



**Date:** July 27, 2016  
**To:** Mayor and City Council  
**From:** Brad Kilger, City Manager  
**Prepared by:** Michael Chandler, Assistant to the City Manager  
Cindy Mosser, Finance Manager  
**Subject:** Special Tax Public Hearing

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**Recommendation**

- A. Conduct a public hearing to adopt an ordinance imposing a special tax for road maintenance and improvements,
- B. Adopt a resolution placing a measure approving such tax on the on the ballot at the November 8, 2016, election, and
- C. Adopt a resolution authorizing the City Manager to amend the FY 2016-17 Budget with a budget transfer from Unassigned Fund Balance in the amount of \$50,000.

**Background**

At the July 20, 2016 City Council meeting, the Council held a public hearing and conducted a first reading of an ordinance imposing a special tax to support the City’s significant paving needs. Additionally, the Council took the following actions by motion, all of which passed by unanimous vote:

- a) Approved placing of special tax measure on November 2016 ballot for streets
- b) Approved imposing a one-half percent (0.50%) special tax rate
- c) Approved a sunset clause for the tax of 15 years
- d) Approved establishment of an Oversight Committee should the measure pass

An Ad Hoc Subcommittee comprised of Mayor Schroder and Councilmember DeLaney was also created to prepare the Argument in Favor.

**Discussion**

The special tax proposed in the ordinance would be a one-half percent (0.50%) transactions and use tax imposed beginning on April 1, 2017 on retail sales in the City of Martinez, with a 15-year sunset clause to March 31, 2032. The tax would be collected in the same manner as sales tax is currently collected. The ordinance will become effective if it is approved by two-thirds of the voters voting on the measure.

The City’s paving needs are well documented. The “City of Martinez Road Maintenance and Improvements Transactions and Use Tax Expenditure Plan,” attached to the Ordinance as Exhibit A, highlights the severity of the issue and what is expected to occur if the City does not augment its current paving and maintenance funding levels. The Tax Expenditure Plan has been updated and finalized to confirm the City’s projected average annual funding level of \$920K from recurring sources for paving (\$640K) and maintenance (\$280K), and to clarify what expenditure activities constitute “Road Maintenance and Improvements.” Source documents for the Expenditure Plan include the March 2015 “Pavement Management Program (PMP) P-TAP 14 Budget Options Report” submitted by Quality Engineering Solutions, Inc. (QES), and the “Pavement Conditions of Bay Area Jurisdictions 2015” prepared by the Metropolitan Transportation Commission (MTC). Both documents are again attached for reference.

Staff has also updated and finalized the ballot measure wording, which is in conformance with Elections Code Section 9051 and similar to other ballot measures staff has reviewed:

<b>Measure ____:</b>		
<b>“MARTINEZ ROAD MAINTENANCE AND IMPROVEMENTS TRANSACTION AND USE TAX”</b> To provide funding that stays in Martinez, to be used exclusively to maintain and improve the City’s streets and roadways, shall an ordinance which imposes a temporary, half-cent transaction and use tax for 15 years, providing an estimated \$2.1 million annually, with citizens’ oversight and annual audits, be adopted?	<b>YES</b>	
	<b>NO</b>	

**Fiscal Impact**

The City expects to incur public outreach costs of \$20,000 - \$30,000; County election costs of up to \$10,000; State Board of Equalization’s charges of approximately \$5,000 for completing a preparatory cost agreement; and contract City Attorney costs of approximately \$5,000 for assistance with the ballot measure. The attached funding resolution authorizes the City Manager to amend the FY 2016-17 Budget with a transfer from Unassigned Fund Balance in the amount of \$50,000 to cover these costs.

**Attachments**

1. Ordinance (with Exhibit A)
2. Resolution (Ballot)
3. Resolution (Funding)
4. PMP Report – QES
5. Pavement Condition of Bay Area Jurisdictions 2015 – MTC

**APPROVED BY:**   
 Brad Kilger, City Manager

**ORDINANCE NO. C.S.**

**AN ORDINANCE OF THE CITY OF MARTINEZ  
IMPOSING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED  
BY THE STATE BOARD OF EQUALIZATION**

**WHEREAS**, Parts 1.6 and 1.7 of Division 2 of the Revenue and Taxation Code authorize the City of Martinez, California ("City") to impose a retail transaction and use tax in the incorporated territory of the City for specific purposes at a rate of 0.125% (or any multiple thereof);

**WHEREAS**, pursuant to California Constitution article XIII C, section 2(d) and California Government Code section 53721-53724, a special transactions and use tax is subject to approval by two-thirds vote of all the members of the City Council and by two-thirds vote of the qualified voters voting in an election on the issue; and

**WHEREAS**, the City does not currently impose a retail transactions and use tax in the incorporated territory but wishes to impose such a tax for the special purpose of road maintenance and improvements at a rate of one-half percent (0.50%) on the sale of tangible personal property and the storage, use, or other consumption of such property. The tax revenue would be collected by the State Board of Equalization and remitted to the City.

**THE PEOPLE OF THE CITY OF MARTINEZ DO ORDAIN AS FOLLOWS:**

Section 1. TITLE. This ordinance shall be known as the Martinez Road Maintenance and Improvements Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated territory of the City.

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.91 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if two-thirds of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. A transactions and use tax for road maintenance and improvement requires a vote of the residents of the City, and two-thirds (2/3) of those voting on the tax must approve the tax in order for it to be implemented. In addition, this Ordinance, along with the Transactions and

Use Tax Expenditure Plan (“Expenditure Plan”) for use of the proceeds of the tax, which is attached to this Ordinance as Exhibit A, must be approved by two-thirds (2/3) of the City Council. The proceeds of the tax shall be applied only to the specific purposes identified in this ordinance. The City shall create a separate account into which the proceeds of the tax shall be deposited and shall prepare an annual report pursuant to section 50075.3 of the California Government Code.

C. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

D. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

E. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one-half percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

Section 6. PLACE OF SALE. For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one-half percent (0.50%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 15. CITIZEN OVERSIGHT. No later than April 1, 2017, the City Council shall establish a Citizens' Oversight Committee to review the expenditures of tax revenues under the authority of this Ordinance, or shall assign these duties to an existing City committee. The terms, composition, and specific duties of any new Citizens' Oversight Committee, or the assignment of these duties to an existing City committee, shall be established by resolution of the City Council. All meetings of the Citizens' Oversight Committee shall comply with the provisions of the Ralph M. Brown Act (Government Code Section 34950 et seq.).

Section 16. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire March 31, 2032.

Section 17. EFFECTIVE DATE. This Ordinance, if approved by the electorate of the City of Martinez at the General Municipal Election of November 8, 2016, shall become effective immediately upon the declaration of the results of that election by the City Council of the City of Martinez.

Section 18. EXECUTION. The Mayor is hereby authorized to attest to the adoption of the Ordinance by the voters of the City by signing where indicated below.

I hereby certify that the foregoing Ordinance was passed, approved and adopted by the People of the City of Martinez, California voting on the 8<sup>th</sup> day of November, 2016.

APPROVED: \_\_\_\_\_  
Rob Schroder, Mayor

ATTEST: \_\_\_\_\_  
Deputy City Clerk

\* \* \* \* \*

**I HEREBY CERTIFY** the foregoing ordinance was duly and regularly introduced at a Regular Meeting of the City Council of the City of Martinez, held on the 20<sup>th</sup> day of July, 2016, and duly passed and adopted at a Regular Meeting of said City Council held on the    day of    , 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHARD G. HERNANDEZ  
CITY CLERK, CITY OF MARTINEZ

# CITY OF MARTINEZ

## Road Maintenance and Improvements Transactions and Use Tax Expenditure Plan for Anticipated One-Half (0.50%) Percent Transactions and Use Tax Revenue

The one-half percent (0.50%) transactions and use tax passed by the City of Martinez voters will be dedicated to specific uses: road maintenance and improvements. The funds cannot, and will not, be used for any other purpose. One hundred percent (100%) of the revenues generated by the new tax will be allocated to road maintenance and improvement.

### **ROAD MAINTENANCE AND IMPROVEMENT**

The City of Martinez street system consists of approximately 121.6 miles of streets and is composed of 938 pavement sections with an approximate network replacement value of \$125 million.

The City enlisted Quality Engineering Solutions, Inc., (QES) in 2014 to conduct inspections of the City's pavement network and complete an assessment of its condition. Based on the findings in the *Pavement Management Program (PMP) P-TAP 14 Budget Options Report* issued by QES on March 16, 2015, the overall condition of the City's street network is at a Pavement Condition Index (PCI) level of 51. This low overall score reflects a street system a mere 2 points from being considered within the "Poor" category and places Martinez within the bottom of the "At Risk" category as identified in the Metropolitan Transportation Commission (MTC) *Pavement Condition Index for Bay Area Jurisdictions, 2015* report. The "At Risk" category is defined as "deteriorated pavement requiring immediate attention, including rehabilitative work." Furthermore, the MTC report shows that among the 19 cities within Contra Costa County, the condition of Martinez streets ranked next to last.

The City relies on a variety of funding sources to support its pavement program. The City remains committed to pursue Federal and State funding whenever available to help support street improvements. Due to significant declines in State Gas Tax revenues and the limited availability of paving grants for which the City is eligible, however, the City's projected average annual pavement funding level from recurring annual sources (e.g. Measure J and Gas Tax funding) within the 5-year Capital Improvement Program (CIP) is only \$640,000. The City's Gas Tax funding dedicated to maintenance is approximately \$280,000 per year, resulting in a total average annual funding level of approximately \$920,000. The PMP report anticipated a current City investment level of \$1 million per year.

Even at the higher annual funding level of \$1 million, the City will not be able to prevent the further deterioration of the current pavement condition and the PCI of the Martinez pavement network would decrease to a score of 44 after five years, according to the PMP report. Additionally, the City's deferred maintenance paving backlog would jump from \$36.6 million to \$65.5 million.

