March 17, 2009

TO: Board of County Commissioners

FROM: Alan Percell, County Auditor

SUBJECT: Urban Road Maintenance District Performance Evaluation

The Urban Road Maintenance District has efficiently and effectively improved the quality of Washington County’s urban local streets. That is the conclusion of a performance evaluation completed by the Auditor’s Office in collaboration with Framework LLC. The evaluation also forecasts that the District should be able to sustain current road conditions, given certain revenue and expense assumptions, for the next ten to fifteen years without requiring an increase in property tax rates.

The evaluation identified opportunities for improving performance reporting to the Board of County Commissioners; for improving the public’s oversight of the District’s performance; and for clarifying the District’s agreement with Clear Water Services for storm and surface water management services.

The County Administration substantially agrees with the evaluation’s findings and recommendations. The County Administrator’s response outlines a number of steps designed to take advantage of the identified opportunities for improvement.

I would like to thank Dave Schamp, Victoria Saager and the Operations and Maintenance staff for their assistance and cooperation during the evaluation.

If the Board of County Commissioners would like a more detailed discussion of this project we will request some time during a Board work session.
Performance Evaluation of the Urban Road Maintenance District (URMD)

Final Report
February 2009
# Performance Evaluation of the Urban Road Maintenance District

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I. Introduction

A. Overview

- The Urban Road Maintenance District (URMD, or District) was formed in 1987 and funded by voters in 1994 in order to provide upgraded road maintenance services for neighborhood streets in the urban unincorporated areas of Washington County.

- Consultants Linda Lewis of Framework LLC and Paul N. Lewis completed this performance evaluation of the URMD at the request of Alan Percell, Washington County Auditor.

- This report presents findings from the performance evaluation. Recommendations are included in the Summary of Findings and Recommendations.

B. Purpose of the Performance Evaluation

- Phase 1 of the URMD performance evaluation project was designed to answer the following questions:
  - Does the URMD provide the services and meet the objectives that were promised to District voters?
  - How efficiently does the URMD deliver road maintenance services? What do District residents receive for each dollar expended?
  - How effective has the URMD been in upgrading urban road maintenance services and improving the quality of urban roads?
  - Have service levels or performance changed over time?
  - How sustainable are service levels given anticipated funding? Will current levy rates provide for future maintenance and rehabilitation needs?
  - How should the URMD measure its performance going forward?

C. Study Methodology

- To complete this study, the consultants:
  - Reviewed published documents, internal memos and reports that documented the details of the URMD’s feasibility and formation,
  - Interviewed representatives from the County Departments of Land Use and Transportation (LUT) and Assessment and Taxation, and from Clean Water Services.
  - Examined County cost-accounting data, budgets and financial reports,
  - Examined service request data from the County’s Integrated Road Information System (IRIS),
  - Examined pavement condition as reported by the LUT’s StreetSaver® application.¹

¹ The consultants relied on data extracted from County applications and analyzed by LUT. These data were prepared according to the consultant’s specifications; however, the consultants did not personally extract these data, nor did we attempt to independently verify the accuracy of the data.
The URMD was formed in 1987, but funding was not approved by voters until March 22, 1994. The District was funded beginning in Fiscal Year 1994-1995. The URMD was inactive from 1987 to July 1 of 1994.

In some cases, data were not available until 2001 and analysis began with that year.

The County Auditor and consultants completed work on this evaluation in July of 2008. Draft findings and recommendations were subsequently reviewed by LUT, Clean Water Services, and the County Administrator. This final report includes corrections and clarifications identified during the review process.

D. Acknowledgements

- The consultants would like to thank the management and staff of the County’s Department of Land Use and Transportation, Operations and Maintenance Division for their cooperation in this review.

- In particular, Dave Schamp, Victoria Saager, Pat Ryan, Ray Nielson, Wayne Flynn, Richard Crucchiola, Kathy Gardiner, Dave Schultz, Greg Clemmons, Stacia Sheeler, and Mike Mills were very helpful.

- We would also like to thank Steve Keenon of Clean Water Services and the staff of Washington County Assessment and Taxation for their assistance.
II. URMD Objectives and Expectations

Does the URMD provide services and meet the objectives that were promised to District voters?

Have service levels or performance changed over time?

A. Published Objectives and Expectations of the URMD

- URMD objectives and expectations for services were described in published documents, including:
  - Ballot titles and related promotional materials for both the establishment and the funding of the URMD,
  - County ordinances #1 and #2 passed in 1988 and 2001 respectively,
  - An URMD feasibility analysis, \(^2\)
  - Other official correspondence and reports. \(^3\)

- The single, quantifiable **objective** of the URMD was to bring the pavement condition of neighborhood streets in the urban unincorporated area to the County’s standard of “Fair” or better. This objective was stated in the ballot title for the five-year operating levy (Measure 34-2) and was reiterated in promotional materials and other documents.

- The 1993 feasibility analysis projected that the pavement condition objective would be met within the first five years of URMD funding, and anticipated that sixteen miles of URMD roads would receive overlays annually to accomplish this objective.

- Ballot titles and County ordinances also described certain types of road maintenance **services** that the URMD could provide to the urban unincorporated area of Washington County. \(^4\) These services have been clarified and expanded over time. (See Table II-1 in the next section and Appendix 2 for more details.)

- **Other expectations** were identified as well:
  - Ordinance #1 specified that “each local road will receive routine maintenance services every year” and that “many local roads will receive major maintenance services, such as a chip seal or overlay, within the next five years.” (Both of these specific requirements were eliminated with the passage of Ordinance #2.)
  - The Metro Boundary Commission required that the District provide services in an “efficient and effective manner”. \(^5\)

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\(^2\) URMD Economic Feasibility Study/Analysis, prepared by the County’s Department of Land Use and Transportation in support of continuation of the URMD special district, 1993.

\(^3\) See Appendices 1 and 2 for details.

\(^4\) Ordinances described the services that the URMD is authorized, but not required, to provide. Ballot titles provided examples of some of the maintenance services voters might be expected to receive from the URMD.

\(^5\) Portland Metropolitan Area Boundary Commission approval was required to create the special district and to approve its continuation in 2003. The Commission cited ORS 451.62 during its continuation evaluation, which states that the County Board may order continuation of a county service district only if the district is providing services in an efficient and effective manner.
B. URMD’s Performance Against Objectives and Expectations

**Pavement Condition**

- The URMD has met its primary objective to improve the condition of urban local streets to a rating of “Fair” or better condition:
  - Pavement condition is measured using the Pavement Condition Index, or PCI. \(^6\)
  - Prior to the implementation of the URMD, 272 miles or 77% of urban local and neighborhood road miles within the URMD were rated Fair or better condition. At present, 420 miles or 99% of miles within the URMD are rated Fair or better condition. \(^7\)
  - In 2007, the mean PCI of URMD roads was 86. The mean PCI was 89 for Urban Local Roads and 84 for Neighborhood Routes. \(^8\)
  - Nearly six miles of pavement were rated “Poor/Very Poor” in 2007. LUT has determined that these miles will not be rehabilitated. \(^9\)

- The URMD substantially reached its pavement condition performance objective by 1999, five years after the District was first funded in 1993-94, as shown in the graph below: \(^10\)

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\(^6\) PCI is calculated using the results of routine physical inspections by an independent inspection firm and take into account the age of the street, composition of the street surface, and other factors.

