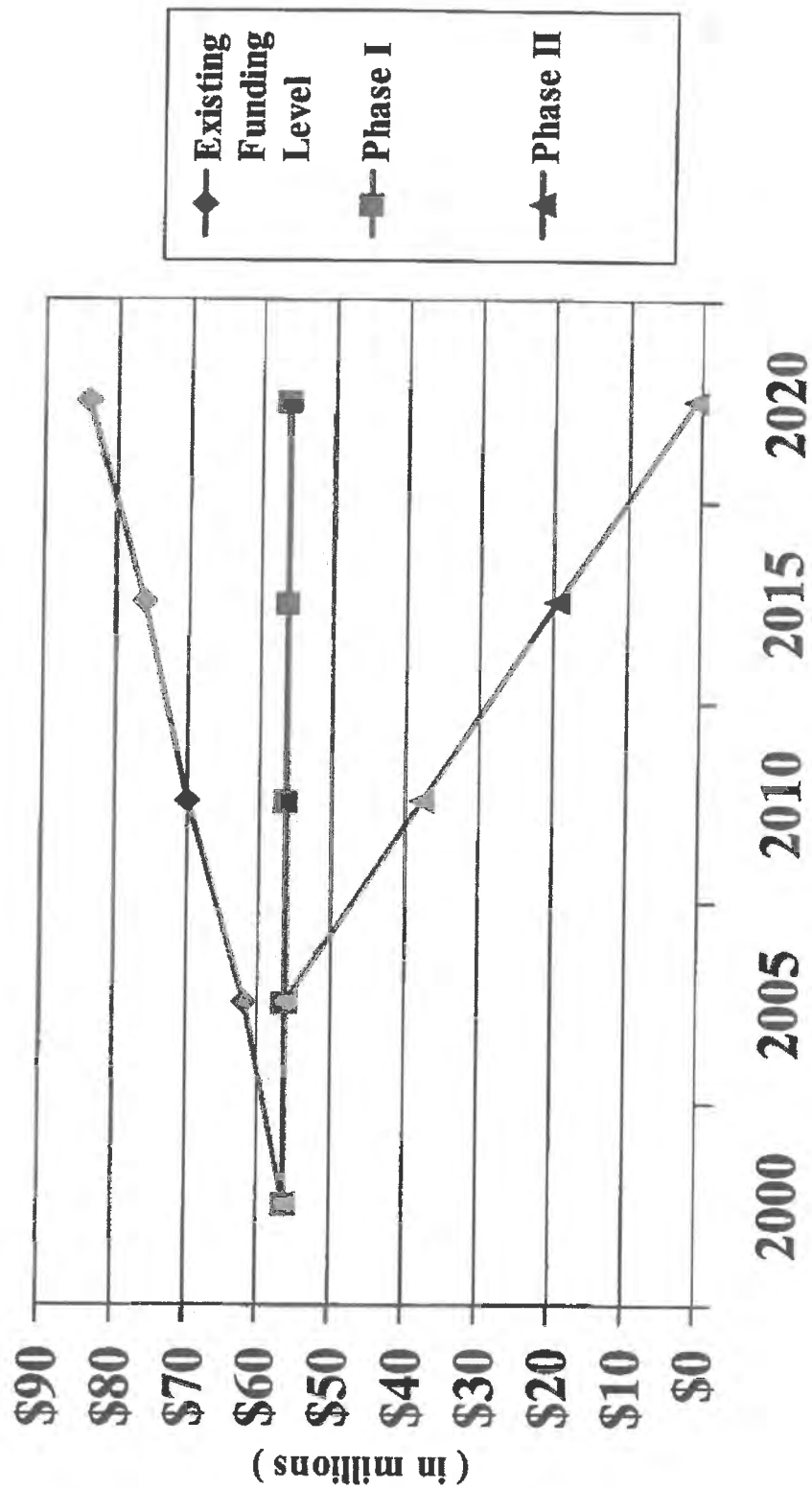
SUMMARY

The majority of residents in the City of Fullerton indicate that the city's major streets, residential streets, sidewalks and parks are in excellent or good condition. A small percentage of residents indicate that one or more of these components of the city's infrastructure is in poor condition, and sidewalks received the highest proportion of "poor" ratings.

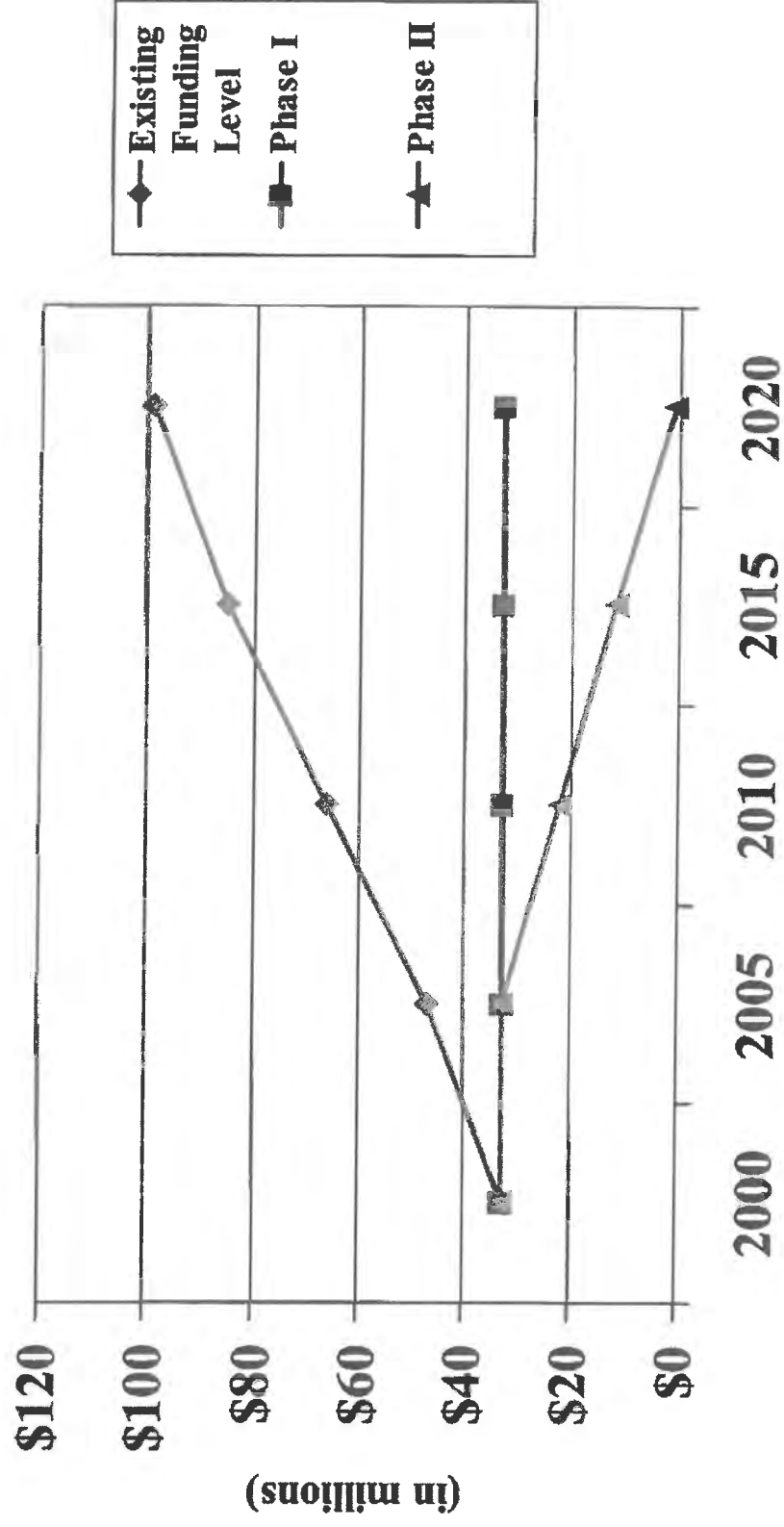
Residents named major streets as the city's highest priority for repair or improvement. Even though 15% of residents rated sidewalks as being in poor condition, respondents indicate that sidewalks should be the city's lowest priority.