## EXHIBIT A

Without the one-half percent (0.50%) transactions and use tax revenue, the City will be unable to accomplish its task to maintain the streets at an adequate level to serve the traveling public. It is estimated that a one-half percent (0.50%) special roads transactions and use tax will produce \$2.1 million in revenues annually. This additional funding will allow us to address critical paving projects in our residential roadway network and major thoroughfares such as Center Avenue, Pine Road, Glacier Drive, Howe Road and Arnold Drive along with preventative maintenance in newer residential developments such as the Brittany Hills, Parkside and Shannon Hills. State law requires the City to prepare and adopt an expenditure plan describing the specific projects for which the revenues from the tax may be expended.

The City of Martinez has prepared a proposed Road Maintenance and Improvements Transactions and Use Tax Expenditure Plan for the next 15 years beginning in 2017 and going through 2032. The Expenditure Plan will be reviewed annually by the Oversight Committee and updates to the Expenditure Plan will be recommended by the Oversight Committee (with input from Public Works and the City Engineer) to the City Council, who will make the final annual allocations.

# EXHIBIT A

## City of Martinez Road Maintenance and Improvements Transactions and Use Tax Expenditure Plan

**0.50%, ≈\$2.1M Annually**

<b>Annual Expenditure Program 2017 - 2032</b>	
<b>Activity</b>	<b>Estimated Expenditure (% of tax proceeds)</b>
<p><b>Road Maintenance &amp; Improvements</b></p> <ul style="list-style-type: none"> <li>• Asphalt pavement overlay and rehabilitation projects</li> <li>• Pothole and surface repair</li> <li>• Pavement dig outs &amp; asphalt overlays less than 1-inch</li> <li>• Full-depth reclamation, cold in-place asphalt recycling and other street reconstruction Best Management Practices.</li> <li>• Paving and pavement rehabilitation project material testing and other quality assurance measures.</li> <li>• Crack filling</li> <li>• Shoulder restoration</li> <li>• Pavement grinding, removal and replacement</li> <li>• Chip seals, micro-seals, slurry seals and other surface treatment</li> <li>• Re-stripping, thermoplastic and/or painting and installation of pavement markers and reflectors</li> <li>• Graveling and grading on publicly maintained unpaved roads</li> <li>• Required curb ramps</li> <li>• Raising storm drain and/or street monument boxes to grade</li> <li>• Maintenance of street signs</li> <li>• Bridge deck and railing repair or replacement</li> <li>• Rock rip-rap protections</li> <li>• Maintenance equipment lease, rental, or purchase</li> <li>• Road construction equipment rental, lease, purchase</li> <li>• Road construction equipment repair</li> <li>• Road maintenance and improvement design, inspection, project management and administration costs</li> <li>• Road-related infrastructure improvements, such as repair or replacement of storm drains and drainage systems, bridges, public sidewalks and bicycle facilities.</li> </ul>	<p><b>95%</b></p> <p>% equivalent in \$ \$1,995,000</p>
<p><b>Matching Grant Funding</b></p> <ul style="list-style-type: none"> <li>• Grant matching funds for street improvement projects</li> </ul>	<p><b>5%</b></p> <p>% equivalent in \$ \$105,000</p>

**RESOLUTION NO. -16**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARTINEZ, CALIFORNIA, CALLING FOR AND PROVIDING FOR AND GIVING NOTICE OF THE GENERAL MUNICIPAL ELECTION HELD IN THE CITY OF MARTINEZ, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ON NOVEMBER 8, 2016 FOR THE PURPOSE OF SUBMITTING TO THE ELECTORS TO BE VOTED ON AT SAID ELECTION, A BALLOT MEASURE SEEKING VOTER APPROVAL OF A ONE-HALF PERCENT TRANSACTIONS AND USE TAX FOR ROAD MAINTENANCE AND IMPROVEMENTS, PROVIDING FOR THE CITY COUNCIL AND/OR A SUBCOMMITTEE THEREOF TO SUBMIT DIRECT AND REBUTTAL ARGUMENTS RELATING THERETO, AND REQUESTING SERVICES OF THE COUNTY ELECTIONS DEPARTMENT RELATING TO THE CONDUCT OF SAID ELECTION**

**WHEREAS**, the City of Martinez, California (“City”) street system consists of approximately 121.6 miles of streets composed of 938 pavement sections. Based on a 2015 assessment of the overall condition of the City’s street network the City’s streets are at a Pavement Condition Index (PCI) of 51. A Metropolitan Transportation Commission report places the City within the bottom of the “At Risk” category relating to street condition; and

**WHEREAS**, the City relies on a variety of funding sources to support its pavement program which includes State Gas Tax revenues and paving grants. State Gas Tax revenue has been declining steadily over the last several years and is expected to continue to decline due to a variety of factors including the increase in the use of more fuel efficient and alternative fuel vehicles. There is a limited availability of grant funding for paving projects and grant funding usually has many projects competing for the limited dollars available. The City’s projected average annual funding level from recurring annual sources is approximately \$920,000; and

**WHEREAS**, pursuant to Parts 1.6 and 1.7 of Division 2 of the Revenue and Taxation Code, the City is authorized to impose a retail transactions and use tax in the incorporated territory of the City for general purposes at a rate of 0.125% (or any multiple thereof); and

**WHEREAS**, pursuant to California Constitution article XIII C, section 2(a) a special transactions and use tax may be imposed for the specific purpose of road maintenance and improvements; and

**WHEREAS**, pursuant to Elections Code section 1301, the City’s general municipal elections are held on the same day as the statewide general election in each even-numbered year, and the next regularly scheduled general municipal election for members of the City Council and the next statewide general election will be held on Tuesday, November 8, 2016; and

**WHEREAS**, the City Council desires to order an election on an Ordinance to impose a special transactions and use tax in the amount of one-half percent for road maintenance and improvements and to consolidate the election on said Ordinance with the general municipal election to be held on November 8, 2016, including the election of two City Council members, City Clerk and City Treasurer as set forth in Resolution 039-16.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MARTINEZ, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Findings.** The City Council finds that the foregoing recitals are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

**Section 2. Submission of Proposed Martinez Road Maintenance and Improvements Transactions and Use Tax Ordinance.** Pursuant to Government Code section 53724, any other applicable requirements of State law, and as otherwise set forth herein, the City Council hereby orders the ordinance attached hereto as Exhibit A and by this reference incorporated herein and made operative part hereof, to be submitted to the qualified voters of the City at the general municipal election to be held on Tuesday, November 8, 2016. The type of tax and rate of the special transactions and use tax to be levied, the method of collection, the purpose for which its imposition is sought, and the tax expenditure plan are set forth in the Ordinance attached hereto as Exhibit A. The City Council approved the ordinance by a two-thirds vote of all members of the City Council. **The Ordinance shall become effective if two-thirds of the qualified voters of the City of Martinez voting on the ballot measure set forth in Section 3 below vote in favor of the ballot measure.**

**Section 3. Ballot Measure.** In addition to any other matters required by law, there shall be presented to the voters the question printed substantially as follows:

<b>Measure ____:</b>		
<b>“MARTINEZ ROAD MAINTENANCE AND IMPROVEMENTS TRANSACTIONS AND USE TAX”</b> To provide funding that stays in Martinez, to be used exclusively to maintain and improve the City’s streets and roadways, shall an ordinance which imposes a temporary, half-cent transaction and use tax for 15 years, providing an estimated \$2.1 million annually, with citizens’ oversight and annual audits, be adopted?	YES	
	NO	

**Section 4. Consolidation and Conduct of Election.**

- a. Pursuant to California Elections Code section 10400 and following, the City Council hereby requests that the Board of Supervisors of the County of Contra Costa consent to the consolidate of the election for the Ordinance with the statewide General Election to be held on Tuesday, November 8, 2016 and the City Council, City Clerk and City Treasurer election as set forth in Resolution 039-16. The consolidated election shall be held and conducted, election officers appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted and returned, returns canvassed, results declared, certificates of

election issued, and all other proceedings incidental to and connected with the election shall be regulated and done by Contra Costa County in accordance with the provisions of law regulating the regularly scheduled statewide General Election, including but not limited to, California Elections Code section 10418.

- b. The Board of Supervisors is requested to issue instructions to the Contra Costa County elections official to take any and all steps necessary for the holding of the consolidated election, including canvassing the returns of that election with respect to the votes cast in the City and certifying the results to the City Council.
- c. The City recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for all costs.
- d. The City Clerk is hereby authorized and directed to cooperate with the Contra Costa County elections official and to follow the procedures and meet all deadlines established by Contra Costa County.

**Section 5. Arguments and Analysis.**

- a. Pursuant to article 4, chapter 3, division 9 of the California Elections Code, the City Clerk shall fix and determine a reasonable date prior to the election for the submission to the City Clerk of an argument in favor of and against the ballot measure and additional rebuttal arguments. Direct arguments shall not exceed 300 words and shall be printed with the signatures of no more than five persons. Rebuttal arguments shall not exceed 250 words and shall not be signed by more than five persons.
- b. Pursuant to California Elections Code section 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the ballot measure to the authors, if any, of the arguments against, and copies of the argument against the ballot measures to the authors, if any, of the arguments in favor. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument it seeks to rebut.
- c. Pursuant to California Elections Code section 9280, the City Attorney shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall not exceed 500 words.
- d. The City Council hereby designates the City Council and/or Mayor Rob Schroder and Councilmember Lara DeLaney to prepare and file an argument and rebuttal argument on behalf of the City Council.

**Section 6. Placement on Ballot.** The City Clerk is hereby authorized and directed to take all steps necessary to place the ballot measure on the ballot and to cause the ballot measure to be printed and shall act as the filing authority for arguments. The full text of the ballot measure shall be printed in the voter pamphlet, and a statement shall be printed in the ballot pursuant to Section 9280 of the Elections Code, advising voters that they may obtain a copy of this

Resolution, the ballot ordinance and/or ballot measure, at no cost upon request made to the City Clerk.

**Section 7. Notice and Publication of Ballot Measure.**

- a. The City Clerk shall, not later than the 88th day prior to the election to be held on Tuesday, November 8, 2016, file with the Contra Costa County Board of Supervisors and the Contra Costa County elections official a certified copy of this Resolution.
- b. The City Clerk is authorized and directed to give such notice of the measure and of the time and place of the election pursuant to California Elections Code section 12101 – 12113 and any additional notice required by law.