\(^7\) The Department of Land Use and Transportation has used two automated tools to calculate PCI during the life of the URMD. The former Road Information System (RIS) and the current StreetSaver® application may have calculated PCI using slightly different internal formulas. Consequently, PCI ratings created in 1993 could be slightly different than those created in 1999 and 2007. The consultants did not examine the underlying formulas in either the RIS or StreetSaver®, but believe these PCI ratings can be used for general comparisons of pavement condition.

\(^8\) The URMD has responsibility for two functional classifications of roads in the unincorporated area: Urban Local (neighborhood streets) and Neighborhood Route (minor collectors in the urban area).

\(^9\) According to LUT, these miles serve very few residents and have low traffic volumes.

\(^10\) The consultants examined historical pavement condition data from 2001-2007. The pavement management application used in 1993-94 did not retain historical data, and data were not converted to StreetSaver® when it was implemented in 1998. StreetSaver® also does not retain historical data about pavement condition. We relied on historical “snapshots” of the pavement condition at various points in time from 2001-2007, preserved in electronic format. No electronic “snapshots” of the URMD’s pavement condition were taken prior to that time. Published Road Condition Status Reports for June 1992 and July 1999 were used to establish condition in those years.
Performance Evaluation of the Urban Road Maintenance District

Final Report 2/2009
Framework LLC

- Mean pavement condition improved during the period 2001 to 2007. A brief decline in the average condition of Neighborhood Routes was offset by an improvement in Urban Local roads.

**URMD Services**

- URMD residents receive most services identified in original ballot titles and authorized by the Urban Road Maintenance Service and Financing Ordinance ( Ordinance #2). See Table II-1.

- The following services have had little or no URMD or Road Fund expenditure activity in the last three years:
  - Bikeways\(^{11}\),
  - Footpaths, pedestrian walkways (except for bridge walkway maintenance),

\(^{11}\) Ordinance #2 does not include a reference to bikeways. Bikeways were included in the 1994 ballot title for Measure 34-2 as part of “limited neighborhood traffic services” that the County intended to provide if the measure was passed.

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- Bridge painting,
- Street sweeping,\textsuperscript{12}
- Culvert replacement\textsuperscript{13}.

- Funding responsibilities for URMD services have changed over time.
  - Since 2005 the County Road Fund, not URMD, has paid for certain so-called “Priority 1” services that qualify as hazards, emergencies, or services mandated by Federal, State or local law. These include for example snow and storm services, sight obstruction control, and traffic control devices (signals) and signs.
  - Clean Water Services provides street sweeping as part of its routine (non-URMD) storm water maintenance activities.
  - As a result of funding shifts, Ordinance #2 no longer describes current URMD services and responsibilities.

- The LUT’s Neighborhood Streets program provides traffic analysis services, planning and construction of traffic calming devices (speed humps, curb extensions, islands, diverters, circles, signs) and neighborhood safety training to URMD residents.
  - The program was created to make the Urban Road Maintenance District more responsive to voters in advance of the 1994 operating levy ballot.
    - In preparation for the election, LUT identified municipal-type neighborhood services such as enhanced traffic operations, litter and graffiti removal, parking regulations, and improved facilities for bikes and pedestrians that were often requested by citizens.
    - Services would be funded using County Road Fund dollars that had been used for road maintenance and would be made available for other purposes with passage of the URMD levy.
    - The final 1994 ballot title specified that “limited neighborhood traffic services” would include neighborhood and school zone safety improvements, traffic controls, bikeways, footpaths, and litter removal. (Graffiti removal was treated as preventative road maintenance for the purpose of the levy.)
  - The program has been funded by the URMD since FY 2002-03.
    - Consistent with the 1994 ballot title, the County Road Fund paid for the program until 2002.
    - Ordinance #2 made the Neighborhood Streets program an URMD responsibility in 2001; however, the URMD did not begin paying for the program until FY 2002-03.

- Despite changes over time current URMD funded services generally appear appropriate.
  - Ordinance #2 defines URMD’s road maintenance responsibilities in more detail but those responsibilities appear generally consistent with the 1994 ballot measure.
  - County funding for services that qualify as hazards, emergencies, or mandated services appears consistent with a URMD focus on preventative road maintenance.
  - URMD funding of “limited neighborhood traffic services” does not appear consistent with the 1994 ballot title and a URMD focus on preventative road maintenance.

\textsuperscript{12} Since FY 2004-05, total URMD and Road Fund expenditures on “random sweeping” in the URMD were $420.03.

\textsuperscript{13} Some URMD expenditures have been recorded; however, the URMD is only responsible for culvert maintenance.
### Table II-1: URMD Services

<table>
<thead>
<tr>
<th>URMD Services</th>
<th>Formation Ballot Title 9/15/1987</th>
<th>Serial Levy Ballot Title 3/22/1994</th>
<th>Ordinance #2 5/15/2001</th>
<th>Paid by URMD</th>
<th>Paid by Road Fund</th>
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<tr>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td></td>
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<td>Debris Removal</td>
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<td>Bridge Replacement</td>
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<td>Vegetation Control</td>
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<tr>
<td>Sight Obstruction Control</td>
<td></td>
<td></td>
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<tr>
<td>Vegetation Replacement</td>
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<td></td>
<td>✓</td>
<td></td>
<td></td>
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<tr>
<td>Graffiti Removal</td>
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<td></td>
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<tr>
<td>Litter Pickup/Removal</td>
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<td><strong>Drainage Operations</strong></td>
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<td>Ditching/Ditch Maintenance</td>
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<td>Culvert Maintenance</td>
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<tr>
<td>Culvert Inspection</td>
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<tr>
<td>Erosion Control</td>
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<tr>
<td><strong>Traffic Maintenance</strong></td>
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<tr>
<td>Marking, Striping</td>
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<td></td>
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<tr>
<td>Signage</td>
<td></td>
<td></td>
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<tr>
<td>Neighborhood Safety/Traffic</td>
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<td>Snow/Storm Services</td>
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<td>Street Sweeping</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
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</tr>
</tbody>
</table>

General Note: This table was prepared by comparing services referenced in published sources with actual expenditures on URMD roads made by the URMD or County Road Fund from FY2004/05 through FY 2006/07. Ordinance #2 authorizes URMD services, but does not require the URMD to provide all of them. See Appendix 2 for more details.