Although it appears that residents would like to have their city's infrastructure maintained, especially their major streets, they are not particularly inclined to help finance this task. Residents report the most support for "paying as we go." The method that garnered the strongest opposition was an increase in taxes. Residents with a higher annual household income are willing to pay more each year to defray the cost of repairs and improvements.

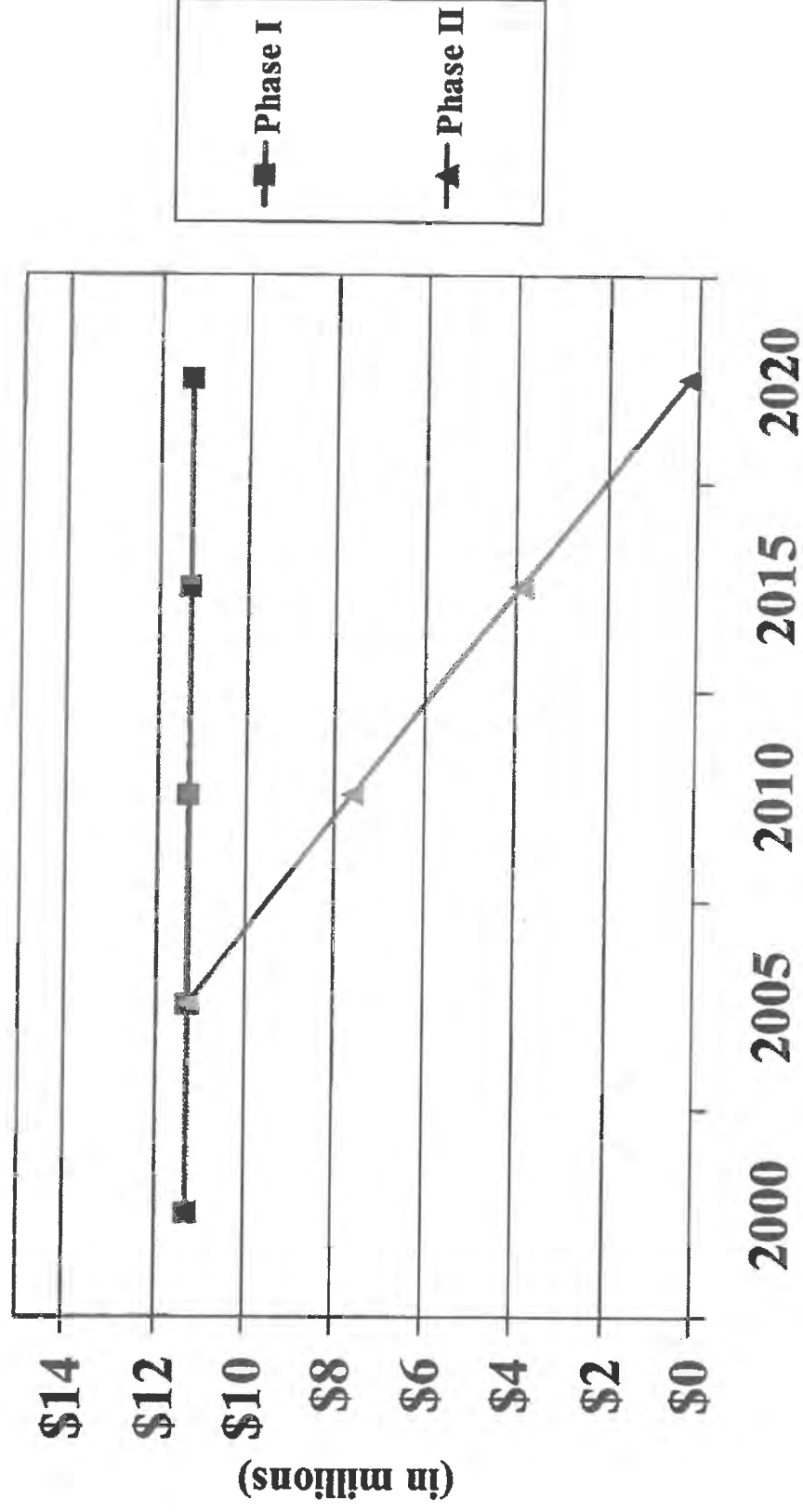
Deficiency Trends Residential Streets



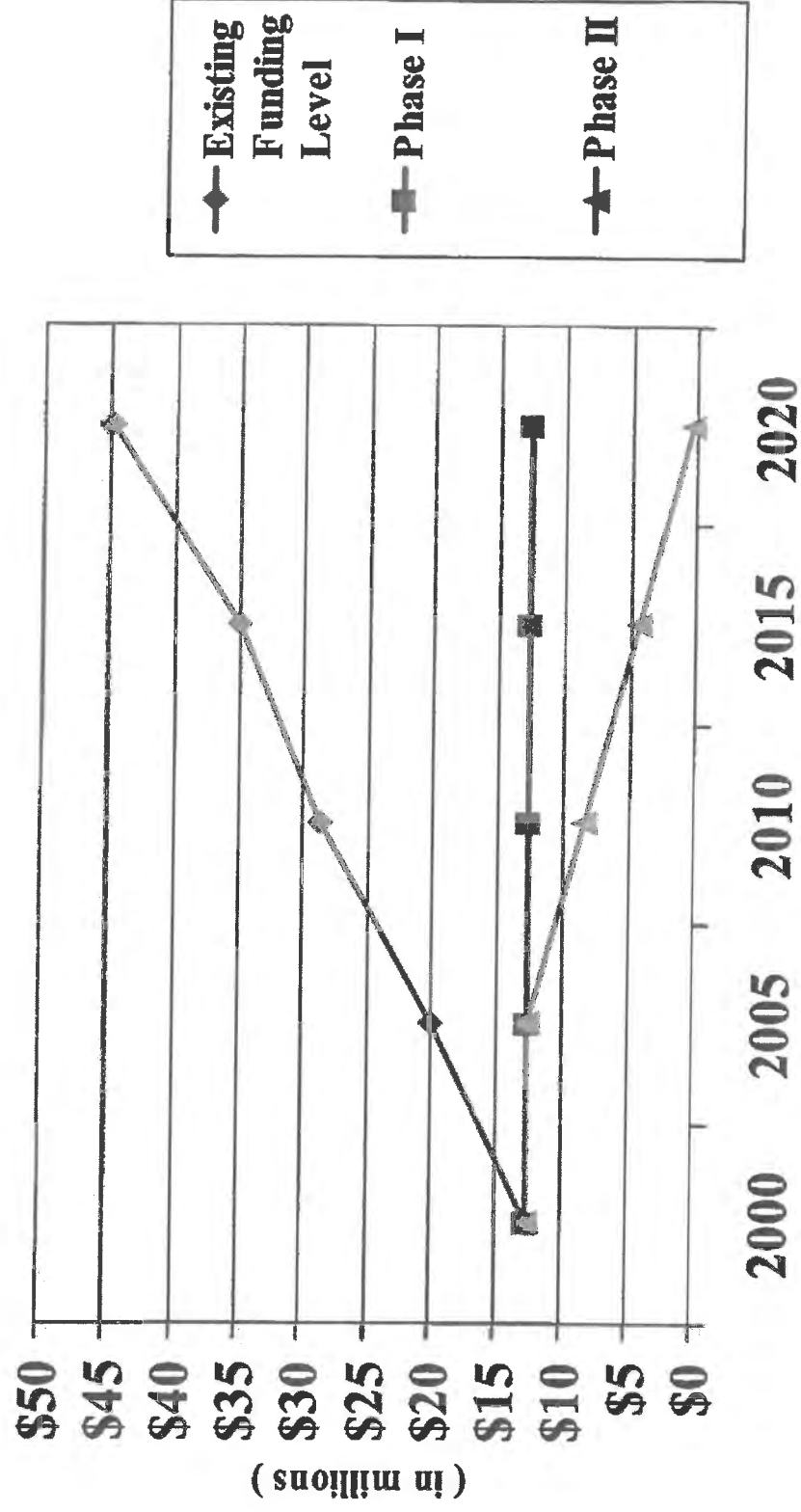
Deficiency Trends Arterial Streets



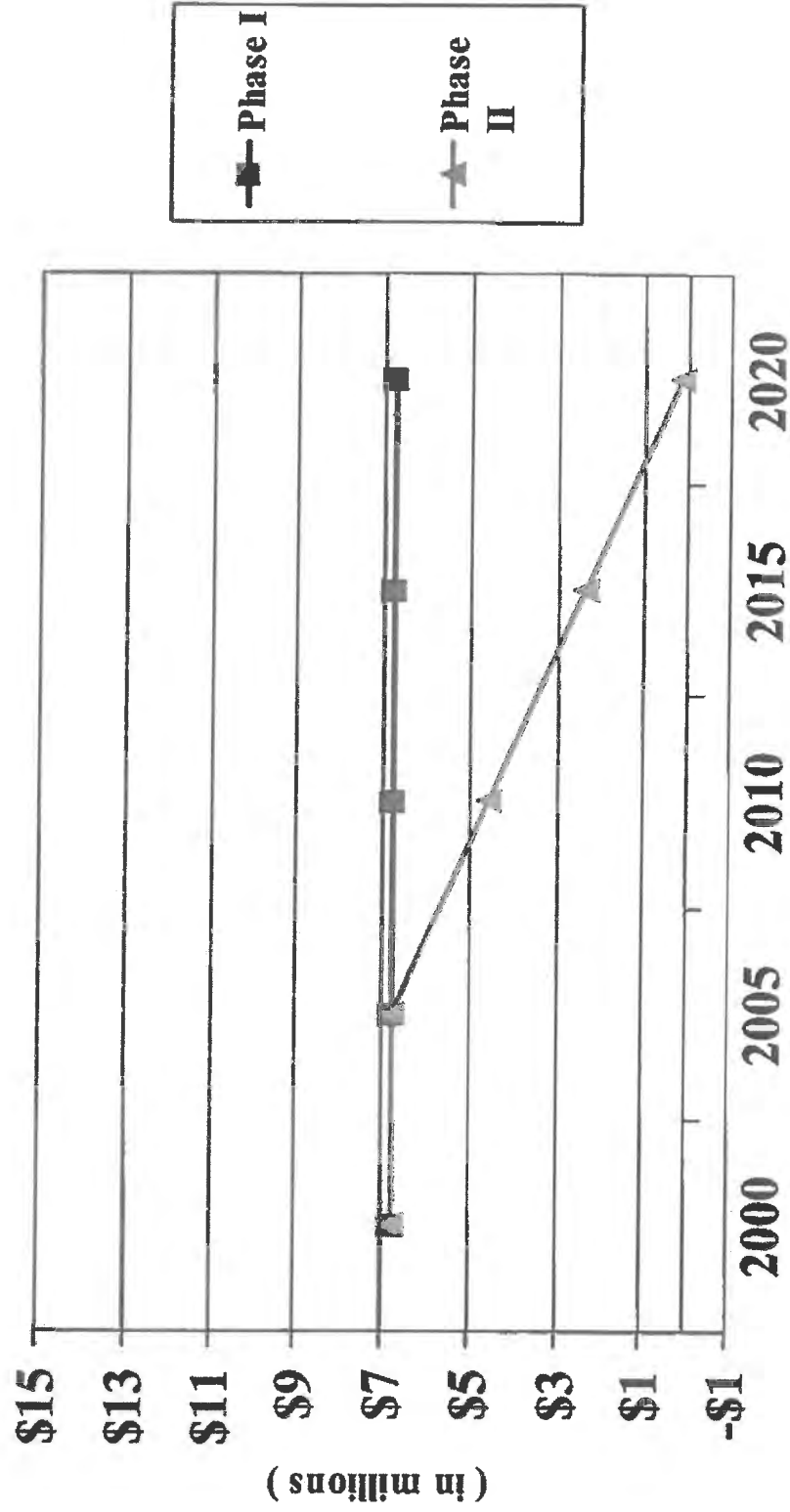
Deficiency Trends Sidewalk and Curb & Gutter