**Section 8. Public Examination.** Pursuant to California Elections Code section 9295, this measure will be available for public examination for no fewer than ten calendar days prior to being submitted for printing in the sample ballot. The examination period will end on the day that is 72 days prior to the date set for the election. The City Clerk shall post notice in the City Clerk’s office of the specific dates that the examination period will run.

**Section 9. CEQA.** The approval of this Resolution is exempt from the California Environmental Quality Act (“CEQA”). The transactions and use tax to be submitted to the voters is a special tax to be used for road maintenance and improvements ; the identification of the specific projects will be subject to a public process to determine the specific projects to be funded by the tax; the submission and approval of the Ordinance is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the tax is not a project within the meaning of CEQA because, as the tax is merely “the creation of a government funding mechanism or other fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.” (Cal. Code Regs., tit. 14, § 15378, subd. (b)(4).)

**Section 10. Severability.** If any provision or clause of this Resolution, the measure proposed by the Resolution, or any application of any of the foregoing to any person or circumstance is held invalid, unconstitutional, or otherwise repealed by act of law, such invalidity shall not affect any other provisions or clauses of the same, which can be given effect without the invalid provision, clause, or application. To this end, the provisions and clauses of this Resolution and the proposed measure are hereby declared to be severable.

**Section 11. Effective Date.** This Resolution shall take effect immediately on its adoption.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Martinez passed, approved, and adopts the attached.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at an Adjourned Regular Meeting of said Council held on the 3<sup>rd</sup> day of August, 2016, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ

ATTEST:

By: \_\_\_\_\_  
Mercy G. Cabral, Deputy City Clerk

APPROVED:

**RESOLUTION NO. -16**

**AUTHORIZING THE CITY MANAGER TO AMEND THE FY 2016-17 BUDGET WITH A BUDGET TRANSFER FROM UNASSIGNED FUND BALANCE IN THE AMOUNT OF \$50,000**

**WHEREAS**, the City Council of the City of Martinez has, by separate action, approved the placing of a special tax measure on the November 8, 2016 ballot; and

**WHEREAS**, the City expects to incur various unbudgeted expenses associated with the measure, including preparation and distribution of materials for the ballot, County election costs for inclusion on the ballot, State Board of Equalization costs for completing a preparatory cost agreement, and contract City Attorney costs for providing its assistance; and

**WHEREAS**, the City estimates the cost of these expenses to be approximately \$50,000; and

**WHEREAS**, a budget adjustment in the amount of \$50,000 is needed to cover the City's potential expenses related to the ballot measure.

**NOW THEREFORE BE IT RESOLVED** that the City Council of the City of Martinez hereby authorizes the City Manager to expend up to \$50,000 of City funds for expenses related to the special tax measure on the November 8, 2016 ballot.

**BE IT FURTHER RESOLVED** the City Council adopts the revision to the Fiscal Year 2016-17 Budget as provided for herein.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at an Adjourned Regular Meeting of said Council held on the 3<sup>rd</sup> day of August, 2016, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ

**City of Martinez**  
***Pavement Management Program***  
***P-TAP 14***  
***Budget Options Report***

*Submitted to:*

**City of Martinez**  
**525 Henrietta St**  
**Martinez, CA 94553**

*Submitted by:*

**Quality Engineering Solutions, Inc.**  
**701 Jones St.**  
**Reno, NV 89503**



March 16, 2015



**Quality Engineering Solutions**

Engineering • Inspection

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## EXECUTIVE SUMMARY

Quality Engineering Solutions, Inc. (QES) completed an update of the existing StreetSaver® database for 121.6 miles of city streets (representing 100% of the street network) and developed a current Budget Options Report. Pavement inspections were completed in July 2014. Maintenance and rehabilitation history data, provided by the City, was updated. In addition, the maintenance decision tree treatments and costs were updated to conform to new ADA policy and current City practices. A budgetary needs analysis was performed based on the updated inspections and treatment costs, and five budget scenarios were evaluated to compare the effects of various funding levels.

The City of Martinez is responsible for the repair and maintenance of approximately 121.6 centerline miles of streets, or 938 pavement sections. The City’s street network replacement value is estimated at \$125 million. This represents a significant asset for City officials to manage. This asset valuation is assessed by the assumption of replacing the entire street network at today’s dollar. Based upon the field condition surveys completed, the average overall network PCI of the City’s street network is 51, which indicates that the street network is classified in the ‘Good’ condition category. The pavement condition of the City’s street network could deteriorate to ‘Poor’ condition category quickly without adequate budget to complete the recommended maintenance treatments. The Executive Performance Summary, as printed from StreetSaver® is provided as Figure 1 and illustrates the historical trend of the City’s pavement performance.



Figure 1. Executive Performance Summary

Contained within the report are five different budget scenarios, each run for a five-year period. The following reports were developed:

1. *Unconstrained (zero “deferred” maintenance)* — The annual maintenance and rehabilitation dollars, as identified in the Budget Needs analysis totaling \$69.5 million, were input into the Budget Scenarios module. This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate the deferred maintenance backlog as quickly as possible, the bulk of the maintenance needs are addressed in the first year of the five year program, raising the PCI to 86.
2. *Current Investment Level* — an annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. Under this budget scenario, the deferred maintenance backlog will increase to \$65.5 million and the network PCI will decrease to 44 after five years.
3. *Maintain Current PCI* — In order to maintain the current PCI level at 51, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance.
4. *Increase Current PCI by 5 points* — In order to increase the current overall PCI by 5 points, to 56, by the end of the fifth year, a Target-Driven Scenario model was used to determine the required budget. The results indicate that a five year total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance.
5. *Do Nothing* — If no maintenance or rehabilitation is applied over the next five years, the condition of the network will deteriorate to an overall PCI of 40. The maintenance backlog will increase to \$68 million.

Of the various maintenance and funding options considered, the *ideal* strategy for the City of Martinez is presented in Scenario 1, with a five-year expenditure total of \$69.5 million. Not only does this budget plan improve the network PCI to an optimal level of 86, it also eliminates the entire deferred maintenance backlog in the first year. However, the amount of funds required in the first year, approximately \$37.6 million, make this strategy unrealistic for the City of Martinez. This scenario can, however, be used as a base line for comparing other scenarios.

Under Scenario 2, the network PCI will decrease to about 44 over the next five years, which indicates the current investment level has almost no impact on preventing the deterioration of the current pavement condition. The percentage of the street network falling in the ‘Very Poor’ category will increase from 22% in 2015 to 41.9% in 2019, and the maintenance backlog will increase from \$36.6 million to \$65.5 million. The City’s current funding level is clearly insufficient to maintain the whole of the street network in ‘Good’ condition.

The City has been using the PMP and appears to be hanging on to an overall “good” condition of the street network, although, unless these annual funds are increased to \$4 million or more, the overall street condition will rapidly deteriorate. With additional funding, the backlog would be reduced and additional preventive maintenance treatments could be applied, which over time will enhance the overall network.

## **BACKGROUND**

QES was selected as part of the Metropolitan Transportation Commission (MTC) Pavement Management Technical Assistance Program (P-TAP Round 15) to perform an inspection of all 121.6 miles of city streets (representing 100% of the street network) and to update the Budget Options Report. All inspections were completed in accordance with MTC standards, and the StreetSaver® Online 9.0 database was updated with the inspection data. Pavement inspections were completed in July 2014. MTC provided QES access to the Martinez StreetSaver® database in May 2014. Maintenance and rehabilitation history data, provided by the City, was updated. In addition, the maintenance decision tree treatments and costs were reviewed, confirmed, and/or updated to reflect current pavement maintenance treatment prices. Section segments were reviewed while in the field and combined or added where needed, bringing the total number of sections to 938. A budgetary needs analysis was performed based on the updated inspections and treatment costs, and five budget scenarios were evaluated to compare the effects of various funding levels.

## **PURPOSE**

This report is intended to assist the City with identifying street maintenance priorities specific to its current conditions and budget levels. The report evaluates the overall condition of the street network and highlights the impacts of various funding levels on the network pavement condition and deferred maintenance funding shortfalls. The MTC StreetSaver® Pavement Management Program (PMP) was used for this evaluation. The intent of this program is to develop a maintenance strategy that will improve the overall condition of the street network to an optimal Pavement Condition Index (PCI) and also to maintain it at that level.

The MTC StreetSaver® program maximizes the return from expenditures by recommending a multi-year street maintenance and rehabilitation plan based on the most cost-effective repairs available. A comprehensive preventative maintenance (PM) program is a critical component of this plan, as these PM treatments extend the life of good pavements at a much lower cost than rehabilitation, overlay, or reconstruction treatments. To this end, various “what-if” scenarios under different funding levels were conducted to determine the most cost-effective plan for maintaining the City’s street network over the next five years.

## **NETWORK DESCRIPTION AND EXISTING PAVEMENT CONDITION**

The City of Martinez is responsible for the repair and maintenance of approximately 121.6 centerline miles of streets, or 938 pavement sections. The City’s street network replacement value is estimated at \$125 million. This represents a significant asset for City officials to manage. This asset valuation is assessed by the assumption of replacing the entire street network at today’s dollar.

Based upon the field condition surveys completed, the average overall network PCI of the City’s street network is 51, which indicates that the street network is near the bottom of the ‘Good’ condition. The typical MTC definitions of pavement condition categories are based upon the PCI value and are defined as identified in Figure 2. The PCI is a measurement of pavement condition that ranges from 0 to 100. A newly constructed or overlaid street would have a PCI of 100, while a failed road (requiring complete reconstruction) would have a PCI under 10. Table 1 summarizes the number of sections, length, and average PCI of the network by functional class. Figure 3 presents the pavement condition categories of the network. As shown, 50.1% of

network falls into the ‘Very Good’ or ‘Good’ condition category, while 49.9% of network falls into the ‘Poor’ or ‘Very Poor’ condition category. Illustrated in Figure 4 is a GIS-based map of the current network PCI conditions. A section-by-section listing of the current condition is provided in Section 1 (sorted alphabetically and also by descending PCI value), while the detail network statistic summary and replacement costs are provided in Section 2.

