



SPECIAL TOWN COUNCIL MEETING STAFF REPORT

MEETING DATE January 10, 2024
PREPARED FOR Mayor and Town Council
PREPARED BY Heather Abrams, Town Manager and Michael Vivrette, Finance
SUBJECT Discuss and Consider Bond Measure for Road Repairs and Provide Direction to Staff

RECOMMENDATION

Staff recommends that the Council discuss a bond measure for road repairs and provide direction to staff.

BACKGROUND

The Council and staff have received numerous comments and complaints regarding the state of road repair within the Town. Online and traditional media have carried several stories and cartoons in the last year highlighting that the Town is ranked lowest in Marin County on the Pavement Condition Index (PCI), a rating from 0 to 100 of the severity and extent of distresses observed on a pavement surface. The Council has received several presentations from staff and expert consultants regarding the current condition of roads within Fairfax, including on February 1, 2023, and March 1, 2023.

Road infrastructure (including pavement, drainage systems, curb and gutter, retaining walls, and underground utilities) has a limited expected lifespan and it grows exponentially more expensive to maintain and repair as it ages and degrades. Although road assets appear very hard and lasting, they are under constant strain from weather, vehicle wear, and changing requirements, thus they do not remain in good condition without on-going maintenance. Once deferred maintenance begins, costs to catch up escalate. The bulk of Fairfax road repairs have been made under emergency circumstances following road or retaining wall failures.

From 2011 to 2021, Fairfax did not have a separate Public Works Director, which limited the Town's ability to complete repairs. Two Interim Public Works Directors served until late 2022, when the on-going Public Works Director, Loren Umbertis was hired by the Town Manager. Since then, Director Umbertis has successfully completed several large projects, including Scenic and Porteous repaving, retaining wall repairs at 145 Canyon, and one-time sidewalk improvements in town (Notices of Completion for these projects are in this meeting's consent calendar). Also on this meeting's agenda is a project charter to help the Town work with Marin County to apply for grants and repair Bolinas Road. Grant applications typically require matching funds of 10% to 25%, and bond proceeds would facilitate applying to larger grants than Fairfax could normally access.

In recent years, the Town built reserve funds above the very safe reserve policy of 25%. In the past two budgets, the Council approved drawing down reserve funds specifically for use in increasing road repairs. The paving budgets were as follows: FY 20/21 \$140,000, FY 21/22 \$400,000, FY 22/23 \$500,000, and FY 23/24 \$1,000,000. Actual spending on paving has typically been less than budgeted in Fairfax due to lack of implementation staff.

Construction costs throughout California continue to escalate and the Fairfax road condition continues to decline. Unfortunately, the cost to complete the deferred maintenance and repairs needed outstrips

the Town's current resources. Continuing pay-as-you-go repairs and maintenance will not be sufficient to maintain Fairfax's current low PCI rating, and improving Fairfax's PCI will require even more resources. The Town's current PCI is 55. If the Town were to target a PCI of 75, then the Town's expert Pavement Engineering Inc. consultants estimate the town would need to spend \$60 million over five years.

In 1999, the Council placed Measure K on the ballot to help fund road and infrastructure repairs of up to \$6.83 million (see attachment). More than two-thirds of Fairfax voters approved, and bonds were issued in 2000, 2002, and 2006. The Town currently has a rating of AA+, which allows the Town to access favorable financing rates.

Tax rates for Measure K bonds have been going down for taxpayers. Measure K was estimated to have a max tax rate of \$58 per \$100,000 of assessed valuation (AV) and the current rate is \$22.50 per \$100,000 AV. The current median single family residential AV is \$650,000 in Fairfax, which equates to an annual cost of \$146.25.

DISCUSSION

Several commentators have mentioned that Larkspur used to have the lowest PCI rating in Marin; Larkspur now has the among the highest PCI rating in Marin, and the lowest place is held by Fairfax. Larkspur was able to make this dramatic upturn in its PCI ranking by increasing the general sales tax from which the Council allocated a portion of the revenue for the repair of its roads.

Next Steps:

- Council Direction: Discuss the possibility of a voter approved bond at this meeting. In order to facilitate the discussion, staff have invited Wing-See Fox of Urban Futures Inc., a known successful Municipal Advisor who can present initial financial considerations for such an effort. Extending the existing property tax rate or increasing the property tax rate would provide needed additional funds to complete road projects and stabilize costs in the long term because planned maintenance is far less expensive than emergency repairs and full replacement after deferred maintenance.
- Voter Surveying/Polling: If directed at this meeting, staff will engage a surveying/polling firm to design and implement a poll of residents on bond options and collect real data on the priorities and willingness to support a tax measure. The estimated cost for surveying/polling is \$25,000. Surveying/polling would likely be completed in the Spring.
- Project Planning: At the January 24, 2024, Council Meeting, Public Works staff and consultants plan to present the draft 5-year plan for paving. This plan can be viewed from the as-is fund position, and what-if bonds were approved by the voters.
- Council Approval: By June or July the Council would need to approve placing a measure on the November 2024 ballot. If the Council decides not to act this year, the next probable opportunity is in 2026.
- Voter Campaign: A group of residents would be needed to run the campaign for the measure, as Town staff are only allowed to provide educational information (not campaign materials).
- Voter Approval: If voters approve the measure, staff will bring financing documents and road projects back to the Council for review and approval.
- Project Implementation: Once financing is secured, design will begin, and project timelines will be brought before the Council.