Deficiency Trends Parks

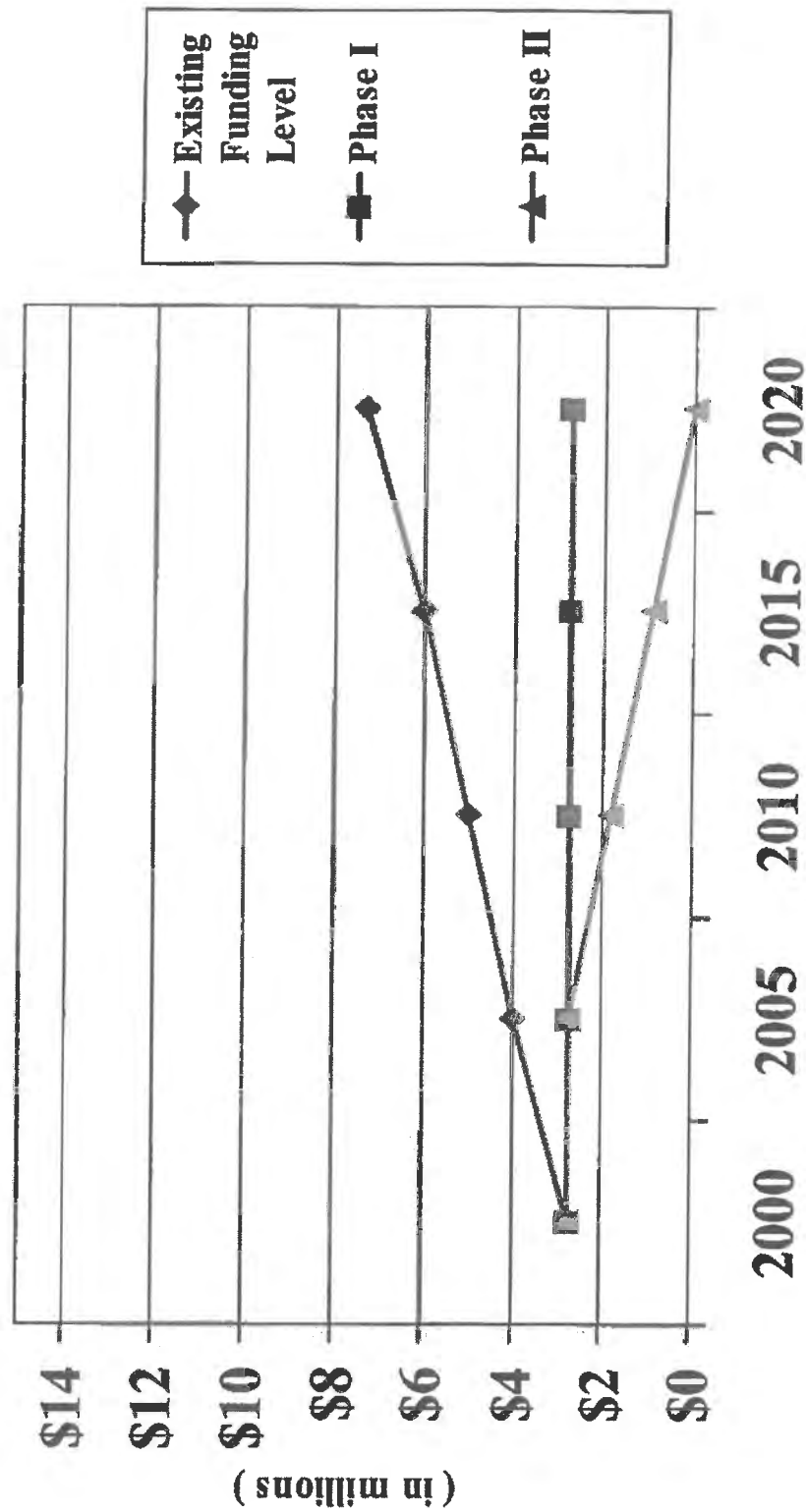


Deficiency Trends Streetlights



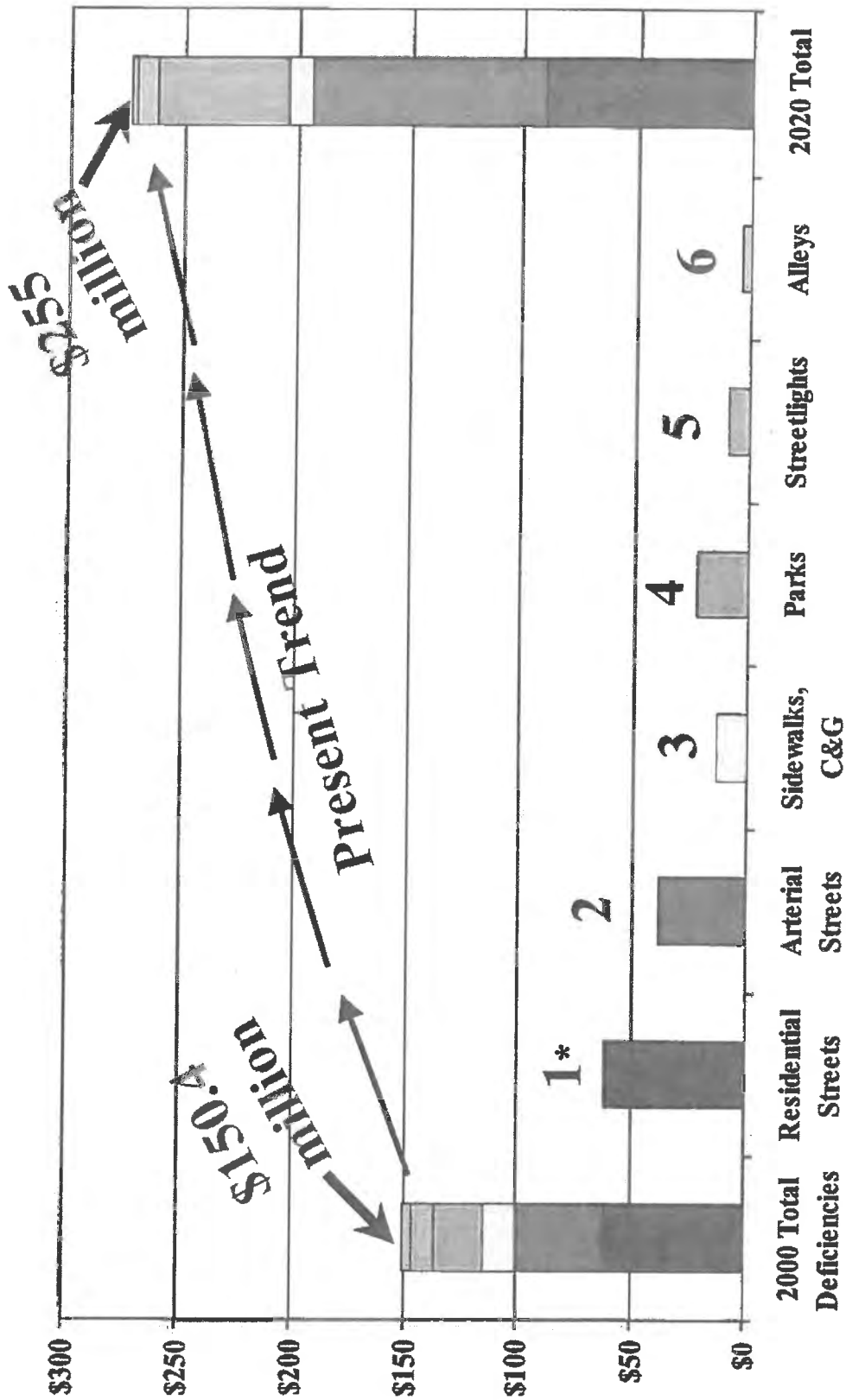
Deficiency Trends

Alleys



Infrastructure Deficiencies

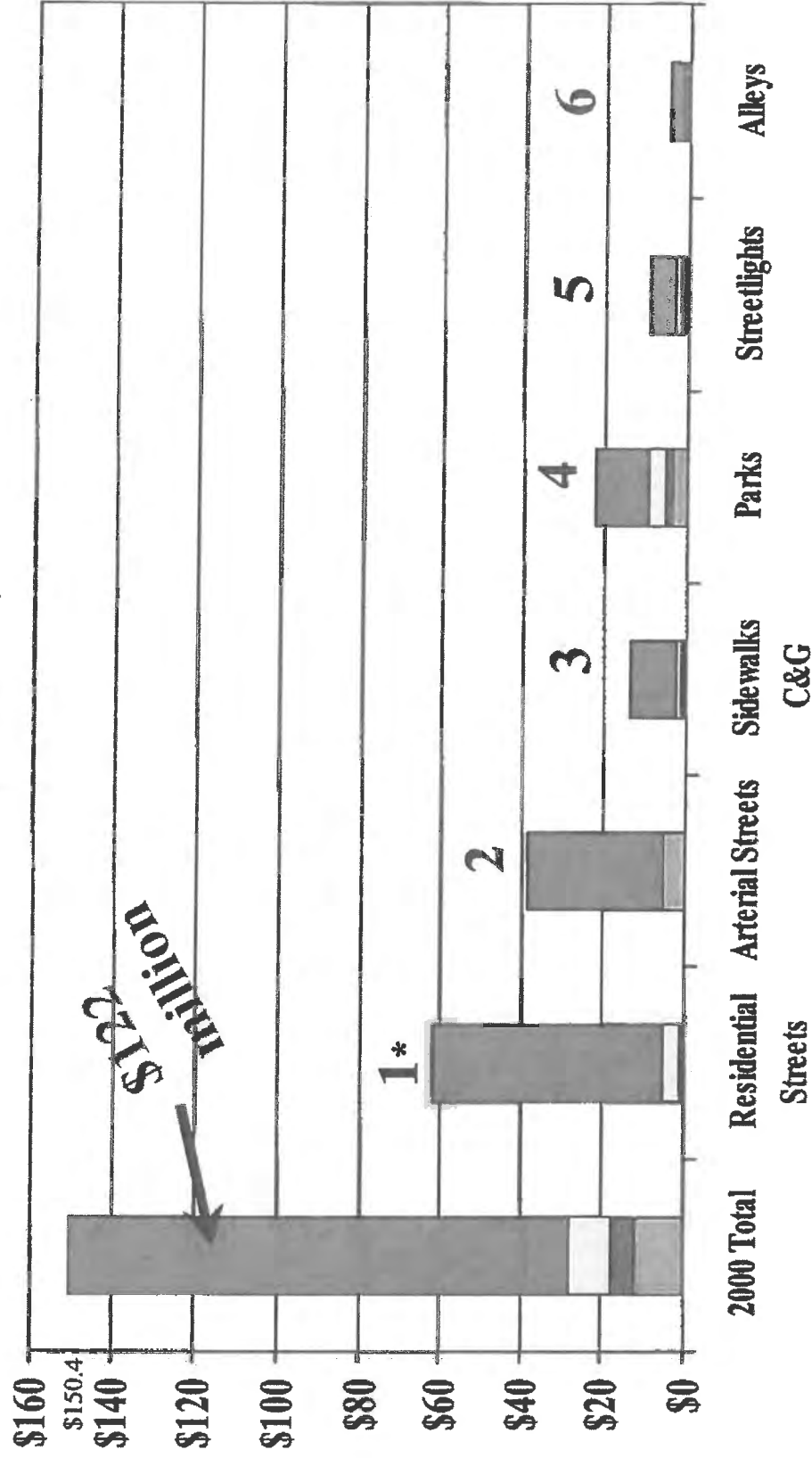
(in millions)