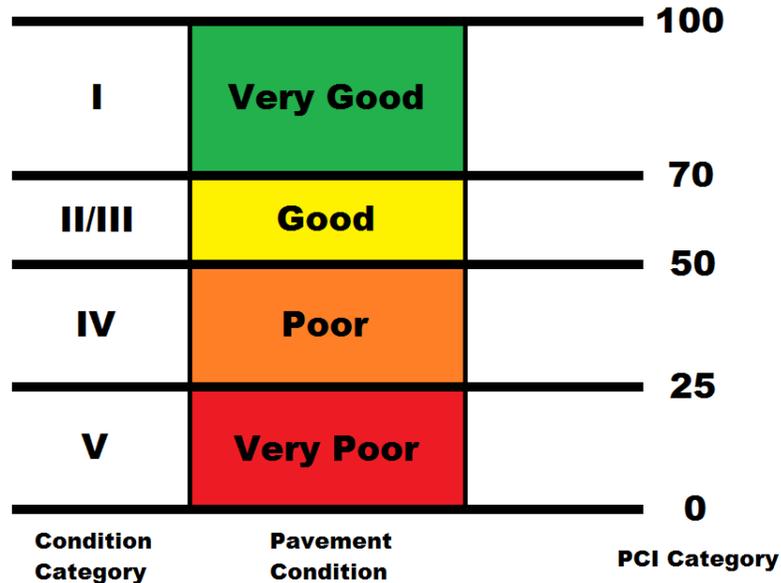


Figure 2. Pavement Condition Categories

Table 1. Street Network Statistics and Average PCI by Functional Class

Functional Class	Total Sections	Total Center Miles	Total Lane Miles	PCI
Arterial	60	18.19	43.99	62
Collector	100	21.30	44.50	46
Residential/Local	776	82.02	144.07	49
Proposed; Private; Non-County	2	0.11	0.11	0
<b>Total</b>	<b>938</b>	<b>121.62</b>	<b>232.67</b>	
<b>Overall Network PCI as of 9/9/2014:</b>				<b>51</b>

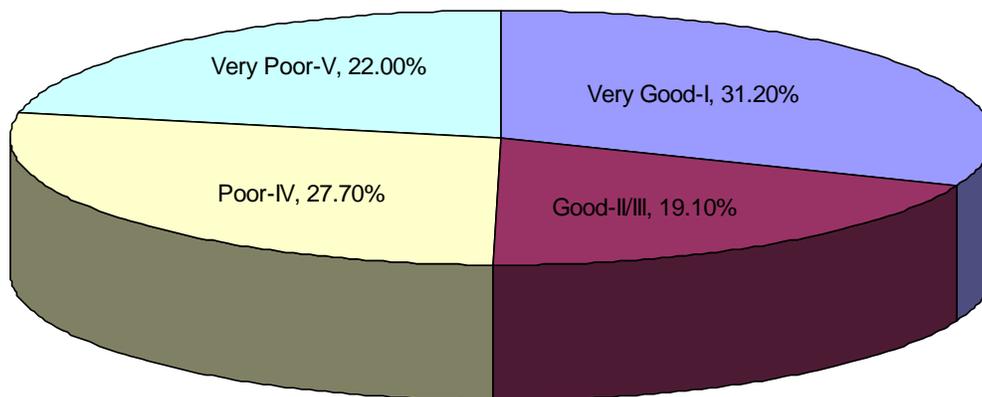


Figure 3. Pavement Condition Summary by Condition Categories (2014)

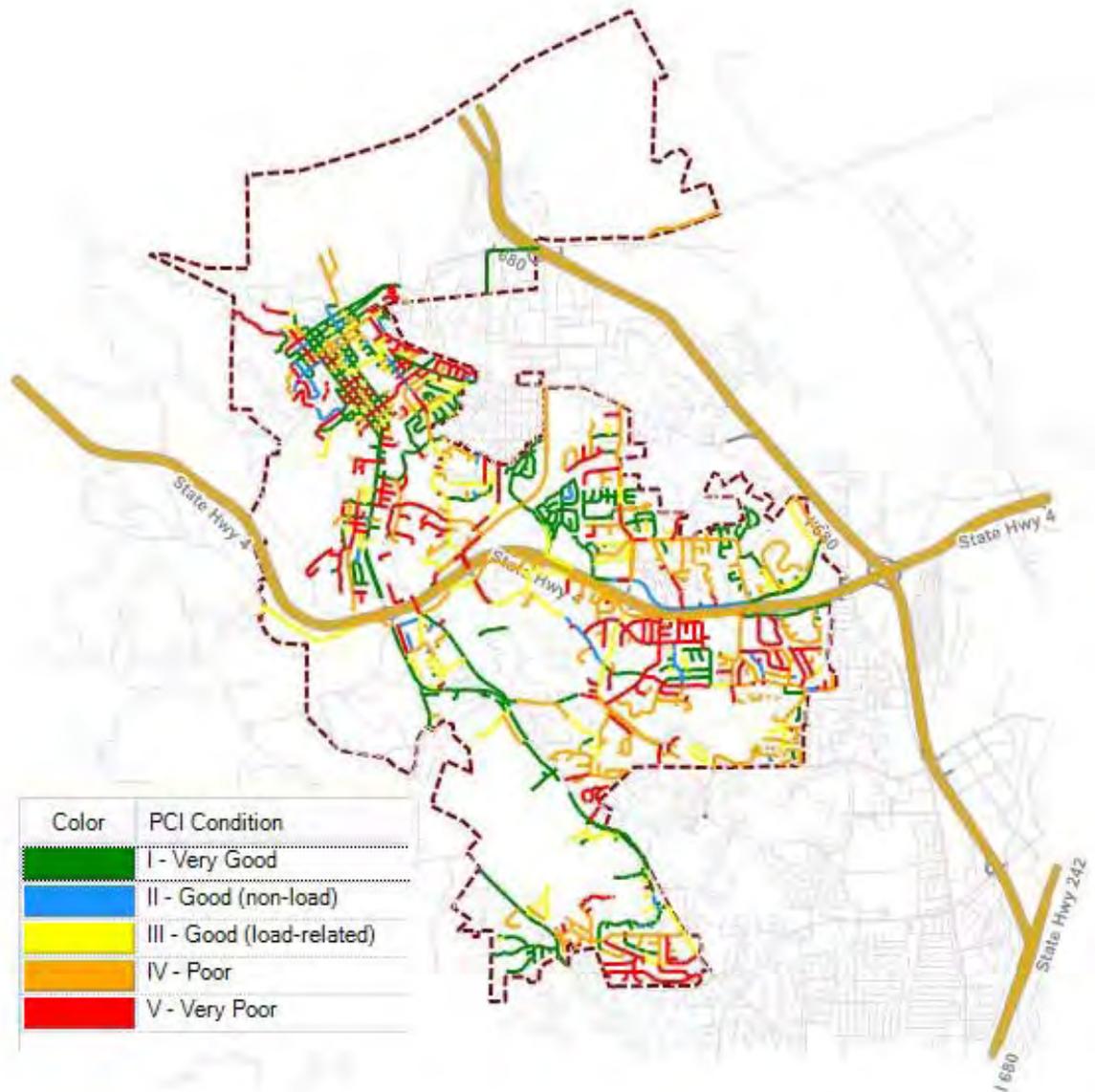


Figure 4. GIS-based Map for Current Network PCI Conditions

Based upon the current pavement condition, maintenance and rehabilitation options are selected using a series of decision trees. A decision tree utilizes the known information, such as roadway type, surface type, and current conditions and then determines a representative maintenance or rehabilitation treatment for that section. It is important to remember that the decision trees are utilized on a network level basis primarily for determining budgetary needs and may not entirely represent the actual project level work that would be most appropriate. At the request of the City, the decision trees were updated to account for new treatments (fiber microsurfacing) and full depth reclamation as well as to account for current costs and ADA requirements. The decision trees utilized for the Budget Options are provided in Section 3.

The decision trees were updated to reflect the latest estimate of current pricing based upon cost information for Contra Costa County as provided by MTC (Section 3.1). These decision trees were also updated to include the impact of the latest ADA requirement on the pavement

resurfacing projects. Since this is a fairly new practice and the fact that MTC does not currently have any guidance or costs associated with the ADA requirements, an estimated cost increase was devised based upon a review of the literature. Several agencies have reported cost increases ranging from 10 to 50% based upon the ADA requirements. Therefore, the price for all types of HMA overlay and surface reconstruction was increased by 20%. In addition, the fiber microsurfacing treatment was introduced to replace some AC overlays under condition Categories I and II for Arterial and Collector routes. For routes other than Collector and Arterial, the fiber microsurfacing was introduced to replace AC overlay under condition Categories I, II, and III. A base cost of \$5.00 was used for fiber microsurfacing based upon pricing information provided by VSS International with an additional 20% added for ADA requirements, which brings the unit price of the fiber microsurfacing to \$6.00/yd<sup>2</sup>. An additional 20% cost increase is included when the fiber microsurfacing is applied to the pavement under condition Category III to account for patching and other surface preparation, resulting in a unit cost of \$7.20/yd<sup>2</sup> for this situation. The updated decision tree utilized for this analysis is provided in Section 3.2.

Nearly 10% of the sections were classified in the road category as “Other” at the beginning of this project. At the request of the City, our staff reviewed each of these roadways and reclassified them as “Arterial,” “Collector,” or “Residential/Local” while in the field. These recommended classifications were provided to the City for review. A few streets were further reclassified after receiving the City’s input, resulting in three sections being classified as “Arterial,” nine sections classified as “Collector,” and 82 sections classified as “Residential/Local.”

## **BUDGET NEEDS**

Based on the principle that it costs less to maintain streets in good condition than those in poor, the MTC PMP strives to develop a maintenance strategy that will first improve the overall condition of the network to an optimal PCI somewhere between the low and mid-80s, and then sustain it at that level. Although the average PCI for the City street network is 51, which is in the ‘Good’ condition category, a significant area of the network suffers from load-related distress. In addition, current funding strategies demonstrate there is a \$36.6 million deferred maintenance backlog in the first year of the scenario. If these issues are not addressed, the quality of the street network 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 Martinez’s street network.

