

SOUTH KERN



# *2018* **BUILDING HEALTHY COMMUNITIES**

ADVANCEMENT PROJECT CALIFORNIA



**ROADS AND STREETS**

## ABOUT BUILDING HEALTHY COMMUNITIES SOUTH KERN

Since 2010, Building Healthy Communities – South Kern (South Kern BHC) has been working diligently through the Comunidades Unidas (United Communities)

Action Team led by Leadership Counsel for Justice and Accountability (LCJA), the Center on Race, Poverty and the Environment (CRPE) and the Central Californian Environmental Justice Network (CCEJN) to improve health and the environment for low-income county residents living in unincorporated communities. Specifically, the South Kern BHC has been advocating for more parks, improved air and water quality, and street and sidewalk infrastructure investments to be located in the unincorporated areas of the County such as Lamont, Greenfield, Weedpatch and the incorporated City of Arvin.



## INTRODUCTION

Local governments have the power to shape communities by deciding where programs, services and infrastructure projects will be located. County officials, for example, decide how limited capital project and maintenance dollars are put to use and where to locate new parks, housing, roads, and jails. Capital projects are new structures, facilities, or land acquisitions while maintenance projects are smaller scale projects such as upgrades or improvements to current facilities. Government decisions have a multiplier effect that can either raise property values, improve people's health, and create local jobs – or make communities undesirable. Given the power government officials hold, they have the responsibility to improve the lives low-income people by locating positive infrastructure projects in their communities.

Using an equity-based approach, local officials should take into account community health and economic indicators to dictate how to best use public infrastructure dollars. For example, an equity-based approach can take into account where low-income residents live and focus resources on those areas rather than spreading resources out equally. Moreover, local officials can work with community members to determine the types of investments that residents would most benefit from. Engaging with the community in the process of identifying the best use of infrastructure dollars will improve community relations by building trust and a sense of cooperation.

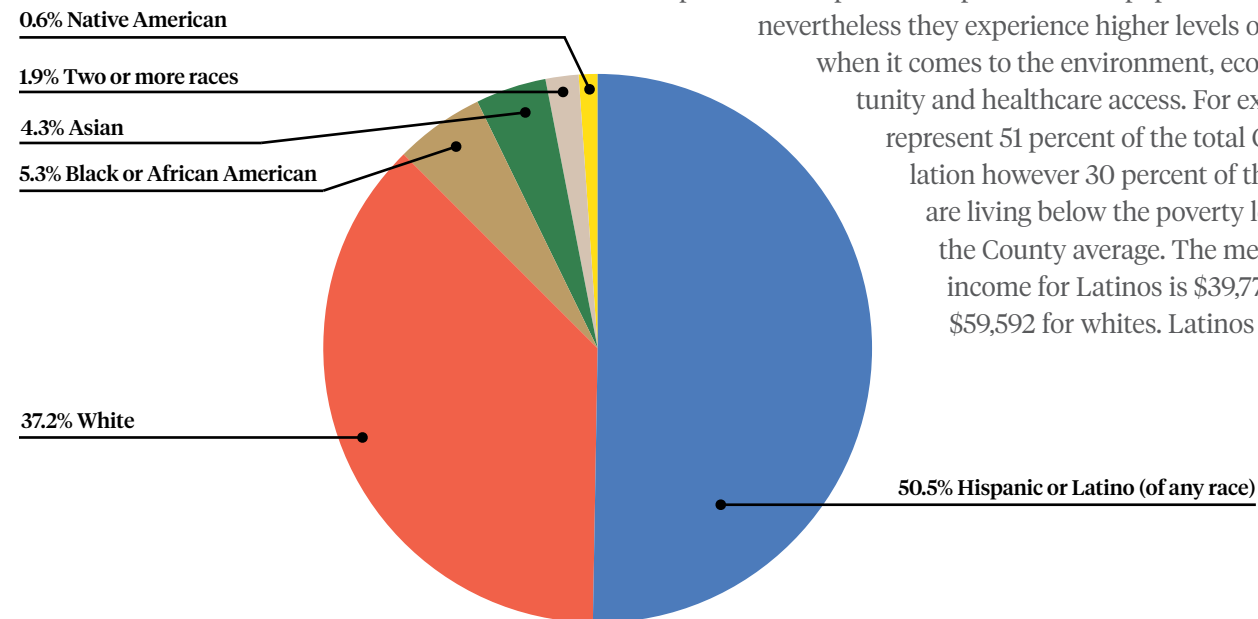
The purpose of this brief is to highlight the lack of infrastructure investments made in low-income communities of color by Kern County over the last decade and to provide policymakers with recommendations for how to ensure future investments are spent equitably in low-income communities. A series of policy briefs will shed light on Kern County's historical public infrastructure spending practices from Fiscal Years 2007- 2017 for parks and recreation facilities, public safety, water, and streets and roads, with an added focus on low-income disadvantaged communities living in rural areas.