* Numbers denote recommended funding priorities

CDBG and RDA Funding Available

(in millions)



* Numbers denote recommended funding priorities

**CHARTS AND GRAPHS PREPARED AT THE
COMMITTEE'S REQUEST**

Required Funding to Maintain Infrastructure at Current Condition

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
Residential Streets				
2000 - 2005	\$2,000,000.00	\$2,540,000.00	-\$540,000.00	-\$540,000.00
2005 - 2010	\$1,300,000.00	\$2,540,000.00	-\$1,240,000.00	-\$1,240,000.00
2010 - 2020	\$600,000.00	\$2,540,000.00	-\$1,940,000.00	-\$1,240,000.00
Arterial Streets				
2000 - 2005	\$2,300,000.00	\$3,000,000.00	-\$700,000.00	-\$700,000.00
2005 - 2010	\$1,600,000.00	\$3,000,000.00	-\$1,400,000.00	-\$1,400,000.00
2010 - 2020	\$1,000,000.00	\$3,000,000.00	-\$2,000,000.00	-\$2,000,000.00
Curb & Gutter/Sidewalk				
2000 - 2005	\$350,000.00	\$100,000.00	\$0.00	\$0.00
2005 - 2010	\$350,000.00	\$100,000.00	\$0.00	\$0.00
2010 - 2020	\$200,000.00	\$100,000.00	\$0.00	\$0.00
Park & Trail				
2000 - 2005	\$780,000.00	\$2,124,000.00	-\$1,344,000.00	N/A
2005 - 2010	\$390,000.00	\$2,124,000.00	-\$1,734,000.00	N/A
2010 - 2020	\$390,000.00	\$2,124,000.00	-\$1,734,000.00	N/A
Alleys				
2000 - 2005	\$155,000.00	\$330,000.00	-\$175,000.00	N/A
2005 - 2010	\$80,000.00	\$330,000.00	-\$250,000.00	N/A
2010 - 2020	\$80,000.00	\$330,000.00	-\$250,000.00	N/A

COMBINED DEFICIENCIES

The graph illustrates the combined projected deficiencies vs. combined annual spending levels for residential streets, arterial streets and parks and addresses the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to an acceptable network condition

Measure M funds become unavailable at year 2010.

The network condition is assessed for residential and arterial streets using a pavement condition index (PCI) number. Streets are rated and a corresponding number is assigned between 0 and 100. The rating system is as follows: Very Good 90-100; Good 84-89; Fair 73-83; Poor 60-72; Very Poor 0-59.

Parks and trails are rated on a 1 to 5 scale as follows: Very Good - 1; Good - 2; Fair - 3; Poor - 4; Very Poor - 5.

An acceptable level of fair to good has been determined for all three networks.

The table below shows the additional funding required over the current funding level to stop the growth of the combined deficiencies.

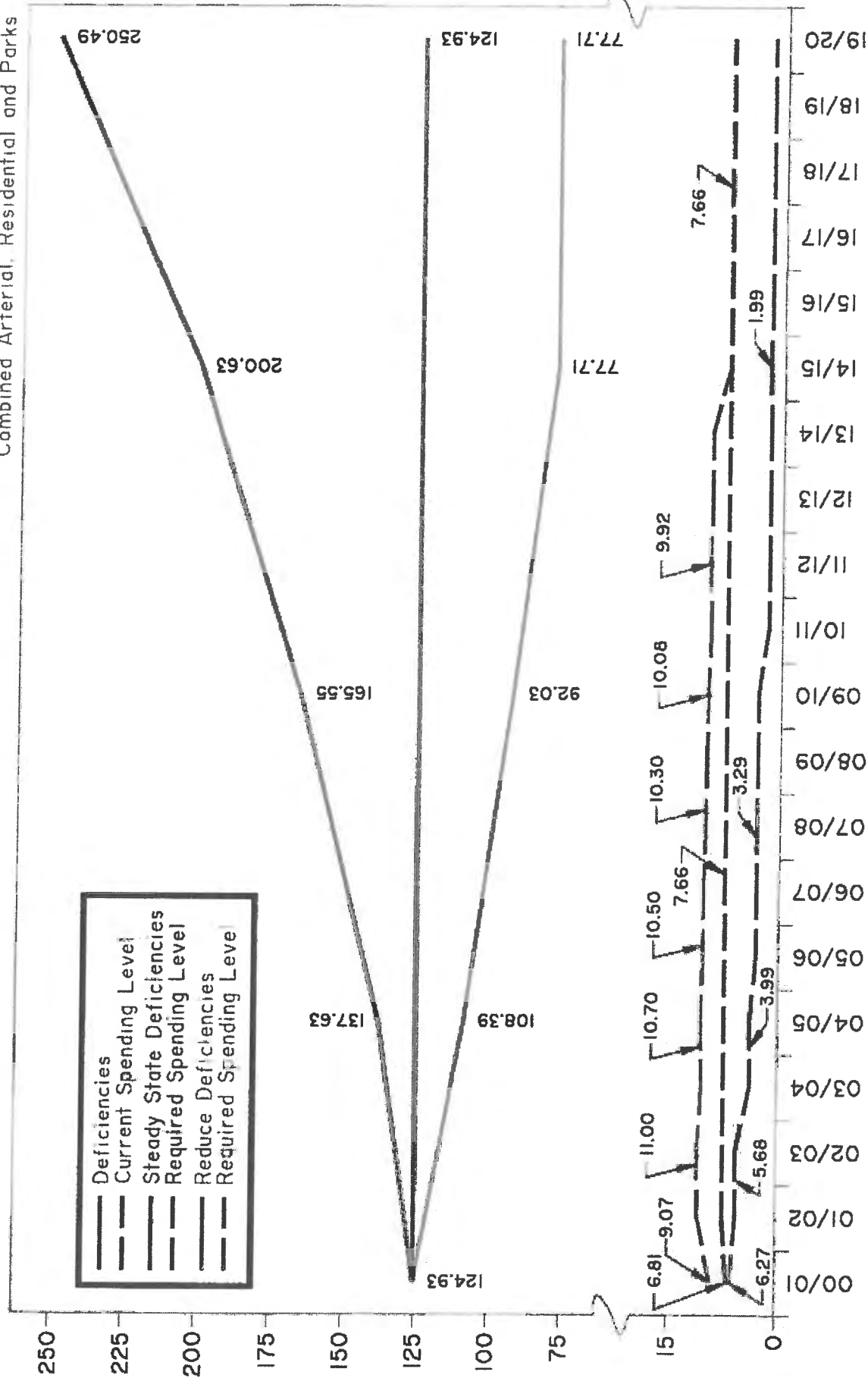
The annual deterioration calculation for each network is described in the individual sections.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$5,313,333.00	\$7,660,000.00	-\$2,346,667.00	-\$2,346,667.00
2005 - 2010	\$3,290,000.00	\$7,660,000.00	-\$4,370,000.00	-\$4,370,000.00
2010 - 2020	\$1,990,000.00	\$7,660,000.00	-\$5,670,000.00	-\$4,370,000.00

Combined Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)

Combined Arterial, Residential and Parks



FISCAL YEAR

RESIDENTIAL STREET DEFICIENCIES

The graph illustrates the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to an acceptable network condition of fair to good.
- d) Measure M funds become unavailable at year 2010.

Network condition is assessed using a pavement condition index (PCI) which assigns a number between 0 and 100 to pavement condition as follows: Very Good 90-100; Good 84-89; Fair 73-83; Poor 60-72; Very Poor 0-59.