In determining relative budget scenarios over a five year period, representative interest and inflation rates must be chosen to be used in the analysis. The interest rate is used to describe an annual percentage increase in invested funds that would be realized if it were not instead spent on rehabilitation and maintenance activities. The inflation rate describes the rate of change of prices especially in relation to the construction cost index where a positive inflation rate indicates a loss in purchasing power over time and a negative inflation rate indicates an increase in purchasing power. Purchasing power simply describes the number of goods or services that can be purchased with a unit of currency.

QES has determined that an interest rate of 2% would best represent the annual increase that would be realized for any funds that were invested over time. QES has also reviewed the current construction cost index as well as the national inflation rate and determined that an inflation rate of 3% would best represent the annual decrease in purchasing power over the next five years.

Using the PMP Budget Needs module, street maintenance needs are estimated at \$69.5 million over the next five years. If the City follows the strategy recommended by the program, the average network PCI will increase to 86. If, however, current pavement maintenance funding is exhausted and little or no maintenance is applied over the next five years, already distressed streets will continue to deteriorate, and the network PCI will drop to 40. The results of the Budget Needs analysis are summarized in Table 2 below.

Table 2. Summary of Results from Needs Analysis

Year	PCI Treated	PCI Untreated	PM Cost	Rehab Cost	Total Cost
2015	79	50	\$610,435	\$36,980,166	\$37,590,601
2016	81	47	\$182,355	\$9,381,960	\$9,564,315
2017	82	45	\$247,811	\$6,278,250	\$6,526,061
2018	87	42	\$210,490	\$13,041,360	\$13,251,850
2019	86	40	\$245,915	\$2,312,313	\$2,558,228
		%PM	PM Total Cost	Rehab Total Cost	Total Cost
		2.15%	\$1,497,006	\$67,994,049	\$69,491,055

Table 2 shows the level of expenditure required to raise the City’s pavement condition to an optimal network PCI of 86 and eliminate the current maintenance and rehabilitation backlog. The results of the Budget Needs analysis represent the ideal funding strategy recommended by the MTC PMP. Of the \$69.5 million in maintenance and rehabilitation needs shown, approximately \$1.5 million or 2.15% is earmarked for preventive maintenance or life-extending treatments, while the remaining \$68.0 million or 97.85% is allocated for more costly rehabilitation and reconstruction treatments.

Figure 5 is based on the Budget Needs Predictive Module. The PMP is recommending a funding level of \$69.5 million over a five-year period. Figure 5 illustrates funding distribution by street functional classification. A more complete Budget Needs analysis is provided in Section 4.

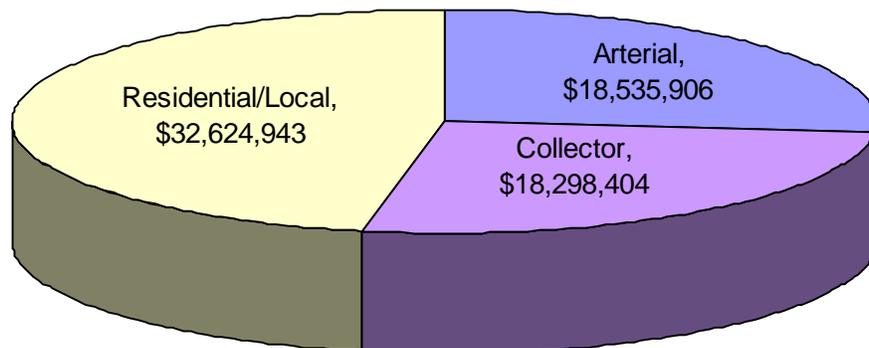


Figure 5. Budget Distribution by Functional Classification

## BUDGET SCENARIOS

Having determined the maintenance and rehabilitation needs of the City's street network, the next step in developing a cost-effective maintenance and rehabilitation strategy is to conduct "what-if" analyses. Using the PMP Budget Scenarios module, the impact of various budget scenarios was evaluated. The program projects the effects of the different scenarios on PCI and deferred maintenance (backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies become clear. For the purpose of this report, the following scenarios were run for a five-year period.

1. *Unconstrained (zero "deferred" maintenance)* — The annual amounts, as identified in the Budget Needs analysis totaling \$69.5 million, were input into the Budget Scenarios module. This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate the deferred maintenance backlog as quickly as possible, the bulk of the maintenance needs are addressed in the first year of the five year program raising the PCI to 86. The preventive maintenance split for each year in the analysis period, as recommended by the Budget Needs module, was used.

2. *Current Investment Level* — An annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. A 5% preventive maintenance split was used. Stop gap costs are taken from preventative maintenance funds.

3. *Maintain Current PCI* — In order to maintain current PCI level at 51, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance. The deferred maintenance will increase from \$37.2 million in 2015 to \$52.9 million in 2019.

4. *Increase Current PCI by 5 points* — In order to increase current PCI by 5 points, to 56, by the end of the fifth year, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance.

5. *Do Nothing* — If no maintenance or rehabilitation is applied over the next five years, the condition of network will deteriorate to an overall PCI of 40. The maintenance backlog will increase to \$68 million.

### **Scenario 1 – Unconstrained (zero "deferred" maintenance)**

This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate maintenance backlog as quickly as possible, the bulk of the maintenance need is addressed in the first year of the five-year program, raising the PCI to 86. By 2018, 97.9% of the network falls into the 'Very Good' condition category. In the meanwhile, the maintenance backlog will be eliminated after the treatments applied in year one. These results are shown in both Table 3 and Figure 6 and the detailed budget scenario results are provided in Section 5.1.

Table 3. Summary of Results from Scenario 1

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$37,590,601	\$9,564,315	\$6,526,061	\$13,251,850	\$2,558,228
Rehabilitation	\$36,980,166	\$9,381,960	\$6,278,250	\$13,041,360	\$2,312,313
Preventive Maintenance	\$610,435	\$182,355	\$247,811	\$210,490	\$245,915
Deferred Maintenance	\$0	\$0	\$0	\$0	\$0
PCI after Treated	79	81	82	87	86

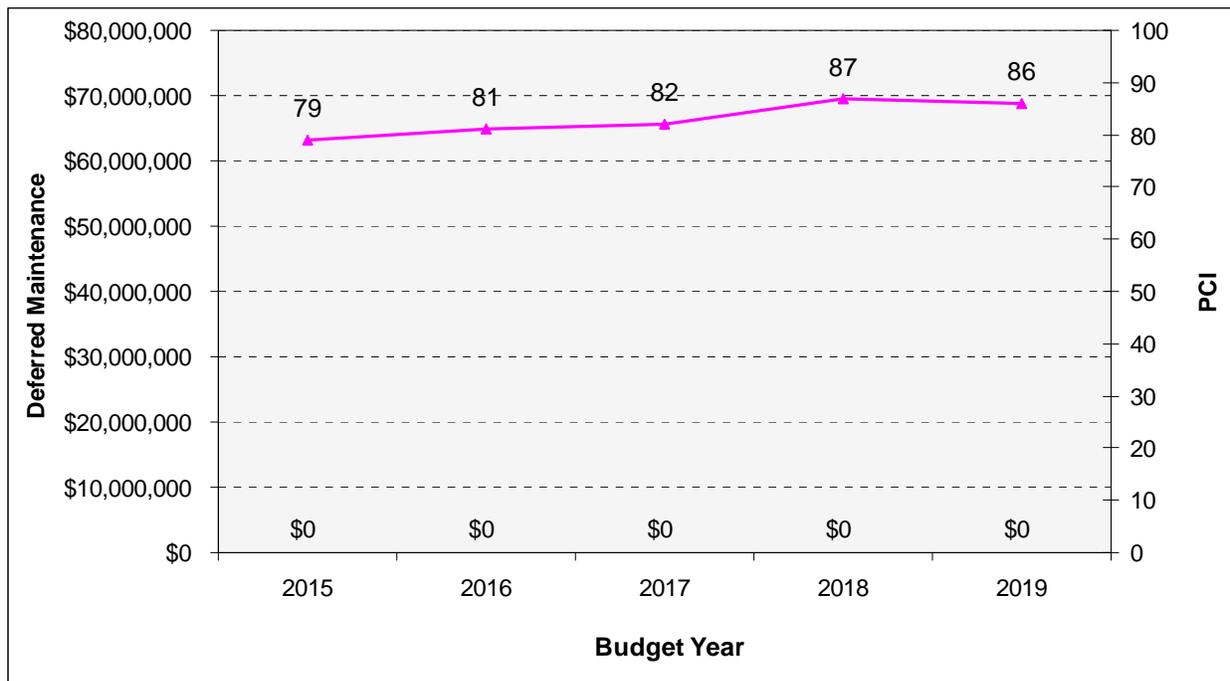


Figure 6. Deferred Maintenance & PCI after Treatment – Scenario 1

**Scenario 2 – Current Investment Level**

An annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. Under this budget scenario, the deferred maintenance backlog will increase from \$36.6 million in 2015 to \$65.5 million in 2019. There are no funds available for preventive maintenance, and the fund for the stop gap would not be met prior to the year 2018. The network PCI will decrease from the current level to 44 after five years.

The above analysis indicates that the City is currently way behind on corrective maintenance and rehabilitation needs and these limited funding levels have almost no impact on preventing the deterioration of the current pavement condition. The City should seriously considered finding means to increase its current investment level in order to maintain the current pavement condition. Table 4 and Figure 7 summarize the results from Scenario 2. Detailed budget scenario results are provided in Section 5.2.