## KERN COUNTY PROFILE

Kern County, located in the San Joaquin Valley in Central California, is one of the largest counties in the state spanning 8,132 square miles<sup>1</sup> and is home to 900,000 residents.<sup>2</sup> The County contains 11 incorporated cities,<sup>3</sup> with Bakersfield City being the most populous, containing about 43 percent<sup>4</sup> of the County's population. On the other hand, 35 percent<sup>5</sup> of the population lives in unincorporated areas of the County. The population has grown by 20 percent<sup>6</sup> since 2005 and is expected to continue growing at a rapid pace. Agriculture is one of the leading industries in the region employing 22 percent<sup>7</sup> of the population followed by government jobs at 20 percent.<sup>8</sup> However, the unemployment rate is 10.3 percent<sup>9</sup> and 23 percent<sup>10</sup> of residents are living below the poverty level, both rates higher than the state average.

### Kern County Population by Race



### Kern County Racial Disparities<sup>11</sup>

People of color represent 63 percent of the population in Kern County nevertheless they experience higher levels of disparities when it comes to the environment, economic opportunity and healthcare access. For example, Latinos represent 51 percent of the total County's population however 30 percent of the population are living below the poverty level, higher than the County average. The median household income for Latinos is \$39,770 compared to \$59,592 for whites. Latinos are also more

likely to live near hazardous areas compared to other racial groups and only 26 percent of Latinos have access to recreational parks. Latinos are heavily concentrated in the unincorporated communities in the metropolitan area of Bakersfield City and northeastern regions, whereas, whites primarily reside in the northwestern and southern areas of the County. While 60 percent of Latinos are registered voters, they are still politically underrepresented in elected office. Kern County also ranks as one the highest locality in the Central Valley region to have very little diversity in law enforcement personnel, which may explain why 58 percent of residents do not feel safe in their neighborhoods a rate much higher in Kern County than in any other nearby county.

### ROAD AND STREET INFRASTRUCTURE IN KERN COUNTY

Between 2000 and 2010, Kern County experienced rapid population growth of 27 percent,<sup>12</sup> increasing by 178,000 residents. County officials predict the county will continue to grow by an additional 112,000 residents by 2025. The continued growth has underscored the need to improve transportation routes to accommodate the influx of residents. Over the last decade, decision-making bodies including the County Board of Supervisors and Kern Council of Governments (Kern COG)<sup>13</sup> have laid out plans to prepare for the increased transportation demands. With a County as large as Kern, there is often a tough balance to strike between the prioritization of urban versus rural development. Further complicating transportation planning and thus transportation spending, is the County's participation with the Kern COG. There is an inherent risk in the Kern COG's decision-making body to ignore the needs of residents living unincorporated areas given the fact that eleven of the thirteen representatives are from incorporated cities and the County representatives have to balance multiple priorities.

Rather than simply focusing on the Kern COG, this analysis will shed a light to Kern County's road and street infrastructure spending practices because it is the entity directly in charge of providing services to the unincorporated areas of Kern. For reference, roads are anything that connects two







points and streets are considered a public way that includes sidewalks and are adjacent to buildings. In essence, the County is most responsible for looking after the interests of unincorporated communities. The Kern County Roads Division, under the Public Works Department, is the entity that designs, constructs, and maintains public roads, bridges, streets and traffic control devices in the County's unincorporated areas. The largest source of funding for the Roads Division comes from outside sources, including but not limited to State and Federal funding for road projects. This analysis will focus on the road and street projects included in the capital projects budget unit and the federal Community Development Block Grant (CDGB) project lists. By focusing on the projects included in the budget this analysis will shed light on the County's road and street maintenance priorities, especially in instances when the County took on large-scale debts to fund massive road development projects. In addition, our analysis analyzed if there was tug between maintenance and new development spending in order to meet the needs of current and future County residents.