1. Ballot Title called for the County, not URMD, to pay for these services.
2. Is an URMD cost category, but had no charged expenditures during most recent three years.
3. Some URMD expenditures were reported in CAS in FY 2006/07. These may have been re-classified at a later date.
4. URMD expenditures were recorded for pedestrian walkway maintenance on bridges only.
5. Clean Water Services sweeps streets as part of routine (non-URMD) service.
6. URMD is not responsible for bridge replacement; this would be paid for using Road Fund or federal funds.
7. These expenditures are not specifically itemized but may be included in the general landscape maintenance category.
8. Some URMD expenditures reported in FY 2005/06 are presumed to be for maintenance only, not replacement.
III. URMD’s Performance: Efficiency

How efficiently does the URMD deliver road maintenance services? What do District residents receive for each dollar expended?

A. Resource Allocation

- Historically, the URMD has allocated between 70% and 80% of its annual expenditures to its surface treatment program, with the exception of 52% in 2002-2003. This program funds pavement overlay and pavement sealing services designed to address roads with less than the desired pavement condition.

- Expenditures for other URMD programs, including vegetation management, drainage, traffic operations and bridge operations have averaged 13% of total URMD expenses.

- Planning, administration and various other expenditures averaged 13% of total URMD expenses between 1994-1995 and 2006-2007. In 2002-2003 and 2003-2004 this included approximately $128,000 and $145,000 respectively for “traffic studies” related to the Neighborhood Streets Program: costs that were paid for out of the County’s Road Fund in future years.

- URMD began funding the Neighborhood Streets Program (NSP) in 2002-2003 and NSP expenditures have averaged 5% of total URMD expenditures since that time.

- The URMD focused more of its Surface Treatment Program expenditures on contracted overlay treatments in the first eight years of URMD funding than in the last five years.
  - Expenditures on overlay treatments averaged 79% of contracted surface treatment expenditures between 1994 and 2001.
  - This compared to 61% between 2002-2003 and 2006-2007.
URMD Surface Treatment Program Expenditures: Contracted Slurry Seal v. Overlay

% of Surface Treatment Exp.

- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

Fiscal Year

94-95 95-96 96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04 04-05 05-06 06-07

Source: URMD Financial Report compilation

B. Unit Costs

- The cost per mile of overlaying a street has increased faster than the cost per mile to slurry seal a street.

Average Cost per Mile: Overlay and Slurry Seal

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Overlay Cost/Mile</th>
<th>Slurry Seal Cost/Mile</th>
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<tbody>
<tr>
<td>94-95</td>
<td>$122,055</td>
<td>$6,674</td>
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<td>07-08</td>
<td>$0</td>
<td>$340,000</td>
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</table>

Source: URMD data on cost and miles treated

- The increase in the URMD’s contract overlay cost per mile was consistent with the increase in the Oregon Department of Transportation’s (ODOT) Highway Surfacing Cost Index from 1994-1995 to 1998-1999 but has increased faster than the ODOT index from 1999-2000 through 2007-2008.
  - This increase in URMD overlay costs per mile relative to the ODOT index in 2006-2007 corresponded to a decline in the total URMD road miles treated with an overlay in those years.
  - The decline in URMD overlay costs per mile relative to the ODOT index in 2007-2008 corresponded to an increase in URMD road miles treated with an overlay in that year.
C. Administrative and Overhead Costs

- Per its Intergovernmental Agreement (IGA) with the URMD, Washington County’s Department of Land Use and Transportation (LUT) administers the URMD, develops contracts for maintenance work and manages contractors and contracts on behalf of the URMD. This support allows the URMD to operate without directly employing any staff.

- URMD pays LUT for the staff time spent administering the URMD’s programs.
  - In 2006-2007 direct labor payments for URMD administration staff support represented approximately 11% of the salary costs of the person responsible for supporting the URMD.
  - In 2006-2007 the URMD paid LUT approximately $146,000 for LUT staff to administer URMD’s $1.8 million surface treatment program. These costs included contract development, contractor monitoring and inspection of the work performed.

- URMD incurs indirect or overhead costs in several ways:
  - Direct labor charged to the URMD for LUT staff includes administrative costs related to the specific LUT services as determined by LUT’s cost allocation plan which LUT prepares annually in compliance with OMB Circular A-87.
  - URMD pays a share of LUT department administration as determined by LUT’s annual cost allocation plan.
  - URMD pays a share of County-wide indirect costs as determined by the County’s annual cost allocation plan.
  - The indirect or overhead costs paid by URMD to LUT and Washington County totaled $18,379 in 2006-2007 or less than 1% of total URMD expenditures.

- Administrative costs do not appear high relative to total URMD expenses.
  - The total costs paid by URMD to LUT for staff time spent on general URMD administration represented slightly more than one quarter of 1% of URMD expenditures in 2006-2007.
  - The total costs paid by URMD to LUT for administration and monitoring of URMD’s surface treatment program represented approximately 8% of URMD’s surface treatment program expenditures in 2006-2007.
  - Total URMD administrative costs averaged approximately 10% from 1994-1995 through 2006-2007 with recent years below 10%.
- LUT costs related to supporting the URMD are not fully charged to the URMD.
  - One Operations Engineering staff that directly supports the URMD does not directly charge the URMD for time spent working on URMD related tasks. That staff person estimated that 30% of their time was spent supporting the URMD representing approximately $26,000 in salary and benefits expenses in 2007.
  - URMD roads represent approximately 33% of the County’s total roads and 42% of total paved miles. However, LUT’s cost allocation plan indicates approximately 9% of Operations Administration personnel costs or $110,000 were allocated to the URMD and Service District for Lighting (SDL) combined in LUT’s 2007-2008 cost allocation plan. If LUT’s 2007 cost allocation plan allocated 33% of Operations Administration personnel costs to the URMD and SDL the amount allocated to the two district’s would increase by an estimated $293,000.

D. Contract Management
- Two types of contractual relationships impact the URMD. These are:
  - **Intergovernmental Agreements (IGAs)** for services. IGA’s have been completed between the URMD and the Department of Land Use and Transportation or LUT (for administration) and Clean Water Services (for surface water management.)
  - **Direct contracts** for maintenance services, managed through both IGAs.