Table 4. Summary of Results from Scenario 2

Item	Annual Budget - \$1,000,000				
	2015	2016	2017	2018	2019
Total Budget	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Rehabilitation	\$945,861	\$950,007	\$946,862	\$949,996	\$948,182
Preventive Maintenance	\$0	\$0	\$0	\$0	\$17,312
Stop Gap (Funded)	\$54,152	\$50,006	\$53,146	\$50,009	\$34,476
Stop Gap (Unmet)	\$400,809	\$84,726	\$11,198	\$92,688	\$0
Deferred Maintenance	\$36,644,599	\$40,426,679	\$45,302,667	\$58,187,236	\$65,541,370
PCI after Treated	52	50	48	46	44

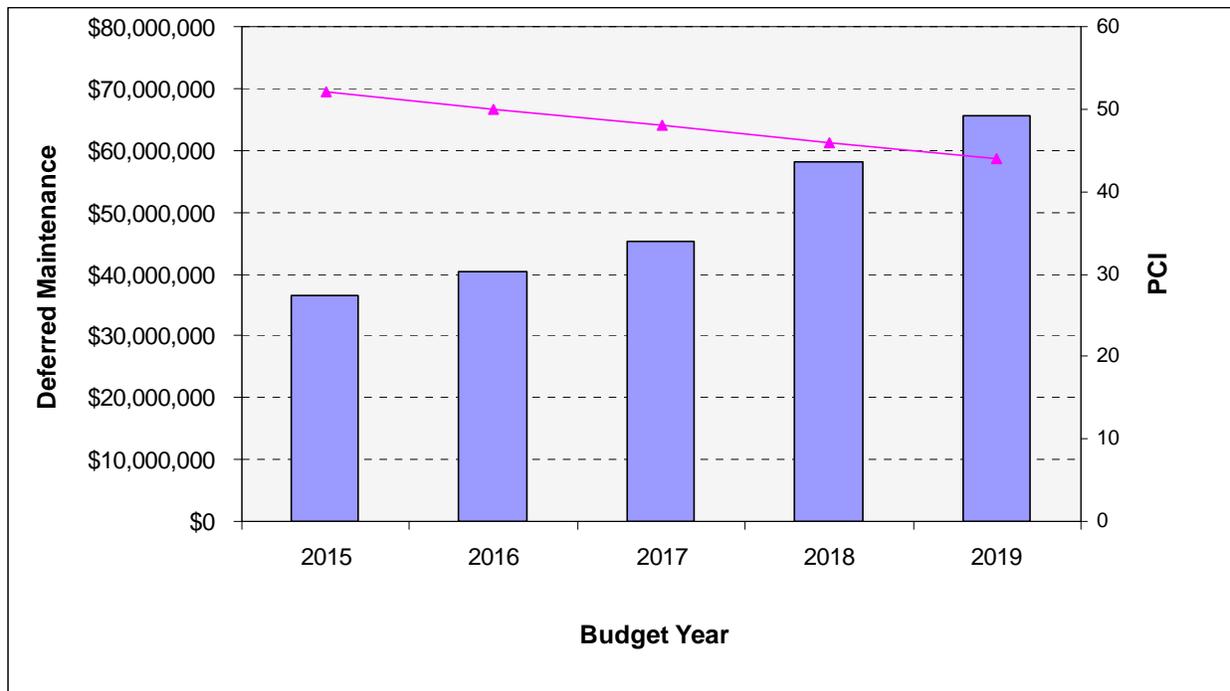


Figure 7. Deferred Maintenance & PCI after Treatment – Scenario 2

**Scenario 3 – Maintain Current PCI**

This scenario shows what the budget level must be in order to maintain the street network PCI at the current level of 51 over the five year period. Under this scenario, a total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance. While the PCI is stabilized, the annual budget will vary between \$0.3 million and \$6.7 million in 2018. The deferred maintenance will increase from \$37.2 million in 2015 to \$52.9 million in 2019. By the year 2019, 51.3% of network will fall into the ‘Very Good’ condition category while 40.3% of network will fall into the ‘Very Poor’ condition category. Table 5 and Figure 8 summarize results from Scenario 3. Detailed budget scenario results are provided in Section 5.3.

Table 5. Summary of Results from Scenario 3

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$368,105	\$1,839,688	\$5,365,272	\$6,822,923	\$3,261,515
Rehabilitation	\$316,325	\$1,103,009	\$5,095,667	\$6,667,217	\$3,260,942
Preventive Maintenance	\$51,780	\$736,679	\$269,605	\$155,706	\$573
Deferred Maintenance	\$37,222,653	\$40,073,246	\$40,376,748	\$47,232,236	\$52,856,796
PCI after Treated	51	51	51	51	51

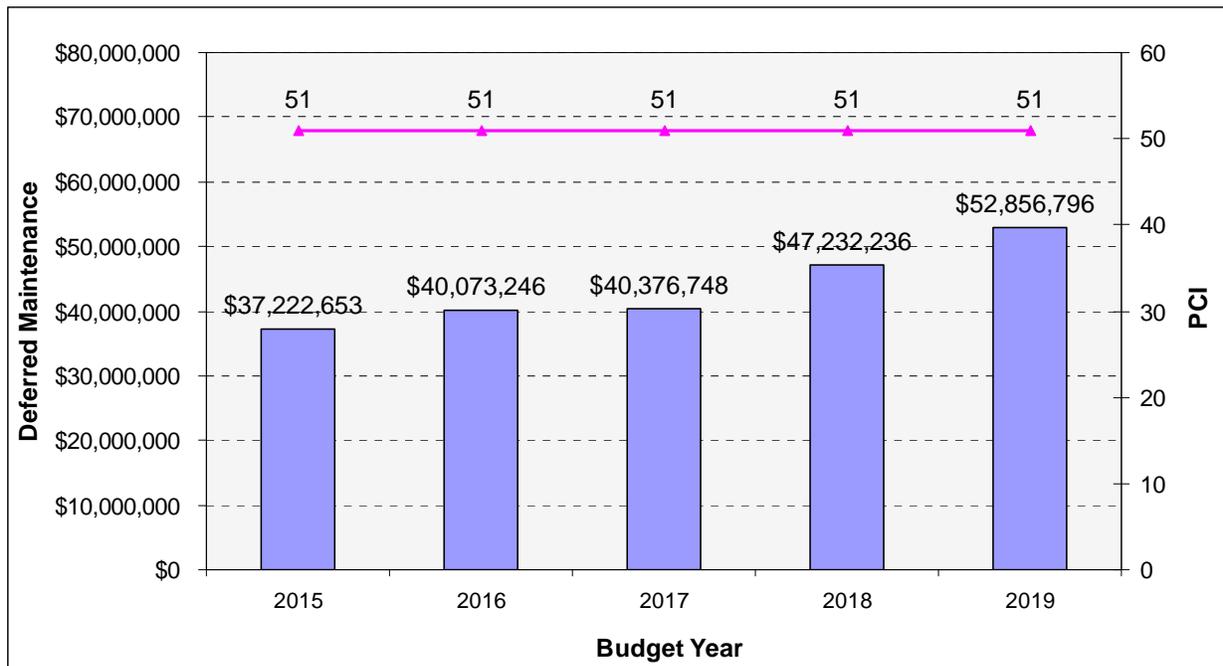


Figure 8. Deferred Maintenance & PCI after Treatment – Scenario 3

**Scenario 4 – Increase Current PCI by 5 Points**

Similar to Scenario 3, this scenario shows what the budget level must be in order to increase the street network PCI from the current level of 51 to 56 in year 2019. Under this scenario, a total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance. The annual budget will vary between \$0.7 million and \$7.5 million. The deferred annual maintenance backlog varies between \$35.2 million to \$48.7 million within the next five years. By the year 2019, 58.2% of network will fall into ‘Very Good’ condition category, while 36.1% of network will fall into ‘Very Poor’ condition category. Table 6 and Figure 9 summarize the results from Scenario 4. Detailed budget scenario results are provided in Section 5.4.

Table 6. Summary of Results from Scenario 4

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$799,598	\$5,263,005	\$7,767,947	\$5,866,694	\$4,304,000
Rehabilitation	\$747,818	\$4,505,217	\$7,520,136	\$5,710,956	\$4,302,251
Preventive Maintenance	\$51,780	\$757,788	\$247,811	\$155,738	\$1,749
Deferred Maintenance	\$36,790,861	\$36,265,163	\$35,188,315	\$44,220,691	\$48,713,589
PCI after Treated	52	53	54	55	56

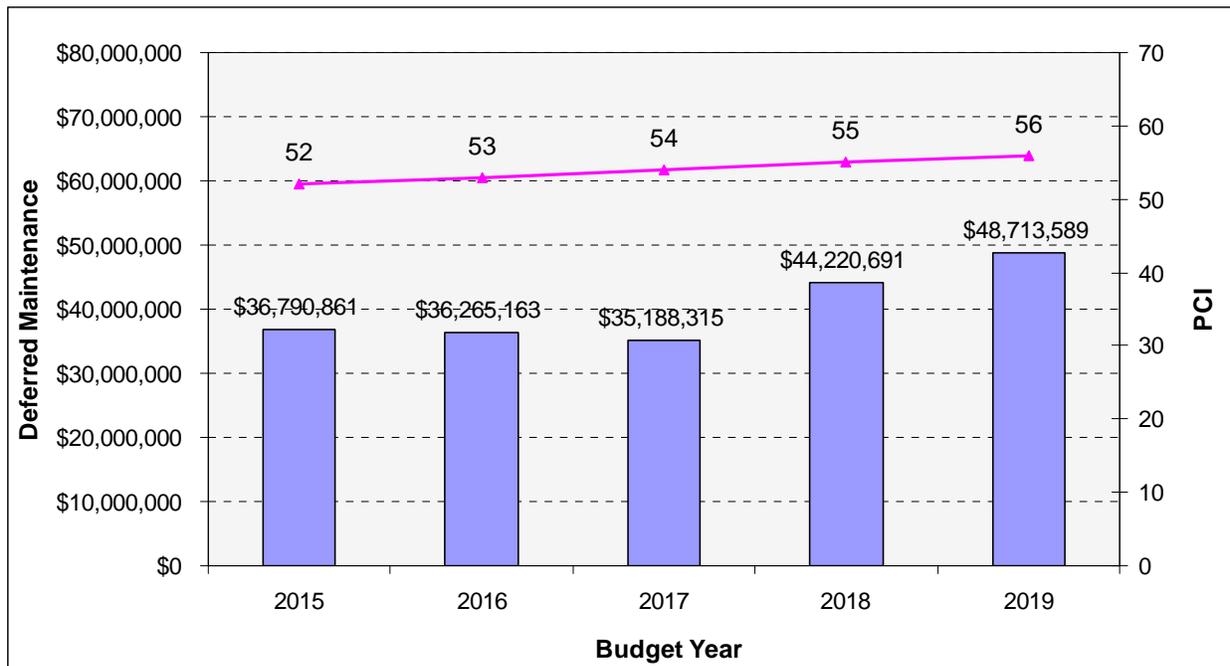


Figure 9. Deferred Maintenance & PCI after Treatment – Scenario 4

**Scenario 5 – Do Nothing**

Under this scenario, there will be no pavement maintenance work and the network PCI will decrease year by year. The network PCI will decrease from the current level of 51 to 40 after five years. In the meantime, the maintenance backlog will increase significantly from \$37.6 million to \$68.0 million in 2019. By 2019, only 24.6% of the network will be in the ‘Very Good’ condition category, while 41.9% of the network will fall into the ‘Very Poor’ condition category. Table 7 and Figure 10 summarize the results from Scenario 5. Detailed budget scenario results are provided in Section 5.5