### Public Infrastructure Project Analysis

Each year the County Board of Supervisors adopts a new budget detailing how they intended to spend public dollars for the upcoming fiscal year. In the process of adopting the budget, the County produces a detailed Recommended Budget, which provides extensive information about the County's revenue sources, department budgets, and a priority list of capital and maintenance projects. The criteria the County uses to prioritize capital and maintenance projects includes whether projects are legally mandated, address health and safety concerns, are preventative, can reduce costs, or provide a direct benefit to the public. However, County officials are not mandated to follow the criteria.

The County spending on capital and maintenance projects fluctuates year-to-year depending on available resources and facility needs. For example, in Fiscal Year 2008 the County proposed \$36.7 million in new and rebudgeted capital projects; \$23.8 million of the of the revenue used to pay for the projects was sourced from offsetting revenue or special revenues and the remaining \$12.8 million sourced from County discretionary revenue. As of

Fiscal Year 2017, the County proposed zero capital projects and \$6.4 million in maintenance projects due to budget constraints and only prioritized spending on maintenance projects that reduce costs in the long run.

## KEY FINDINGS

Recommended Budgets from Fiscal Years 2007 to 2017 demonstrates that road and street projects have seen some of the largest shares of infrastructure investments compared to other county facilities. To put this into perspective 27 percent, or \$174 million, of all the expenditures proposed by the County in the last decade where directed at road and street projects compared to 4 percent or \$23 million directed to park and recreation facilities and 5 percent or \$32 million on water and waste treatment projects.

- There were 18 road projects totaling \$159.4 million of proposed expenditures, largely to fund major road widening projects connected to highways.
- Ninety-two percent of road spending went to projects located within city limits, primarily in Bakersfield, followed by 5 percent located in the unincorporated communities and 3 percent for projects with no locations specified.
- The Seventh Standard Road Widening project, of which the County spent \$87 million, and the Hageman Road Separation of Grade, which cost \$57 million, combined to account for 90 percent of all County road spending.
- There were 34 street projects<sup>14</sup> proposed totaling \$14.5 million dollars largely to fund local street improvements.

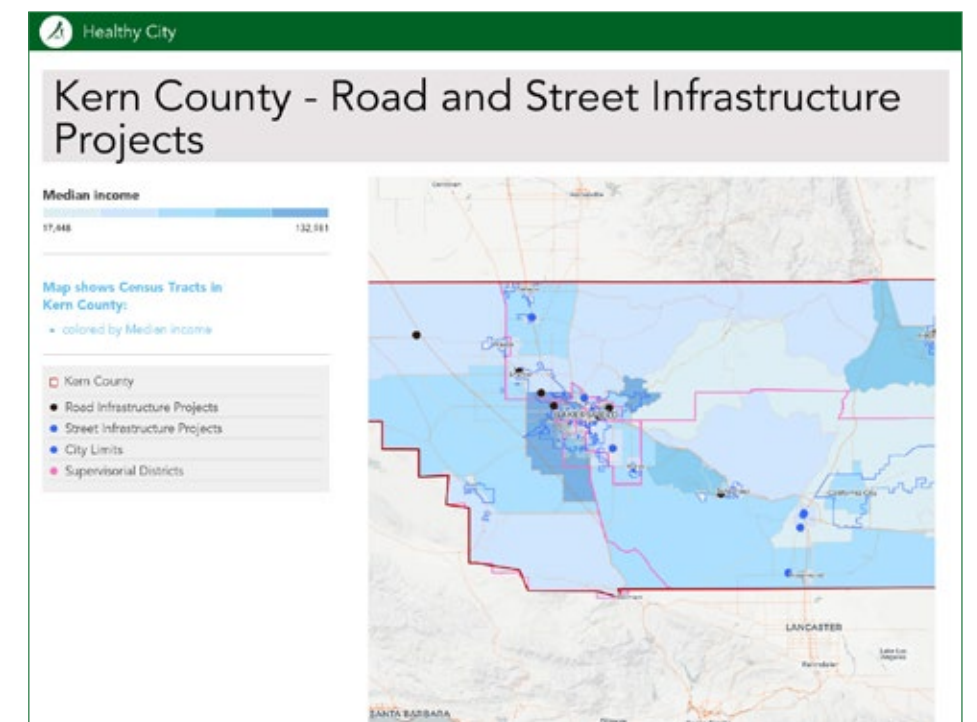


Figure 1. The figure above demonstrates all the road and street capital and maintenance projects proposed by the County between the Fiscal Years of 2007 and 2017. Credit: Healthy City, Advancement Project. Map is accessible <http://www.healthycity.org/maps/1346/>



- Sixty-nine percent of the spending for street projects were located in the unincorporated communities of the County, with the remaining 31 percent located within city limits.
- The Bakersfield City and the metropolitan area of Bakersfield absorbed a large share of the street project funding. For example, the Foothill High School Area Street (\$1.3 million) and South Oildale Street (\$1.2 million) projects were the highest funded street projects compared to other street projects in the County.