Annual deterioration was determined by calculating the cost to totally reconstruct the streets currently identified as requiring partial reconstruction and the remaining streets not included in the current deficiency. This cost was distributed over a 30-year pavement life.

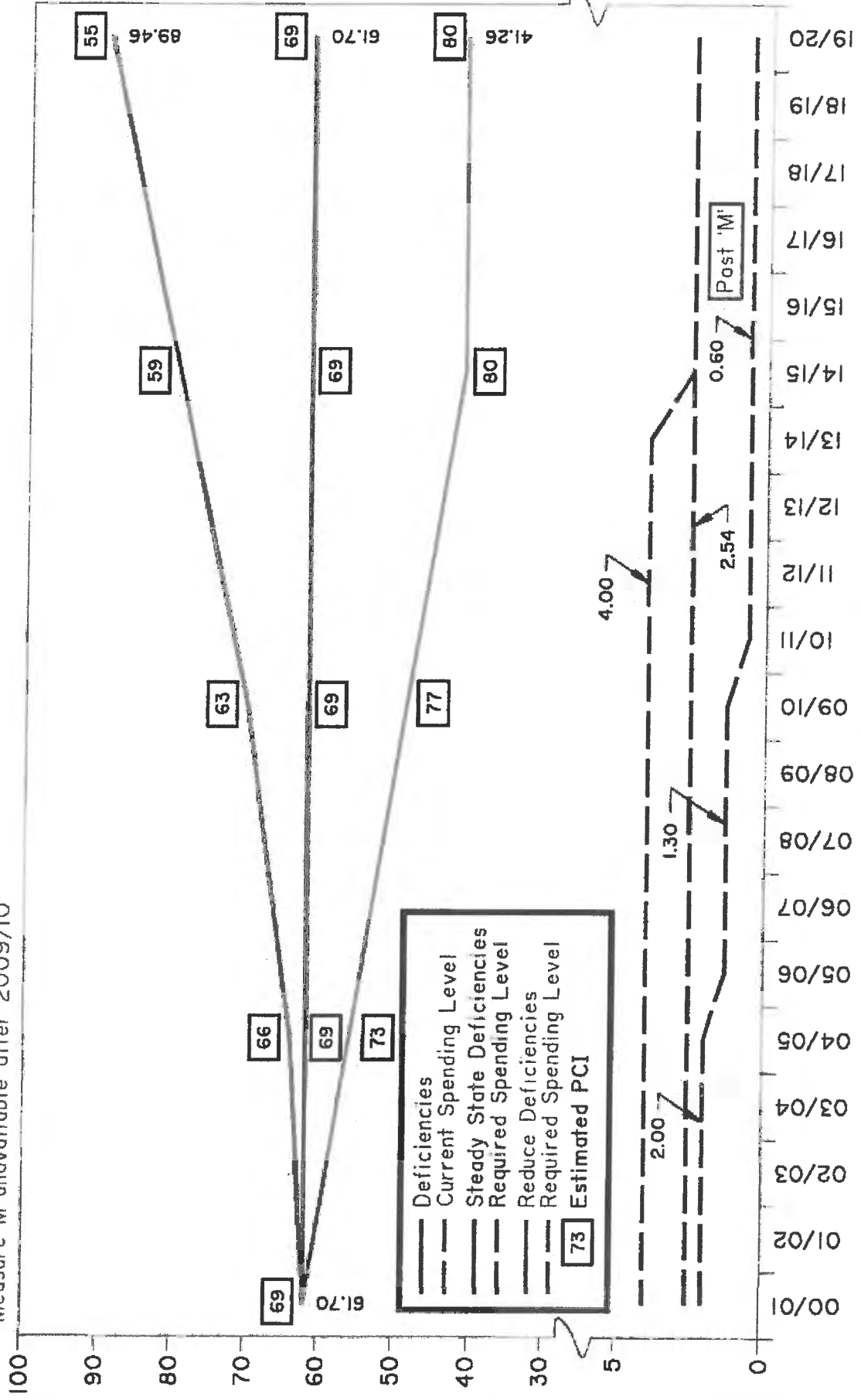
The table below shows the additional funding required over the current funding level to stop the growth of the deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$2,000,000.00	\$2,540,000.00	-\$540,000.00	-\$540,000.00
2005 - 2010	\$1,300,000.00	\$2,540,000.00	-\$1,240,000.00	-\$1,240,000.00
2010 - 2020	\$600,000.00	\$2,540,000.00	-\$1,940,000.00	-\$1,240,000.00

Residential Street Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)

Measure M unavailable after 2009/10



FISCAL YEAR

ARTERIAL STREET DEFICIENCIES

The graph illustrates the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to an acceptable network condition of fair to good.
- d) Measure M funds become unavailable at year 2010.

Network condition is assessed using a pavement condition index (PCI) which assigns a number between 0 and 100 to pavement condition as follows: Very Good 90-100; Good 84-89; Fair 73-83; Poor 60-72; Very Poor 0-59.

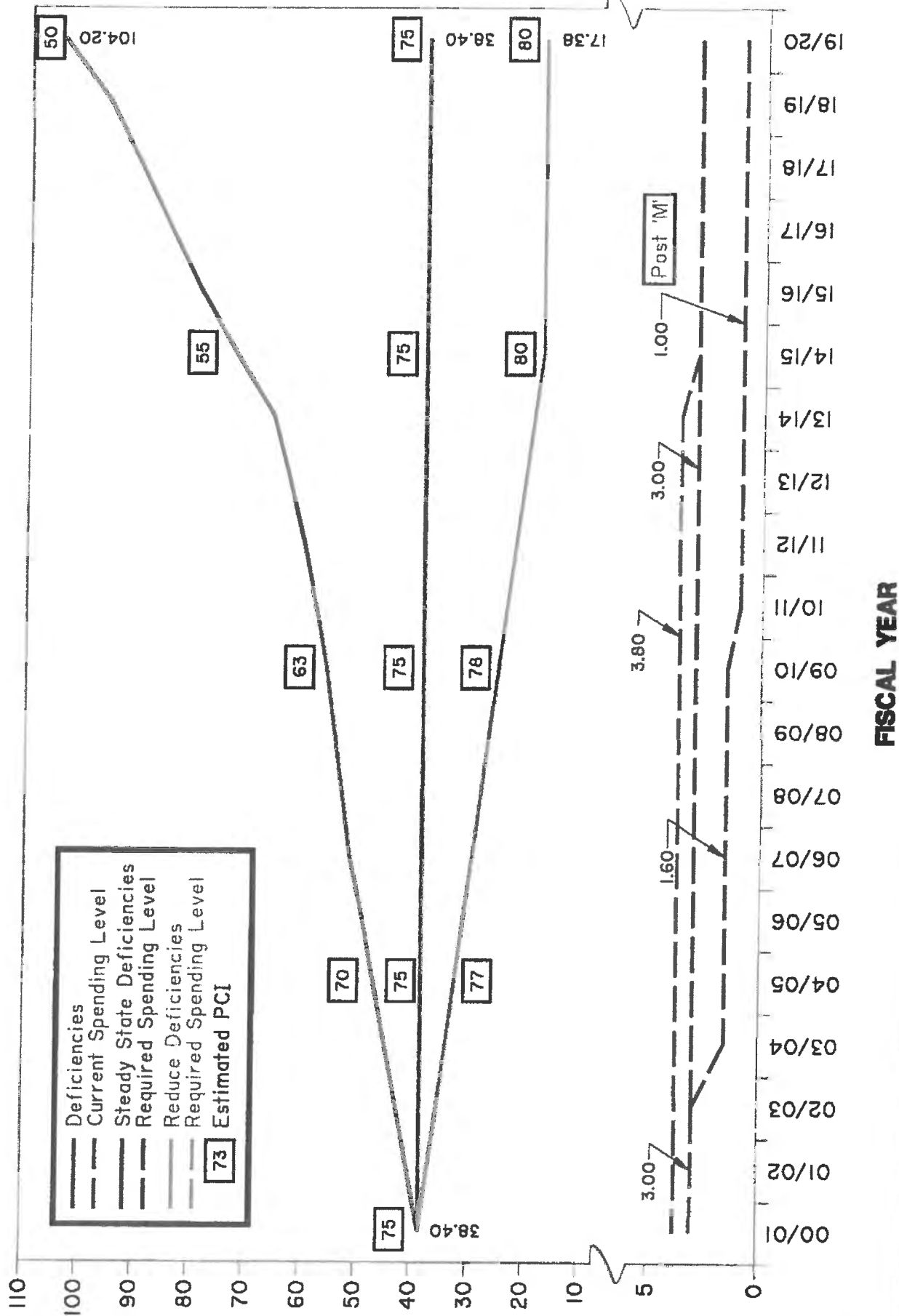
Projected deficiencies at current funding levels were calculated by pavement management system software. Annual deterioration was determined by calculating the cost to totally reconstruct the arterials not included in the current deficiency. The cost was distributed over an assumed 20-year pavement life.