Table 7. Summary of Results from Scenario 5

Item	Budget Year				
	2014	2015	2016	2017	2018
Total Budget	\$0	\$0	\$0	\$0	\$0
Rehabilitation	\$0	\$0	\$0	\$0	\$0
Preventive Maintenance	\$0	\$0	\$0	\$0	\$0
Deferred Maintenance	\$37,590,447	\$42,187,548	\$47,444,966	\$60,599,067	\$68,045,868
PCI after Treated	50	47	45	42	40

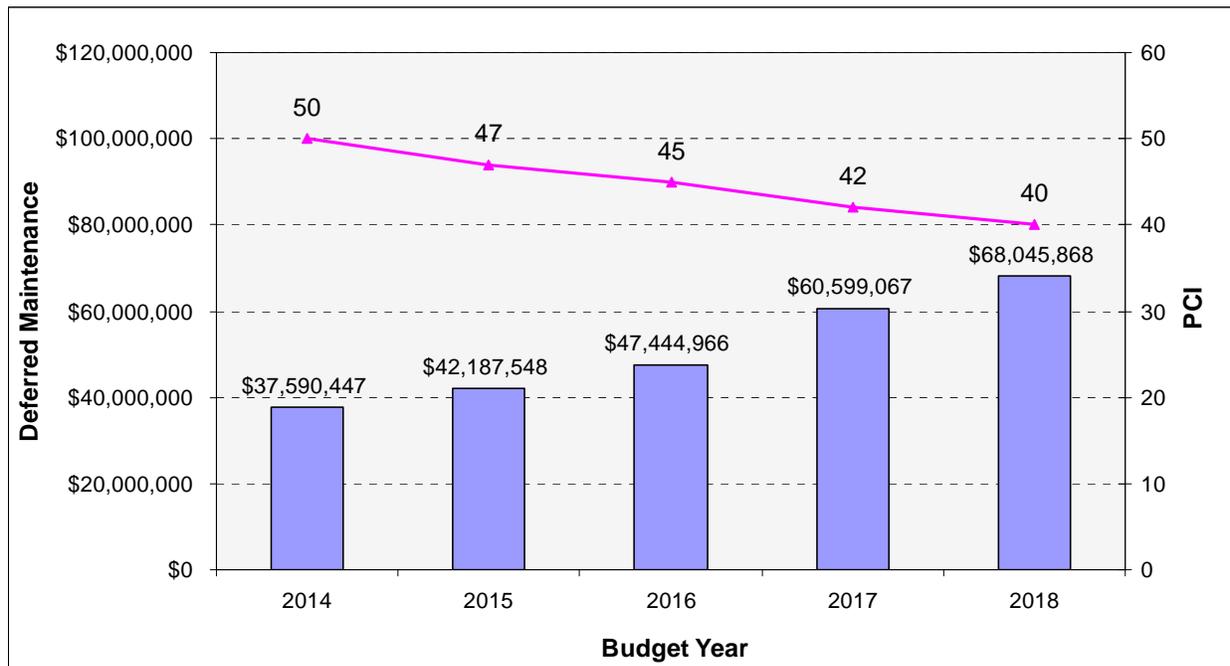


Figure 10. Deferred Maintenance & PCI after Treatment – Scenario 5

### Scenario Comparison

Figures 11 and 12 graphically illustrate the comparison of the five scenarios in terms of PCI and deferred maintenance. Figure 11 shows the comparison of the change of PCI over time using different budget scenarios. As shown, Scenario 1 (Unconstrained) will ultimately reach a PCI of 86, while Scenario 5 (Do Nothing) will decrease to a PCI of 40 after five years. Under Scenario 2 (Current Investment Level), the PCI will decrease to around 44 in year 2019, which indicates that current investment level will not be enough to prevent the deterioration of the pavement condition across the network. Figure 12 illustrates the change in deferred maintenance over time for each scenario. As expected, Scenario 1 (Unconstrained) will completely eliminate the deferred maintenance, while the amount of deferred maintenance will continuously increase and reach \$68 million in 2019 if no monies are spent on maintenance and rehabilitation.

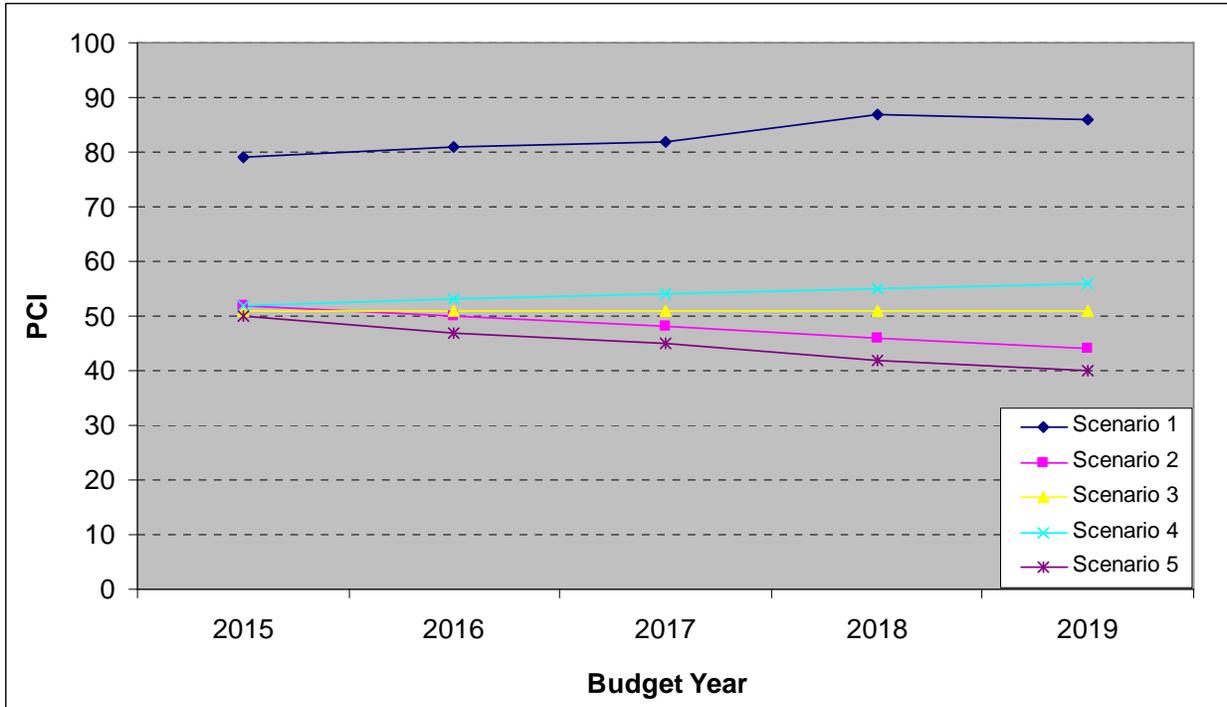


Figure 11. Comparison of PCI over Time under Different Budget Scenario

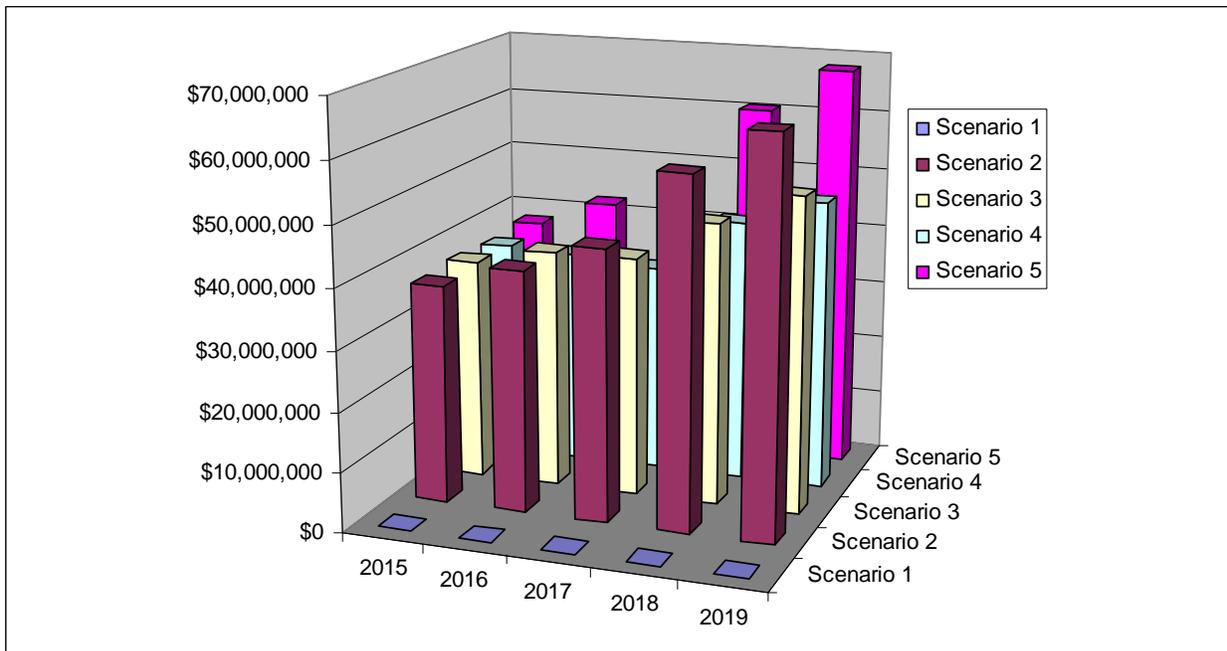


Figure 12. Comparison of Deferred Maintenance over Time under Different Budget Scenario

## DISCUSSION AND RECOMMENDATIONS

Of the various maintenance and funding options considered, the *ideal* strategy for the City of Martinez is presented in Scenario 1, with a five-year expenditure total of \$69.5 million. Not only does this budget plan improve the network PCI to an optimal level of 86, it also eliminates the

entire deferred maintenance backlog in the first year. However, the amount of funds required in the first year, approximately \$37.6 million, make this strategy unrealistic for the City of Martinez.