## REVENUES FOR ROAD AND STREET INFRASTRUCTURE PROJECTS

The aforementioned street and road projects are primarily funded through borrowing via Certificates of Participation (COPs) and state and federal grants. COPs are considered to be riskier vehicle than a general obligation bond, because they are not backed by the General Fund; as such they carry higher-interest rates. In 2009,<sup>15</sup> the County agreed to borrow \$95 million in COPs to pay \$34 million for the 7th Standard Road Widening project, \$20 million for local road projects, \$22 million for public safety infrastructure projects, \$8 million in reserve funds and \$11 million in capitalized interest an accounting term that refers to the cost of financing construction. At the time, there was urgency for the County to approve the COPs because there was a federal match for the 7th Standard Road Widening project. In 2016, the County was able to lower the interest rates paid to the lender to 3.2 percent, helping the County save approximately \$9 to \$10 million over the lifetime of the bond. Nonetheless, the County pays \$6.2 million out of the General Fund to pay back interest payments.

As of 2018, the COPs have a principal balance of \$81.3 million with the County paying \$50.5 million in interest over the lifetime of the loan ending in 2036. While it is not the County's first time using COPs to fund projects it

was their first time in recent history taking debt of that amount. It is important to note that the County chose to issue COPs to finance the project, rather than issue a General Obligation Bond that would need voter approval. While COPs are a more expedient form of obtaining the resources needed for a project they do come at a higher cost to voters, which means redirecting discretionary dollars that could have otherwise been spent on local community projects.

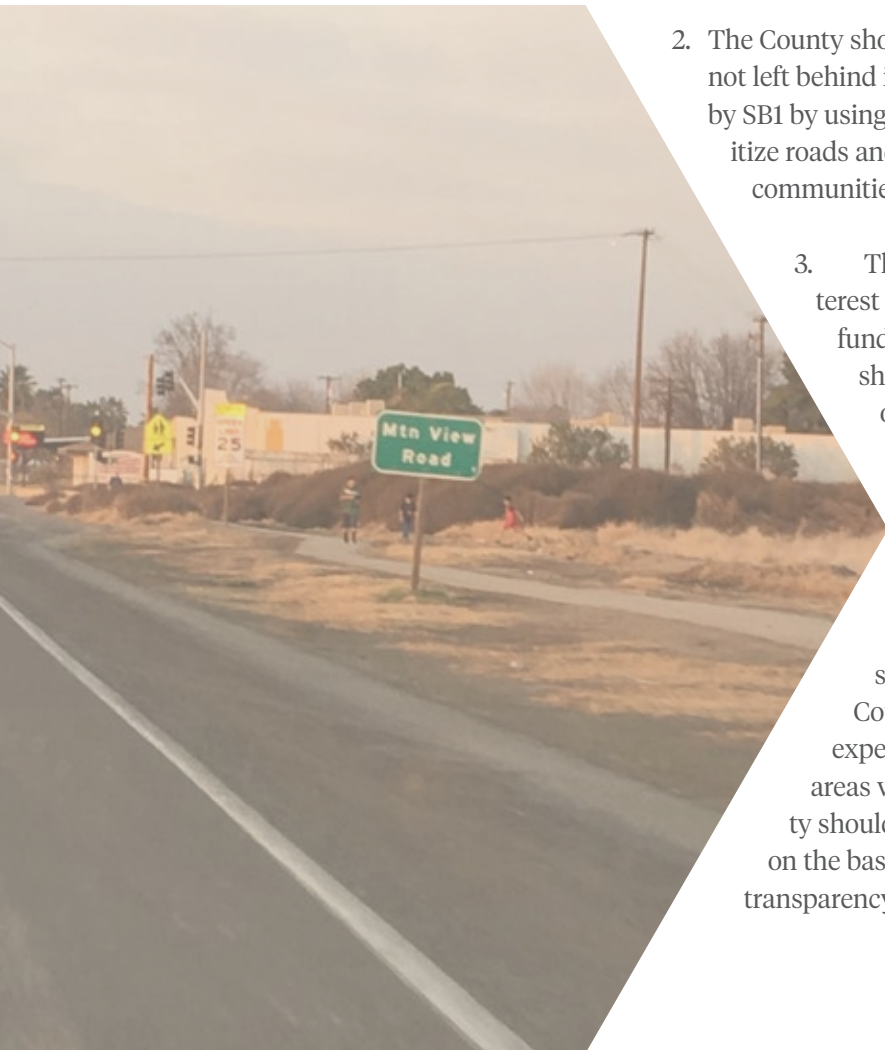
While the majority of the road and street projects we analyzed were COP funded, a smaller share (\$6.5 million) used federal Community Development Block Grant (CDBG) dollars, primarily paying for road and street improvements in unincorporated communities. The federal Housing and Urban Development (HUD) Department awards CDBG grants to moderate to low-income communities for community development activities. CDBG funds can be used to acquire new property, rehabilitate residential structures, construct of public facilities and improvements such as water and sewer facilities and street improvements, and support public service programs.