**Land Use and Transportation (LUT)**
- The LUT develops annual contracts for overlays, slurry seal and related road maintenance work and manages contractors and contracts on behalf of the URMD. LUT also contracts for installation of traffic calming devices.
  - Contractors bid a set price for contract pay items (base repair, curb grinding, overlay, slurry seal, crack seal for example) based on the estimated volume of work to be completed.
  - LUT contract managers are responsible for overseeing the competitive bid process, executing and managing the contracts.
  - Contractors do not invoice the County; instead, contractors are paid based on daily reported pay units completed.
- Separate contracts for overlay and slurry seal are executed for URMD and for the remainder of County roads
  - LUT believes that URMD road work is significantly different from work on other County roads to warrant separate contracts.
  - URMD work volumes are large enough to ensure competitive pricing.
  - LUT realizes some economies of scale by combining advertising, proposal evaluation, and monitoring activities for all contracts to ensure efficient administration.
• The Intergovernmental Agreement between the URMD and LUT results in administrative efficiencies for the URMD.
  - The IGA eliminates need for separate URMD staff and allows the URMD to access LUT’s personnel for specific program management skills.
    ▪ The URMD pays for approximately 11% of one full time LUT staff person on general URMD administration.
    ▪ The URMD pays the equivalent of less than one full time LUT staff person for six of its seven program areas.
  - The URMD/LUT agreement provides the URMD with access to:
    ▪ LUT’s established business processes, practices and standards.
    ▪ County and LUT information technology and GIS resources.
    ▪ County financial systems and fiscal controls.

Clean Water Services (CWS)

• The URMD makes an annual payment to CWS each year to maintain storm water conveyance facilities, including storm drains, roadside ditches and swales, driveway culverts, cross piping, and roadside piping systems within the URMD.14
  - CWS maintains all roadside ditches and swales (the conveyance utility) and performs other activities necessary to preserving water quality and meet federal surface water permit requirements in the URMD service area.
  - CWS is also responsible for maintaining and replacing culverts that are less than 36” in diameter.

• The total amount of the URMD’s annual payment to CWS is calculated during the County’s budget process.
  - In February of each year, CWS submits an annual report to the County describing work performed using URMD funds.
    ▪ The report details location, date, and type of work performed.
    ▪ LUT reviews the annual report, and uses it to estimate the payment to be made in September.
  - CWS determines which work requests are “charged” to the URMD service area, Road Fund, or some other source.
  - There are no direct billings or invoices for work performed.

• The CWS/URMD agreement does not require a direct relationship between CWS’s actual costs to perform work and the annual payment for work. Consequently, CWS’s costs to provide services do not always match URMD payments:

<table>
<thead>
<tr>
<th></th>
<th>2004-05</th>
<th>2005-06</th>
<th>2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual URMD Costs (per CWS)</td>
<td>$268,256</td>
<td>$134,383</td>
<td>$189,636</td>
</tr>
<tr>
<td>URMD Payment</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Difference</td>
<td>$(68,256)</td>
<td>$65,617</td>
<td>$10,364</td>
</tr>
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</table>

14 “Agreement between Clean Water Services, Washington County and the Urban Road Maintenance District”, Revised 1/4/05.
• It is not clear how services to the URMD might change in absence of the IGA.
  - CWS collects Surface Water Management (SWM) fees from URMD residents. These fees are used to provide surface water management services such as watershed planning, catch and detention basin cleaning, storm drain maintenance, street sweeping, and emergency storm response in all areas of the County. (SWM fees are not used to fund ditching, however.)
  - CWS has exclusive NPDES permit responsibility, but received compensation for that responsibility as part of the IGA with the County and URMD.\textsuperscript{15}

• The URMD’s storm water work program is not being jointly developed by the County, URMD and CWS, as required by the IGA.
  - According to the IGA, “Work Program and Performance Standards are adopted by the District [CWS] after considering input from the County and URMD to define the activities required to operate and maintain the public sanitary sewer and storm surface water systems. Work programs and performance standards for roadside storm water facilities are adopted by the County, after considering input from the District.”\textsuperscript{16}
  - CWS does not receive an expected work program from the URMD other than the URMD’s annual list of scheduled overlay and slurry seal work.
  - LUT receives a general statement of the types of work to be performed by CWS, but the statement does not include specific work to be performed by project or by URMD road.

\textsuperscript{15} Prior to the execution of the revised IGA in 2004, CWS and Washington County shared NPDES permit responsibility. The IGA between CWS and the URMD resulted in CWS becoming the only NPDES permit holder in the County.
\textsuperscript{16} Intergovernmental Agreement Between Washington County, Urban Road Maintenance District and Clean Water Services, 1/13/2005.
IV. URMD’s Performance: Effectiveness

How effective has the URMD been in upgrading urban road maintenance services and improving the quality of urban roads?

A. Pavement Condition

- The primary measure of the effectiveness of the URMD is its pavement condition, as measured by the Pavement Condition Index, or PCI.
  - The stated purpose of the URMD is to maintain local roads in the urban unincorporated area to “Fair” or better condition. This was presented in ballot titles and confirmed in County ordinance.
  - Pavement surface treatment represents the largest component of the URMD’s annual expenditures, averaging between 70% and 80% of total expenditures since voters approved URMD funding in 1994.
- URMD pavement condition is the same as the average for the County’s entire road system and the condition of URMD roads is better than the condition of rural local roads.
  - The mean PCI of URMD roads was 86 (“Good / Very Good”) in 2007 compared to 86 (“Good / Very Good”) for Washington County’s entire road system.
  - According to the County’s Transportation Plan 2020, 98% of URMD local roads are in “Fair” or better condition compared to 78% of rural local roads.
- The condition of URMD roads exceeds the “base condition” PCI targets for URMD roads identified in the County’s Transportation Plan targets for urban road surfaces.
  - URMD roads had a mean PCI of 86 in 2007. The County’s Transportation Plan identifies a target PCI of 65 for Urban Local roads and 70 for Neighborhood Routes.
  - The proportion of URMD road miles rated “Fair” or better was 98.6% in 2007. The Transportation Plan identifies a target of 90% roads rated fair or better for Urban Local roads and Neighborhood Routes.
- The average Pavement Condition Index (PCI) exceeds 80 for all URMD road age cohorts and for both Urban Local and Neighborhood Route road classifications.

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17 This plan was updated in 2002.
B. Bridge and Culvert Condition

- URMD expenditures on bridge and culvert maintenance represented 8.4% of total URMD expenditures in 2006-2007.

- Consistent with federal guidelines, URMD bridges are inspected by the County once every 24 months.\(^{18}\)
  - The County assigns a bridge Sufficiency Rating, based on a mathematical summary of inspection results and inventory items.
  - LUT identifies maintenance needs and establishes bridge replacement priorities based on the results of these inspections.
  - Bridges are considered to be eligible for federal funding if their Sufficiency Rating falls below 50.

- Average (mean) bridge condition, as measured by the Sufficiency Rating, remains high for URMD bridges as indicated in the table below:

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</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>69.9</td>
<td>81.1</td>
<td>81.0</td>
<td>82.5</td>
<td>78.1</td>
<td>84.8</td>
<td>82.4</td>
<td>84.8</td>
<td>82.4</td>
<td>83.1</td>
<td>71.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>75.3</td>
<td>80.8</td>
<td>81.0</td>
<td>82.5</td>
<td>80.5</td>
<td>84.8</td>
<td>81.5</td>
<td>84.8</td>
<td>81.5</td>
<td>81.9</td>
<td>81.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Num Inspected</td>
<td>6</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td>4</td>
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<td>4</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>0</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

- A small proportion of bridges and culverts on/adjacent to URMD roads are in need of repair/replacement.