The table below shows the additional funding required over the current funding level to stop the growth of the deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$2,300,000.00	\$3,000,000.00	-\$700,000.00	-\$700,000.00
2005 - 2010	\$1,600,000.00	\$3,000,000.00	-\$1,400,000.00	-\$1,400,000.00
2010 - 2020	\$1,000,000.00	\$3,000,000.00	-\$2,000,000.00	-\$1,400,000.00

Arterial Street Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)



CURB/GUTTER AND SIDEWALK DEFICIENCIES

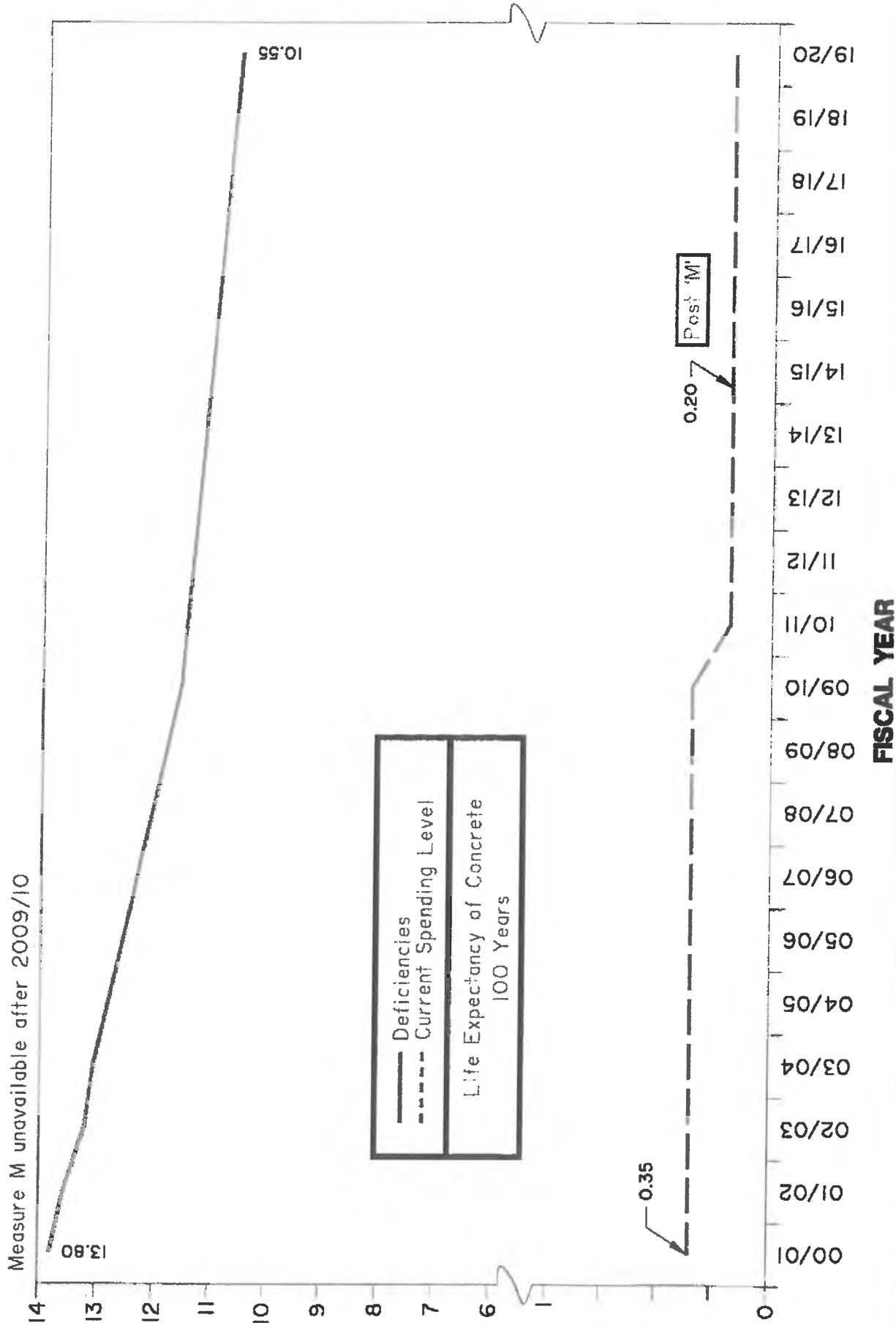
The graph shows projected deficiencies at current funding levels. Measure M funds become unavailable at year 2010.

The table below shows that annual funding exceeds annual deterioration resulting in the reduction of overall deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$350,000.00	\$100,000.00	\$0.00	\$0.00
2005 - 2010	\$350,000.00	\$100,000.00	\$0.00	\$0.00
2010 - 2020	\$200,000.00	\$100,000.00	\$0.00	\$0.00

Curb & Gutter/Sidewalk Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)



PARK & TRAIL DEFICIENCIES

The graph illustrates the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to an acceptable network condition of fair to good