ATTACHMENT

Measure K ballot Information

**MEASURE SUBMITTED TO THE VOTERS
MUNICIPAL**

**TOWN OF FAIRFAX
BOND ELECTION
MEASURE K**

K Shall the Town of Fairfax in order to maintain safe neighborhoods, streets and community facilities; repair and resurface neighborhood streets and major corridors; replace 60 year old stormdrains; repair leaky roofs and make seismic upgrades to community facilities; and make sidewalks more accessible to the disabled, issue bonds in an amount not to exceed \$6.83 million, at interest rates within the legal limit, and create a Citizen's Oversight Committee to conduct annual audits of expenditures?

**TOWN OF FAIRFAX
BOND ELECTION
IMPARTIAL ANALYSIS BY TOWN ATTORNEY
MEASURE K**

On August 3, 1999, the Fairfax Town Council unanimously adopted Ordinance No. 680 placing before the voters of the Town of Fairfax Measure K, which, if adopted by the voters would allow for the issuance of general obligations bonds in an amount not to exceed \$6.83 million dollars, at interest rates within the legal limit. The proceeds of the bonds would be used to repair and/or resurface town streets, including major corridors and some neighborhood streets, as well as to repair and replace certain storm drains. Finally, to the extent funds remain, repair to public sidewalks and buildings may occur.

In order to repay the bonds, a homeowner should expect to pay approximately \$4.09 (four dollars and nine cents) per month per \$100,000 of property value as assessed by the County of Marin over the life of the bonds. The life of the bonds would be twenty-five (25) years.

The measure also contains a provision for the creation of a citizens oversight committee, to conduct annual audits of expenditures. A two-thirds (2/3) vote of the electorate is required for the passage of this measure.

JOHN E. SHARP
Town Attorney

**TOWN OF FAIRFAX
TAX RATE STATEMENT REGARDING PROPOSED
\$6,830,000 TOWN OF FAIRFAX
GENERAL OBLIGATION BONDS
MEASURE K**

An election will be held in the Town of Fairfax (the "Town") of Marin County on November 2, 1999, for the purpose of authorizing the sale of \$6,830,000 in general obligation bonds. The bonds would be payable from tax levies made upon the taxable property in the Town.

The following information regarding tax rates is given to comply with Section 9400 to 9404 of the Elections Code. The best estimate of the tax rates which would be required to be levied to fund the bond issue and a estimate of the year in which such rates would apply, based on projection of assessed valuation based on information presently available from official sources, upon experience within the Town, an other demonstrable factors, expressed as a rate per \$100 of assessed valuation, is as follows:

- 1. First year after the first sale of the bonds (2000-01) \$0.027
- 2. First year after sale of the last series of the bonds (2007-08) \$0.058
- 3. Highest annual rate during the entire period of indebtedness (2007-2008) \$0.05

Based on these tax rates, the estimated average annual tax over the term of the bonds would be \$49.02 for \$100,000 of residential assessed valuation. This would be equivalent to about \$4.09 per month.

The actual tax rates and the years in which such rates are applicable may vary from those currently estimated, due to variations from the official projections and estimates in the timing of bond sales, the amount of bonds sold at any time, the interest rates on the bonds, and the assessed values in the several future years during which the bonds are to be repaid. The estimates are based upon projections and are not binding upon the Town. The actual timing of the bond sales and the amount of the bonds sold at any time will be governed by the needs of the Town and the then-applicable debt limit. The actual interest rates on the bonds will be based on the market tax-exempt interest rates at the time of the sale of the bonds. The actual assessed values during the several future years will depend upon the amount of taxable property within the Town and the value of that property as determined in the assessment and equalization process.

Dated: August 4, 1999

s/ Sue Peterson
Mayor, Town of Fairfax

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ARGUMENT IN FAVOR OF MEASURE K

Measure K provides the financing to repair or resurface many of the Town's streets. Deteriorating, unsafe storm drains will be repaired or replaced to eliminate the very real threat of street collapse and property damage.

The winters of 1982, 1986, 1995, 1996, 1997 and 1998 were urgent reminders that we can no longer ignore critical repairs. At the height of the storms, our streets resembled creeks. Hillsides with deteriorating drainage were seriously comprised. Dangerous potholes are bound to continue and thus repairs are necessary to prevent further damage to the existing roads and hillsides.

The quality of our travel, commerce and safety is at risk. Every season that we wait multiplies the expense. Today's minor repair becomes next year's major project due to neglect.

The cost of taking action now is affordable. A homeowner should expect to pay approximately \$4.09 per month per \$100,000 of assessed value over the life of the bonds. The cost of delay will be far greater.

s/ Frank Egger
Councilmember

s/ Susan Brandborg
Councilmember

s/ Sue Peterson
Mayor

s/ Mike Ghiringhelli
Vice-Mayor

s/ Steven Michael Vanni
Councilmember

**NO ARGUMENT AGAINST THIS MEASURE
WAS SUBMITTED**

End Of Measure K