\(^{18}\) Two URMD bridges (Barrows Road and Sewell Road) are not required to have regular inspections, since they are less than 20’ long – the federal minimum for defining a “bridge”. These bridges were inspected in 2006.
Barrows Road Bridge is functionally obsolete, weight-limited, and is at the end of its design life. The County is attempting to determine the future of this bridge.

Nichol Road Bridge has a condition rating of 49. Repair/replacement is not yet scheduled.19

Four culverts on URMD roads (6%) have a Condition Rating of 3 or less.20

- One culvert is less than 24” in diameter, and is the responsibility of CWS.
- LUT is currently involved in a multi-year program to replace culverts with a Condition Rating of 2 or 3.
- According to LUT, some work performed on URMD culverts is considered to be emergency work or hazard abatement, and would qualify for Road Fund payment.

- The consultants did not attempt to determine the condition of URMD surface water conveyance (ditches.)

C. Neighborhood Streets Program

- URMD expenditures on the Neighborhood Streets program represented 4.8% of total URMD expenditures in 2006-2007.
- During the period 1994-95 through 2006-07, the program installed the following traffic calming devices on URMD roads:
  - 102 bumps,
  - 5 curb extensions,
  - 2 islands,
  - 2 circles,
  - 1 diverter.
- It is difficult to measure the effectiveness of the Neighborhood Streets Program, given available data.
  - Many of its benefits are intangible, and related to the overall satisfaction of residents with program activities and traffic calming services.
  - The program does not measure customer satisfaction using surveys or other quantifiable tools.
  - The program captures information about average speed reductions resulting from some of its projects, based on speed samples taken pre and post-calming activities.

19 According to LUT, Bridge 1202 on Nichol Road is on a relatively low volume road. As of June 5, 2008 the bridge ranked #5 on the County’s Bridge Replacement Priority Rankings.
20 On a scale of 1 to 9, “poor” is 1 or 2 and “new” is 9.
Measurements are taken at a point in time and do not look at whether reductions are sustained over time.

D. Customer Service

- LUT does not measure the overall satisfaction of URMD residents with URMD services.
- This study examined data from the Integrated Road Information System (IRIS) Service Request data base in an attempt to:
  - Determine if the frequency and type of customer requests for service have changed over time.
  - Examine the timeliness of LUT’s completion of requests, since timeliness is often used as a measure of customer service.
- Total customer request volumes peaked in 2003, but have been relatively stable since that time.
- The graphic below displays the four most frequent request categories per 1000 of population.
  - Requests for sign and signal work are the largest single request category in the URMD.
  - Vegetation-related requests (brush and tree trimming, sight distance issues, and general vegetation issues) have been significant, but are declining.
  - Maintenance-related requests (requests related to pot holes, rough pavement, shoulders and the like) have gradually declined over time. This is consistent with improved pavement quality in the URMD.

![URMD Service Requests Per 1,000 of Population](image)

Source: LUT Integrated Road Information System (IRIS) and LUT population data
Based on study data, URMD residents receive timely response to many of their most frequent requests. The median number of days from the logged request to completion is as follows:

- Less than one day for damaged or missing signs and signals. (LUT’s practice has been to handle these requests within two hours.)
- Less than one day for vegetation impacting sight distance,
- 14 days for brush and tree issues,
- 7 days for general vegetation issues.

Some maintenance requests appear to take longer to close:

- Pot holes take 24 days to close (median), with a range of <1 to 759 days.
- Sink holes took 88 days to close (median), with a range of <1 to 401 days.
- Rough pavement took 100 days to close (median) with a range of <1 to 351 days.
- Certain maintenance work must be added to the scheduled work program and will not be completed until scheduled work is completed.

Investigations, primarily field observations by LUT staff, are completed quickly; in less than a day (median).

The average (median) days to close a service request is only a general indicator of customer service:

- According to LUT staff, many completed service requests do not get marked as such in IRIS. (The consultants did not attempt to independently verify this.)
- Certain requests are held open because they require further investigation or because work must be coordinated with scheduled maintenance or performed during good weather periods.

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21 See Appendix 3 for study methodology and limitations.
V. Sustainability of the URMD

How sustainable are service levels given anticipated funding? Will current levy rates provide for future maintenance and rehabilitation needs?

A. Overview

- The ability of the URMD to fund maintenance activities to meet desired service levels depends on current cash reserves, current asset condition and amount of deferred maintenance, and projected revenues, expenses and service levels. Analysis of each of these topics is presented below followed by conclusions regarding URMD sustainability.

- This sustainability analysis focuses on the ability of the URMD’s current revenue base to fund current road maintenance responsibilities and assumes no increase in property tax revenues related to new construction and no increase in the number of road miles maintained.

B. URMD Net Revenue and Cash Reserves

- The URMD is funded through a District-wide tax assessment that began in Fiscal Year 1994-95.
  - In July of 1997 Measure 50 made the District’s operating levy a permanent fixed-rate property tax levy of approximately $.2456 per $1,000 of assessed valuation.
  - The URMD property tax levy generated $3,093,427 in 2006-2007 or 96% of total URMD revenues.
  - The URMD’s other primary revenue source is interest earnings.

- Growth in URMD revenues, after adjusting for inflation, has not kept pace with the growth in URMD population or road miles.
  - Inflation adjusted URMD revenue per capita declined at an average annual rate of 1.2% and decreased a total of 13.0% between 1994 and 2007.
  - Inflation adjusted URMD revenue per mile declined at an average annual rate of 1.4% and decreased a total of 15.5% between 1994 and 2007.
As of June 30, 2007, the URMD had a cash balance of approximately $3.3 million (unrestricted net assets of approximately $3.0 million) or approximately $1.6 million more than the cash reserve target for working capital.

- URMD staff have identified the need to have cash reserves (working capital) equivalent to 4.5 months of expenses at the end of each fiscal year to pay expenses in the subsequent fiscal year until the URMD receives property tax revenue in November.
- The equivalent of 4.5 months of expenses at the end of FY 2007 was $1,658,676 based on FY 2008 budgeted maintenance expenses of $4,423,135. Cash reserves as of June 30, 2007 exceeded URMD’s targeted working capital amount by approximately $1.6 million.

- URMD revenues have exceeded expenses in all but four of thirteen years allowing cash reserves to increase.
  - Accumulating cash reserves allow the URMD to pay for a larger scheduled maintenance work program in years where URMD road conditions warrant an expanded overlay or slurry seal work program.

The URMD’s tax rolls may not reflect appropriate annexations since voters established the URMD.