Under the current annual budget of \$1 million, the network PCI is anticipated to decrease to about 44 over the next five years, indicating the current investment level has almost no impact on preventing the deterioration of the current pavement condition. The percentage of the street network falling in the 'Very Poor' category will increase from 22% in 2015 to 41.9% in 2019, and the maintenance backlog will increase from \$36.6 million to \$65.5 million. The City's current funding level is clearly insufficient to maintain the whole of the street network in 'Good' condition.

It is important to utilize the information in this report to find a scenario that best fits the City's current financial climate, while making best use of the allowable funds to maintain the streets that are in good or better condition. Nearly 50% of the residential streets are currently falling in the 'Poor' to 'Very Poor' condition and without major capital funding, this situation will not improve. The most likely scenario is that the residential streets in this category will need to be ignored, until they reach a true failure status, at which time a low cost reconstruction treatment such as full depth reclamation or recycling is considered. Meanwhile, the available maintenance funds should be utilized primarily on the arterial and collector streets.

In addition to performing cyclic pavement condition inspections, unit cost information for the applications of various maintenance and rehabilitation treatments should be updated annually in the PMP 'Decision Tree Module.' If this data is not kept current, the City runs the risk of understating actual funding requirements to adequately maintain the street network.

The City has been using the PMP and appears to have maintained the overall condition of the street network in the "Good" category, although, unless these annual funds are increased to \$4 million or more, the overall street condition will continue a rapid deterioration. With additional funding, the backlog would be reduced and additional preventive maintenance treatments could be applied, which over time will enhance the overall network. The report provided in Section 6 was generated from the StreetSaver® software identifying recommended treatments for the next five years. This report was generated by the software and has not been reviewed for constructability efficiencies. To improve the condition of the street system and reduce the maintenance backlog, the City should continue to seek to increase funding for street maintenance.

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**Pavement Condition  
Of Bay Area Jurisdictions  
2015**

## Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015

3-Year Moving Average\*

Jurisdiction	County	Total Lane Miles	2013	2014	2015
<b>Very Good (PCI= 80–89)</b>					
Dublin	Alameda	253	85	86	85
Brentwood	Contra Costa	420	86	86	85
El Cerrito	Contra Costa	138	84	84	84
Colma	San Mateo	24	73	78	83
Foster City	San Mateo	120	81	81	82
Union City	Alameda	329	79	81	81
Clayton	Contra Costa	94	76	80	81
San Ramon	Contra Costa	484	78	78	80
<b>Good (PCI= 70–79)</b>					
Pleasanton	Alameda	501	77	78	79
Belvedere	Marin	23	81	80	79
Portola Valley	San Mateo	70	78	80	79
Palo Alto	Santa Clara	415	77	78	79
Solano County	Solano	936	75	77	79
Emeryville	Alameda	47	76	76	78
Atherton	San Mateo	106	81	79	78
Redwood City	San Mateo	344	76	77	78
Livermore	Alameda	681	77	76	77
Lafayette	Contra Costa	199	75	76	77
San Pablo	Contra Costa	102	78	77	77
Burlingame	San Mateo	161	75	75	77
Daly City	San Mateo	254	78	77	77
Los Altos Hills	Santa Clara	120	77	76	77
Sunnyvale	Santa Clara	638	77	77	77
Newark	Alameda	255	76	76	76
Brisbane	San Mateo	56	76	77	76
Menlo Park	San Mateo	198	76	77	76
Los Altos	Santa Clara	227	79	78	76
Oakley	Contra Costa	277	74	75	75
San Mateo	San Mateo	418	73	74	75

\*For annual (non-averaged) PCI scores, please contact MTC.

**Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015** (continued)

**3-Year Moving Average\***

<b>Jurisdiction</b>	<b>County</b>	<b>Total Lane Miles</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Danville	Contra Costa	323	72	73	74
Tiburon	Marin	65	73	74	74
South San Francisco	San Mateo	293	71	71	73
Santa Clara	Santa Clara	590	75	74	73
Windsor	Sonoma	171	70	70	73
Ross	Marin	22	72	72	72
Woodside	San Mateo	96	66	71	72
Campbell	Santa Clara	230	74	73	72
Milpitas	Santa Clara	298	69	72	72
Dixon	Solano	129	77	75	72
Sonoma	Sonoma	68	70	70	72
Alameda County	Alameda	990	71	71	71
Contra Costa County	Contra Costa	1,330	69	70	71
Hercules	Contra Costa	128	72	72	71
Walnut Creek	Contra Costa	435	71	71	71
Yountville	Napa	16	68	69	71
Hillsborough	San Mateo	166	73	72	71
Fairfield	Solano	709	71	71	71
Novato	Marin	319	71	70	70
San Mateo County	San Mateo	634	69	70	70
Mountain View	Santa Clara	331	73	72	70
Santa Clara County	Santa Clara	1,456	74	72	70

**Fair (PCI = 60–69)**

Alameda	Alameda	276	67	67	69
Fremont	Alameda	1,073	64	66	69
American Canyon	Napa	113	65	67	69
Gilroy	Santa Clara	258	73	73	69
Vacaville	Solano	618	68	69	69
Rohnert Park	Sonoma	228	67	68	69
Corte Madera	Marin	71	70	69	68
San Rafael	Marin	331	70	69	68
Los Gatos	Santa Clara	226	70	70	68

\*For annual (non-averaged) PCI scores, please contact MTC.

**Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015** (continued)

**3-Year Moving Average\***

<b>Jurisdiction</b>	<b>County</b>	<b>Total Lane Miles</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Morgan Hill	Santa Clara	256	74	71	68
Hayward	Alameda	655	68	67	67
Pinole	Contra Costa	118	68	67	67
Pittsburg	Contra Costa	332	63	65	67
San Francisco	San Francisco	2,140	65	66	67
Half Moon Bay	San Mateo	55	60	63	67
Cupertino	Santa Clara	297	66	65	67
Saratoga	Santa Clara	283	72	70	67
Antioch	Contra Costa	673	69	67	66
Sausalito	Marin	53	64	65	66
Napa	Napa	464	62	64	66
Piedmont	Alameda	78	69	67	65
Pleasant Hill	Contra Costa	225	65	65	65
Fairfax	Marin	55	65	65	65
San Bruno	San Mateo	180	61	62	65
Moraga	Contra Costa	110	53	58	64
Richmond	Contra Costa	571	65	64	63
Monte Sereno	Santa Clara	25	67	65	63
San Jose	Santa Clara	4,304	62	62	62
Cloverdale	Sonoma	65	64	63	62
Concord	Contra Costa	717	63	62	61
Healdsburg	Sonoma	93	61	60	61
Santa Rosa	Sonoma	1,097	63	62	61
Marin County	Marin	848	57	59	60
Mill Valley	Marin	116	60	58	60
San Anselmo	Marin	81.4	58	59	60
Sebastopol	Sonoma	47	63	62	60
<b>At Risk (PCI=50-59)</b>					
San Carlos	San Mateo	175	60	60	59
Berkeley	Alameda	453	58	58	58
East Palo Alto	San Mateo	79	56	58	58

\*For annual (non-averaged) PCI scores, please contact MTC.

**Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015** (continued)

**3-Year Moving Average\***

<b>Jurisdiction</b>	<b>County</b>	<b>Total Lane Miles</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Albany	Alameda	58	56	56	57
Oakland	Alameda	1,923	60	58	57
Benicia	Solano	196	59	59	57
Rio Vista	Solano	46	58	57	57
San Leandro	Alameda	381	57	57	56
Belmont	San Mateo	138	55	56	55
Pacifica	San Mateo	187	58	56	55
Suisun City	Solano	152	62	59	55
Calistoga	Napa	31	57	55	54
Millbrae	San Mateo	121	59	56	54
Napa County	Napa	832	58	56	53
Cotati	Sonoma	48	57	55	53
Martinez	Contra Costa	232	60	56	52
St Helena	Napa	51	40	45	50
<b>Poor (PCI=25-49)</b>					
Orinda	Contra Costa	193	48	49	49
Vallejo	Solano	715	49	47	49
Sonoma County	Sonoma	2,752	45	45	47
Petaluma	Sonoma	396	46	45	46
Larkspur	Marin	65	40	40	39
<b>Regional</b>		<b>43,045</b>	<b>66</b>	<b>66</b>	<b>66</b>

\*For annual (non-averaged) PCI scores, please contact MTC.

**Figure 1: Bay Area Local Roadways by Condition Category**

Lane Miles of Local Street & Road Pavement										
	Excellent	Very Good	Good	Fair	At-Risk	Poor	Failed	No Data	Totals	Annual Weighted Avg PCI
	PCI=90-100	PCI=80-89	PCI=70-79	PCI=60-69	PCI=50-59	PCI=25-49	PCI=0-24			
<b>Bay Area</b>	4,069	10,398	8,941	5,683	4,200	6,743	2,863	148	43,045	67
<b>Percent</b>	9.5%	24.2%	20.8%	13.2%	9.8%	15.7%	6.7%	0.3%	100%	