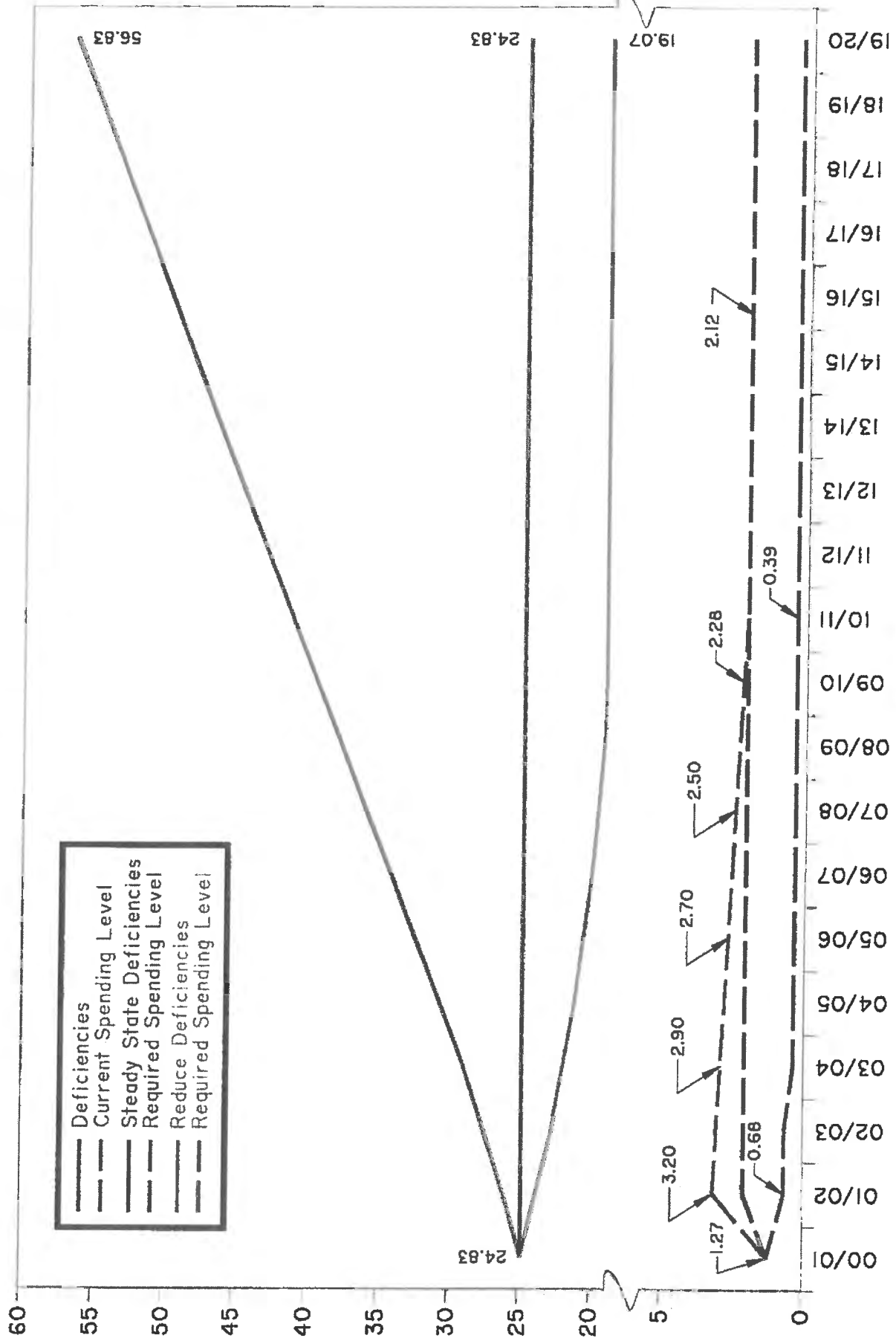
Parks and trails are rated on a 1 to 5 scale as follows: Very Good – 1; Good – 2; Fair – 3; Poor – 4; Very Poor – 5.

The table below shows the additional funding required over the current funding level to stop the growth of the deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$780,000.00	\$2,124,000.00	-\$1,344,000.00	N/A
2005 - 2010	\$390,000.00	\$2,124,000.00	-\$1,734,000.00	N/A
2010 - 2020	\$390,000.00	\$2,124,000.00	-\$1,734,000.00	N/A

Park & Trail Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)



FISCAL YEAR

ALLEY DEFICIENCIES

The graph illustrates the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to a steady state condition in 15 years

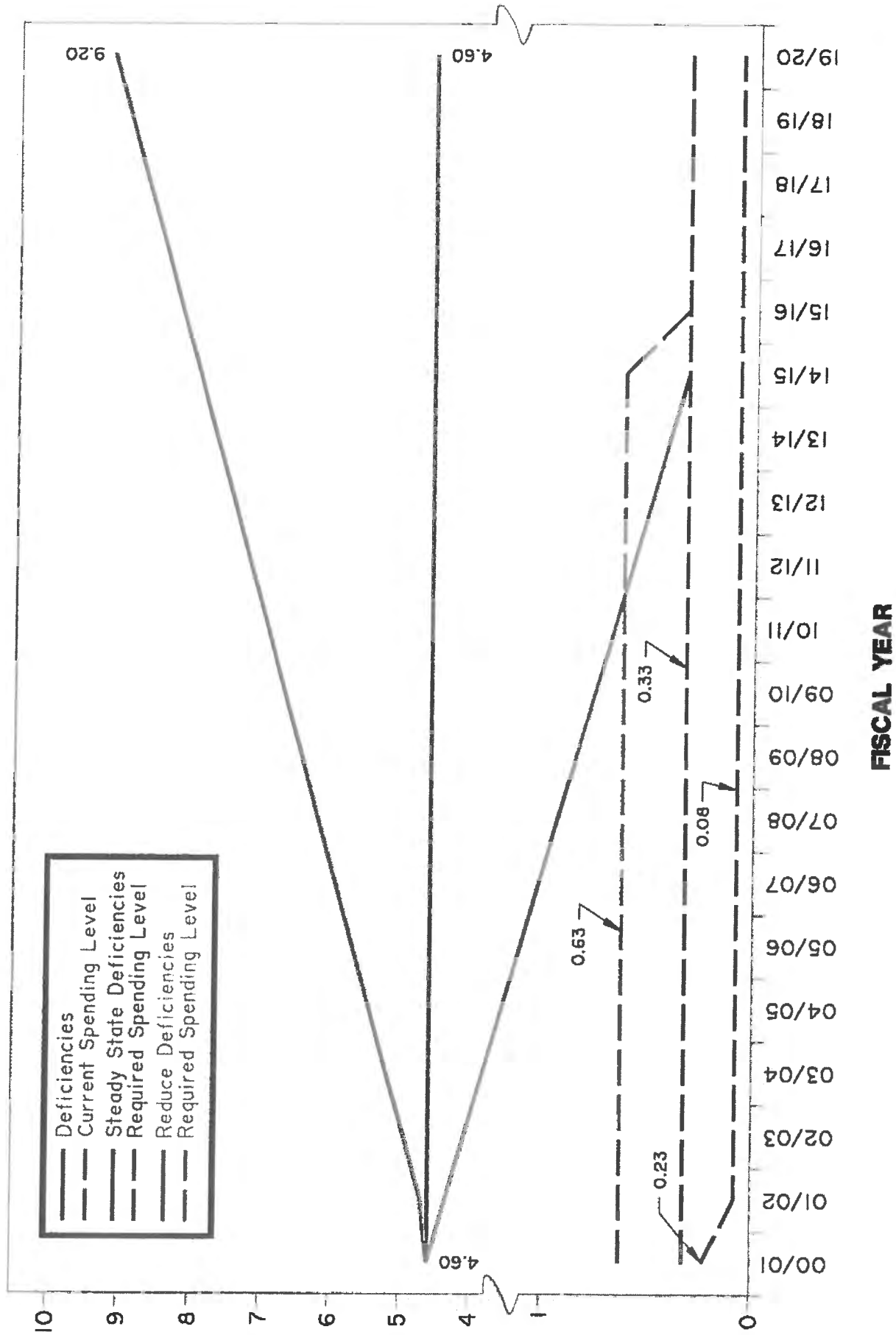
Annual deterioration was determined by calculating the cost to reconstruct the alleys not included in the current deficiency. For simplicity, this cost was distributed over an assumed 30-year pavement life.

The table below shows the additional funding required over the current funding level to stop the growth of the deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$155,000.00	\$330,000.00	-\$175,000.00	N/A
2005 - 2010	\$80,000.00	\$330,000.00	-\$250,000.00	N/A
2010 - 2020	\$80,000.00	\$330,000.00	-\$250,000.00	N/A

Alley Deficiencies vs. Annual Spending Levels

(Dollar Figures in Millions and 2000 Prices)



ALLEY DEFICIENCIES

The graph illustrates the following:

- a) Deficiencies at current funding levels
- b) The amount of funding required to stop the growth of deficiencies
- c) Additional funding required to reduce deficiencies to a steady state condition in 15 years

Annual deterioration was determined by calculating the cost to reconstruct the alleys not included in the current deficiency. For simplicity, this cost was distributed over an assumed 30-year pavement life.

The table below shows the additional funding required over the current funding level to stop the growth of the deficiencies.

Fiscal Year(s)	Funded Annually	Required Funds Annually	Unfunded Annually (Measure M unavailable beginning 2010)	Unfunded Annually (Measure M remains available)
2000 - 2005	\$155,000.00	\$330,000.00	-\$175,000.00	N/A
2005 - 2010	\$80,000.00	\$330,000.00	-\$250,000.00	N/A
2010 - 2020	\$80,000.00	\$330,000.00	-\$250,000.00	N/A