- County development rules require undeveloped parcels within the County’s unincorporated urban growth area to annex to the URMD prior to development.
- According to records provided by Assessment and Taxation there have been only two annexations to the URMD since 1995-1996 involving ten tax accounts.
- LUT staff analysis of tax lots within the URMD and within the urban unincorporated area suggests that tax lots are not accurately coded to the URMD. However, the impact on URMD property tax revenues is not significant representing less than one-half of one percent of URMD 2006-2007 revenues.
The inventory of roads maintained by the URMD may not reflect the appropriate assignment of road maintenance responsibilities between URMD and the County. LUT staff identified 39 road segments totaling 11.6 lane miles that were inside the current urban growth boundary and outside of a city but that are not maintained by the URMD. These roads may more appropriately be the URMD’s maintenance responsibility.

C. Current Asset Condition and Deferred Maintenance

- As discussed earlier, mean URMD pavement condition is rated “Good/Very Good”, is the same as the average for the County’s other paved roads and exceeds the County’s Transportation Plan 2020 targets for urban road surfaces.
- A small proportion of bridges and culverts on/adjacent to URMD roads are in need of repair or replacement. Some of these repairs or replacements are to be paid for by URMD; many will be paid for by the County Road Fund.
- The consultants did not attempt to determine the condition of URMD surface water conveyance (ditches).
- In 2007 the URMD had approximately six miles of roads rated as poor or very poor indicating a potential need for reconstruction. However, LUT staff indicate that these roads are not good candidates for reconstruction given limited traffic volumes or other circumstances.
- Based on the current condition of URMD roads the URMD does not appear to have a significant unfunded liability for deferred maintenance.
  - If the URMD determined that it needed to reconstruct all roads in poor or very poor condition it appears that it has sufficient cash to fund such a reconstruction.
  - At an estimated cost of $300,000 per mile the total cost to reconstruct roads in poor or very poor condition would be $1.8 million or approximately 60% of the URMD’s unrestricted net assets as of June 30, 2007.
  - We did not measure deferred maintenance on culverts, bridges or other infrastructure.

D. Projected Revenues, Expenses and Service Level

- The URMD sustainability analysis revenue projection uses an annual average growth rate of 2.6%.
  - URMD revenues increased by an average annual rate of 2.5% between 1994-1995 and 2006-2007. The average annual growth rate between 2001-2002 and 2006-2007 was 3.3%.
Average annual growth in the URMD’s property tax revenue between 1994-1995 and 2006-2007 was 2.2%. The average annual growth rate between 2001-2002 and 2006-2007 was 5.1%.

The average annual growth in interest earnings was 12.6% reflecting increasing URMD cash reserves.

The average increase in the URMD’s Maximum Assessed value ranged from 2.58% and 2.71% between 1999-2000 and 2007-2008.

The sustainability analysis assumes that 75% of total URMD revenues will be available to fund the URMD surface treatment program. This compares to an average of 74% of revenue available to fund the surface treatment program between 1994-1995 and 2006-2007 and 72% between 2001-2002 and 2006-2007.

The URMD sustainability analysis expense projection uses an annual average growth rate in surface treatment program costs of 5%.

The average annual growth in surface treatment costs per mile was 5.1% between 2001-2002 and 2007-2008. This represents a combining of a 5.8% average annual increase in overlay costs per mile with a 3.7% average annual increase in slurry seal costs per mile.

The URMD sustainability analysis used the service level results from nine StreetSaver® expenditure scenarios.

Seven of the expenditure scenarios used flat annual surface treatment program expenditures of between $0 per year up to $3,000,000 per year at $500,000 per year increments. One scenario allowed annual expenditures to be set at a level to maintain current service levels into the future. One scenario used annual expenditures of $2.3 million per year.

The average annual expenditure on URMD’s surface treatment program was $2.0 million between 2001-2002 and 2007-2008 (through January 2008).

All scenarios were modeled over a ten and fifteen year period.

The StreetSaver® results for each scenario identified the mean PCI of URMD roads by year and the percentage of roads in each condition classification at the end of the ten or fifteen year period after applying the designated expenses in the manner proscribed by the StreetSaver® program.

E. Overall Sustainability of the URMD

Using the assumptions identified above, the URMD’s current property tax levy appears to be sufficient to maintain nearly 100% of URMD roads in fair or better condition over the next ten to fifteen years assuming the URMD allocates 75% of revenue to the surface treatment program.
### Financial Sustainability

<table>
<thead>
<tr>
<th></th>
<th>$2.5 Million/Yr</th>
<th>$2.3 Million/Yr</th>
<th>$2.0 Million/Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Expenditures Funded Through 2017²</td>
<td>89%</td>
<td>97%</td>
<td>116%</td>
</tr>
<tr>
<td>Percentage of Expenditures Funded Through 2022²</td>
<td>82%</td>
<td>89%</td>
<td>108%</td>
</tr>
<tr>
<td>Expenses Exceed Revenue in Year</td>
<td>2008</td>
<td>2009</td>
<td>2017</td>
</tr>
<tr>
<td>Estimated Cash Reserve/(Deficit) at the End of 2017</td>
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<td>($1,600,000)</td>
<td>$3,500,000</td>
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<tr>
<td>Estimated Cash Reserve/(Deficit) at the End of 2022</td>
<td>($11,400,000)</td>
<td>($6,900,000)</td>
<td>$2,000,000</td>
</tr>
</tbody>
</table>

### Projected Pavement Condition

- Mean PCI: 2017: 83, 82, 82
- Mean PCI: 2022: 81, 81, 81
- % Miles Fair or Better: 2017: 99.3%, 99.4%, 99.0%
- % Miles Fair or Better: 2022: 100%, 100%, 100%

Note 1) Expenditures in 2008 dollars inflated by 5% per year.

Note 2) Comparison of the net present value of 75% of projected URMD revenues plus $1.5 million of current cash reserves and the net present value of projected surface treatment expenditures.

- Surface treatment program costs have increased and decreased significantly from year to year between 2001-2002 and 2007-2008.

- If average annual surface treatment cost per mile increase at 7.5% per year instead of the projected 5.0% an annual surface treatment program expenditure of $2.0 million per year is not sustainable beyond 2017.

- The StreetSaver® scenario results identify diminishing returns on surface treatment program expenditures that begin at an annual expenditure level of approximately $1.5 million per year.
2017 and 2022 Road Condition Projection for Selected Funding Scenarios

- 2017 PCI
- 2022 PCI
- 2022 % Fair+

<table>
<thead>
<tr>
<th>Annual Funding Scenario</th>
<th>Projected PCI</th>
<th>2017 PCI</th>
<th>2022 PCI</th>
<th>2022 % Fair+</th>
</tr>
</thead>
<tbody>
<tr>
<td>$-</td>
<td>50%</td>
<td>70</td>
<td>74</td>
<td>71%</td>
</tr>
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<td>$500,000</td>
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<td>$3,000,000</td>
<td>90%</td>
<td>83</td>
<td>83</td>
<td>100%</td>
</tr>
</tbody>
</table>

Projected % Mi. Fair or Better

70 74 78 81 82 82 83 83
VI. Performance Management

How should the URMD measure its performance going forward?