Finally, the County is expecting to receive additional revenues through the Senate Bill (SB) 1, which raised gasoline, diesel, and vehicle taxes and fees to fund transportation projects across the state. The State will use SBI funds to pay for the maintenance and rehabilitation of state highways, local street and road projects, and transit and rail projects. Local jurisdictions will specifically receive maintenance and rehabilitation funds for streets and roads through a funding formula based on factors such as population size and the number of registered vehicles. Kern County is projecting to receive \$6.6 million<sup>16</sup> in SBI revenues in FY18 and will be appropriating those funds through a budget amendment; as of this writing, the County has not yet indicated how it will prioritize the use of those funds and or which projects will be funded.

## POLICY RECOMMENDATIONS

1. The County should publicly release an annual list of road and street maintenance proposed projects, financing sources used to fund the projects and give the public enough time to review and provide comments in order to foster more transparency and trust among residents.
2. The County should ensure that rural unincorporated communities are not left behind in road infrastructure increased spending made available by SB1 by using an equitable funding mechanism to identify and prioritize roads and street projects located in low-income unincorporated communities.
3. The County should be careful in taking on more high-interest debt through financing mechanisms such as COPs to fund large-scale road development projects; instead, they should go through a countywide public process via general obligation bonds that get lower interest rates and provide the public with more voice and accountability in the process.
4. In general, there was an ongoing tug between maintenance and new development spending. There are valid reasons behind spending on new road and street projects to meet the needs of current and future County residents, however, that should not come at the expense of low-income people living in the unincorporated areas who have road and street maintenance needs. The County should separate out a plan behind road and street spending on the basis of expansion and maintenance for accountability and transparency purposes.

5. Kern County Board of Supervisors representatives on the Kern COG should do more to uplift the needs of unincorporated communities in their regional plans given that residents living in unincorporated areas represent 35 percent of the population.
6. The County Board of Supervisors should include in the General Plan Update an explanation of the cooperation that exists between a city and the County when there is shared responsibility of a street or road in order for the public to know which jurisdiction is responsible for road maintenance.



## Endnotes

- 1 U.S. Census Bureau, Census of Population and Housing, Land Area in Square Miles, 2010.
- 2 U.S. Census Bureau, Population Estimates Program, July 1, 2016.
- 3 State of California, Department of Finance, Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2016 and 2017. Sacramento, California, May 2017.
- 4 Id at 3.
- 5 Id at 3.
- 6 U.S. Census Bureau, 2005 - 2015 American Community Survey 5-Year Estimates.
- 7 State of California Employment Development Department - Labor Market Information Division, California Industry Employment.
- 8 Id at 8.
- 9 State of California Employment Development Department - Labor Market Information Division, Local Area Unemployment Statistics for California Areas: Annual Average 2016.
- 10 Id at 7.
- 11 The following information is available through RaceCounts.org, an initiative launched by Advancement Project California, USC PERE, PICO California and California CALLS that includes a comprehensive online tool ranking all 58 counties by seven issue areas critical to California's future to paint a comprehensive picture of racial disparity in California.
- 12 Historical Census Populations of California, Counties, and Incorporated Cities, 1850-2010
- 13 A federally designated Metropolitan Planning Organization (MPO) and a state designated Regional Transportation Planning Agency (RTPA)
- 14 In the cases where the same project was re-budgeted in future years, we kept the later year's project estimate as the recommended project and ultimate cost.
- 15 "Proposed Resolution Approving Financing Documents for the Issuance of Certificates of Participation for Transportation and Facility Projects." Kern County Board of Supervisor Meeting, March 24, 2009.
- 16 Kern County Fiscal Year 2017-2018 Recommended Budget.





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