A. Overview of URMD Performance Measurement, Management and Reporting

- With a few exceptions, the County’s Department of Land Use and Transportation (LUT) has not developed or reported specific performance measures for the URMD.
  - Measures of asset condition (Pavement Condition Index, bridge and culvert condition ratings) are well-defined and are routinely monitored.
  - Other measures of effectiveness and efficiency have not yet been defined to the point where data are routinely collected and reported.
- LUT periodically reports the following information about the URMD’s performance to the URMD Budget Committee and to the County Board:
  - Pavement Condition (PCI),
  - Surface treatment history (work completed) and projected work,
  - Revenue and expenditure history to support budget decision-making,
  - Revenue, expenditure and fund balance projections.
- LUT does not maintain a set of performance measures for reporting to URMD stakeholders.
  - URMD residents have web access to information about URMD projects but not performance22.
  - The County Board receives financial and general performance information, and approves annual surface treatment contracts.
  - Discussion about measures is beginning as a result of this study.
- URMD Intergovernmental Agreements with LUT and Clean Water Services (CWS) are not performance-based.
  - Neither of the IGAs includes specific performance objectives, measures, or performance-based reporting requirements.
  - LUT does not formally track its cost performance under the IGA, and could benefit from routine view of administrative and unit costs.
  - Clean Water Services is only required to report units of work completed and is not required to report against any specific performance objectives.
- Since 1998, the StreetSaver® pavement management application has been the primary source of pavement condition data.
  - StreetSaver® is widely used locally and nationwide and applies generally-accepted pavement management principles.

22 The County’s website wc-roads.com summarizes the number of miles of slurry seal and overlay completed in the URMD, and provides a link to the County’s annual Road Maintenance Program which lists URMD roads to be maintained each year.
- The PCI rating is comparable among jurisdictions, especially those that use StreetSaver®.
- Based on the consultant’s limited review, PCI ratings appear to be reliable.
  - Ratings are based on regular (every 3-4 years) physical inspections of pavement.
  - Independent inspectors are trained to follow standard procedures\(^{23}\).
  - Inspectors use standard definitions of condition factors and ratings.
- StreetSaver® allows URMD to assess current and short to medium-term future maintenance needs.
- StreetSaver® does not retain history of road miles or PCI at points in time. This is a software limitation.

B. Future Measures of Performance

- Working with representatives from LUT, the consultants identified a selection of categories and measures that could be useful for ongoing monitoring and reporting of the URMD’s performance.
- Suggested performance measures were based on the following guidelines:
  - Measures should be useful to LUT for monitoring the performance of the URMD.
  - Measures should be useful to the County Administrator, Board, County Auditor and citizens for reviewing and describing URMD performance.
  - Measures should be comparable to measures collected and monitored in neighboring jurisdictions, if possible.
  - Measures and their calculations should be consistent with and comparable to any industry or governmental standards or benchmarks.
- LUT, the County Administrator, County Board and Auditor should make a final determination about the best measures to use for various purposes on an ongoing basis.

\(^{23}\) The most recent three inspections were contracted to EIS, an Oregon engineering firm.
March 6, 2009

To: Alan Percell, County Auditor
From: Robert Davis, County Administrator
Subject: Audit of Urban Road Maintenance District

This Office and the Department of Land Use and Transportation (DLUT) have reviewed and discussed your audit of the Urban Road Maintenance District (URMD). We appreciate the work you have done to examine the efficiency and effectiveness of the District and substantially agree with your findings and recommendations. We welcome the opportunity to discuss the report and our response in a worksession with the Board of Commissioners, if that is your and their desire, and will work with you to schedule a date and time that is mutually convenient.

In summary, the audit found that the URMD is:

- Meeting its original objective of improving urban local streets to fair or better condition.
- Using resources efficiently.
- Effectively maintaining the roads.
- Sustainable at the current property tax rate for the next 10 to 15 years, if assumptions hold true.

Several opportunities for improvement are also identified in the report. The following are highlights and a summary of the plan to pursue these opportunities for improvement:

**Performance Tracking and Reporting.** DLUT staff annually reports a limited amount of information about URMD performance to the URMD Budget Committee and to the Board of Commissioners. The Annual Road Maintenance Work Program, which is presented for public review and approval by the Board, includes anticipated URMD work activities. DLUT does not, however, maintain a set of performance measures for monitoring its own performance or for reporting to URMD stakeholders.

DLUT plans to identify and begin tracking appropriate performance measures. An effort is currently underway to secure a consultant to review road maintenance planning and asset management, which will incorporate the needs identified for URMD. DLUT plans
to compile and publish an annual URMD performance report that will be presented to the Board and will be provided to URMD stakeholders through various venues.

**Annexation.** During the audit, DLUT staff shared their concern that some properties which should have been required to annex to URMD had not done so. The report recommends that we undertake a review of annexation procedures to ensure that properties are appropriately annexed into and out of the URMD.

Since completion of the report, staff has become aware that almost all of the properties of concern do not yet meet the threshold of annexation as defined by the county's Comprehensive Framework Plan for the Urban Area, and by the Community Development Code Public Facility and Service Requirements. Regardless, a review of annexation policies and procedures has been undertaken and is currently in process.

**Citizen Advisory Committee.** Third-party or citizen oversight of URMD is limited. The URMD Budget Committee includes five URMD residents as members, but oversight is limited to annual review and approval of the URMD budget. The report notes that although the Board can make changes to the URMD without voter approval, citizens might object to such action. The audit recommends formation of an URMD Citizen Advisory Committee to confirm URMD performance objectives and review periodic performance reports.

A Rural Roads Operations and Maintenance Advisory Committee currently advises DLUT staff on issues of concern to rural road users. DLUT staff would welcome similar citizen involvement and input related to urban roads, and discussions are underway about how to best accomplish this. Some options being considered include: forming one County Roads Advisory Committee, with subcommittees representing urban and rural interests; forming a separate Urban Roads Advisory Committee, with representatives from both the rural and urban groups sitting on an All-County Roads Oversight Committee; or expanding the role of the URMD Budget Committee. Though its form is not yet certain, it is our intent to increase citizen participation on URMD issues. The goal is to have the structure identified, and functioning prior to the adoption of the work program for fiscal year 2009-10.

**Intergovernmental Agreements.** Most URMD services are provided through an Intergovernmental Agreement (IGA) with DLUT. The IGA is not performance based and it does not include specific performance objectives, measures, or performance-based reporting requirements. The IGA with DLUT expires at the end of the current fiscal year and the intent is that the new IGA will be performance-based, specifying appropriate performance measures and accountability.

The URMD is also a party to an IGA with Clean Water Services (CWS) for drainage maintenance. This IGA was renegotiated and approved in 2005, with renewable five-year terms up to 25 years. It also is not performance based. We concur with your recommendation that the IGA with CWS be revisited, specifically to establish a requirement for a defined work program and to establish required performance reporting.
**Storm Water System Maintenance.** CWS collects Storm Water Management (SWM) fees from URMD residents. These fees are used to provide watershed planning, catch and detention basin cleaning, storm drain maintenance, street sweeping, and emergency storm response. URMD also pays CWS to provide maintenance of the storm water system, which leads to the Auditors’ question: “How would drainage maintenance services be impacted absent the URMD contribution?” We will address this question as a part of the renegotiation of the IGA with CWS.

Additional details can be found in the attached document that lists the specific recommendations from the report and provides our planned actions. Changes and shifts in direction are sure to occur as we move forward with the implementation of these recommendations. We will report back to you periodically on our progress.

Again, we wish to thank you for this thorough and thoughtful evaluation of URMD’s performance. This review is not only helpful to the staff who administer and provide the services of the URMD, but also will assist in improving the efficiency and effectiveness of the program to the benefit of the URMD taxpayers and users of the local neighborhood streets in unincorporated Washington County.

Attachment

Cc: Kathy Lehtola
    Dave Schamp
    Victoria Saager
    Rob Massar
### Response to Performance Evaluation of the Urban Road Maintenance District (URMD)

#### Recommendations for LUT and the URMD:

<table>
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<tr>
<th>Recommendation</th>
<th>Response</th>
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<tr>
<td>Review procedures for allocating LUT costs to the URMD to make sure the URMD is paying appropriately for the cost of direct and administrative services provided by LUT.</td>
<td>Agree. Ask LUT Admin Services to undertake review of direct-bill and overhead allocation methodologies.</td>
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<td>Identify, define, and establish data collection procedures for a concise set of URMD performance measures to meet internal monitoring and external reporting needs.</td>
<td>Agree. Identify appropriate performance measures. Start with currently maintained data. Identify processes and systems required to acquire and accumulate data needed for desired performance measures. Ensure scope of proposed asset management / maintenance management system includes needs identified for URMD reporting.</td>
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| Develop an annual URMD performance report for the County Board that supplements current budget and financial reporting. The report could include, for example:  
- Summary financial information and budget status,  
- Changes to asset inventory (road miles, culverts, bridges),  
- Potential workload impacts (scheduled and unscheduled work),  
- Annual work accomplished,  
- Measures of efficiency (cost per unit of service, resource allocation), effectiveness (asset condition data, customer service data),  
- Projected resources compared to projected expenditures over a five and ten year period. | Agree. Compile and publish annual report to accompany annual work program. |
| Improve URMD performance reporting to residents of the URMD and the general public. Highlight efficiency and effectiveness of the District, work accomplishments, and service levels. | Agree. Options include: Publish annual report on web. Highlight availability of report in Department newsletter and with insert in annual property tax statement. (Consider setting public hearing for approval of annual work program. Consider separate URMD work program.) |
| Begin routine documentation of the following:  
- Required maintenance as identified by StreetSaver® versus funded or programmed maintenance. (This is not a problem now, but could be in the future.)  
- Pavement condition (mean PCI by functional classification and total miles by condition rating by | Agree. Ops Maintenance Planning to establish data collection, data reporting and data archiving procedures. Will show both pavement condition ratings (mean PCI and condition rating by functional class). |
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<th>Periodically compare URMD performance to comparable data from other jurisdictions, such as:</th>
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<td>- Road condition/PCI for local roads,</td>
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<td>- Cost per mile for overlay and slurry seal surface treatments on local roads,</td>
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<td>- Maintenance funding per mile of local road maintained,</td>
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<td>- Deferred maintenance as a percentage of annual expenditures,</td>
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<td>- Administrative costs as a percentage of total costs.</td>
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<tr>
<th>Agree in concept. Since there are few “industry standards” and agencies use differing accounting methodologies, this task could be daunting. We could distribute our data to comparable jurisdictions and request that they share back.</th>
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<tr>
<td>Research data collected and maintained by League of Oregon Cities, Oregon Association of Counties, ODOT, APWA, Asphalt Pavement Association of Oregon for benchmarks.</td>
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| Work with County Development Review and Assessment and Taxation staff to make sure tax lots are appropriately annexed into and out of the URMD. |

| Agree. Further reviewed maps that had been prepared for the Auditors and determined that most areas are not yet ripe for annexation. All those areas required to be annexed have been annexed. Have affirmed that LUT Long Range Planning will process annexations as appropriate from now on. |

| Work with County staff to appropriately assign urban local road maintenance responsibilities to the proper jurisdiction. |

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<tr>
<th>Agree that it is important to make sure the right jurisdiction is providing the service, but we are unclear on the basis for the recommendation. This is the only reference in the report or appendices that mentions assignment of responsibilities to the proper jurisdiction. There is a recommendation for the BCC to revise the URMD ordinance that refers to “responsible organizations”.</th>
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<tr>
<td>The list of non-URMD roads inside the UGB (11.6 miles) represents both undeveloped properties that have not yet been conditioned to annex into URMD as well as developed properties that have been conditioned to annex. There are also Local Roads and Neighborhood Routes that no longer have adjacent unincorporated tax lots; cities have annexed adjacent properties. However, the city may not have transferred jurisdiction so the road is still county responsibility. We will work with Engineering to encourage transfer to the city.</td>
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<th>Additional ideas to reach fiscal sustainability:</th>
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<td>• Set an average annual expenditure level of about $1.5 million per year (at 2007 values) to maximize return on investment.</td>
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<td>• Set a PCI target lower than the current systemwide PCI average but still within “Fair or Better” objectives (83 instead of current 87).</td>
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<td>Establish an URMD Citizen’s Advisory Committee to confirm URMD performance objectives and review periodic performance reports. Include the Committee in discussions about expansion or contraction of URMD services.</td>
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| Consider revising the Urban Road Maintenance Service and Financing Ordinance (Ordinance #2) to reflect current URMD/LUT practices and funding responsibilities:  
  - More discreetly define URMD services and service levels.  
  - Determine responsible organizations (URMD, County and/or Clean Water Services) and levels of service, if any, required for bikeways, footpaths, pedestrian walkways, bridge replacement, painting, and street sweeping. | Agree. After input from the citizen group. |
| Revise the IGA between the URMD and the County to implement status monitoring.  
  - Confirm specific work to be performed.  
  - Identify measurable performance objectives.  
| Re-visit the IGA between Clean Water Services, the County and the URMD.  
  - Request that CWS work with LUT to develop an annual storm and surface water work program and to fund that work program accordingly, as prescribed in the IGA, or  
  - Determine if the agreement should be modified to eliminate this requirement.  
  - Identify ways to improve monitoring of this agreement. Re-define CWS performance reporting. | Agree. Enter into a dialogue with CWS with the goal to have a revised IGA adopted by June 2009. |