



# MENDOCINO COUNCIL OF GOVERNMENTS

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February 3, 2016

Assembly Member Jim Wood  
P. O. Box 942849  
Room 3120  
Sacramento, CA 94249-0002

RE: Continuing Transportation Funding Crisis

Dear Assembly Member Wood:

At their January 21 meeting, the California Transportation Commission (CTC) approved a revised Fund Estimate for the 2016 State Transportation Improvement Program (STIP) that will require the alarming deletion of about \$750 million (about one-third) in critical transportation funding for improvements throughout California. The State Transportation Improvement Program helps fund state highway, intercity rail, and regional highway and transit capital programs. These are extremely important projects that have been developed by Regional and Local Agencies for many years that help meet national, state, regional and local goals and priorities. They consist of projects that help our region maintain our air quality through SB 375 and improve safety and operation of our local transportation system, as well as help create jobs in our community.

The revision to the Fund Estimate is due to the estimated decrease to the State price-based portion of the gasoline tax that is currently the only fund source for the STIP. This is a volatile source of funding since it is subject to adjustments based on fluctuations in the price of gasoline. The rate (established as part of the "gas tax swap") is set annually by the Board of Equalization at a level that generates the same amount of revenue as would have been received if the state sales tax on gasoline had remained in effect. The current rate was decreased from 18 cents to 12 cents as of July 1, 2015. Due to the price of gasoline in the past year, the Board of Equalization is expected to reduce the tax further from 12 cents to 10 cents at their next meeting this spring. As such, the CTC adopted a Fund Estimate at their January meeting that considers the reduction in the price-based tax for the five-year STIP period starting in Fiscal year 16/17 through FY 20/21. This decrease of 2 cents with a gradual increase of 2 cents per year will have a profound effect that will lead to less funding available than previously forecasted. The revised Fund Estimate projects a decrease of \$750 million in capacity from a prior estimate which is leading to the current predicament of needing to delete the projects statewide amounting to \$750 million.

We urge you to take action on addressing this issue related to price-based excise tax that has a significant impact on funding projects that are important to our region. Despite a growing need for transportation improvements, California is reducing its investments in transportation infrastructure. During the current special legislative session, many ideas have been brought forward to increase and stabilize sources of transportation funding. Recently, proposals by Governor Jerry Brown, Senator Jim Beall, and Assemblyman Jim Frazier aim to address the

issue of the price-based excise tax to restore funding for transportation projects. Governor Brown proposes to restore the tax to 18 cents and Senator Beall and Assemblyman Frazier propose to increase the tax to provide additional funding for transportation. A fix must be made to address the funding as we now face the dire situation of having to delete projects from the STIP.

In our region it means a deletion of at least \$3.11 million in projects or more. A summary of projects deleted by the Mendocino Council of Governments at their meeting on February 1, 2016 is as follows:

1. **Mendocino County:** Preconstruction funding for North State Street including improvements to the North State Street Interchange with US 101 - **\$468,000.**
2. **City of Ukiah:** All funding required for construction of a roundabout at the intersection of Low Gap Road and Bush Street - **\$818,000.**
3. **City of Fort Bragg:** All funding required for construction of bicycle and pedestrian improvements on Highway 1 between the Noyo Bridge and the junction of SR 20 - **\$1,485,000.**
4. **Caltrans:** Funding for the Environmental component of a locally funded project to build pedestrian, bicycle, and operational improvements consistent with the Downtown Streetscape Plan on Highway 1 in Gualala - **\$340,000**

The scale of these cutbacks is devastating for a rural county with few resources for transportation capital improvements. It not only removes an important project to improve safety and access to US 101 on a County road, but also priority projects in our two largest cities, as well as a State Highway project through the small community of Gualala on our South Coast. Without legislative relief, we see no prospects for funding for these projects and others in our capital improvement program for years to come.

We respectfully request your support to work with fellow legislators to help identify a timely solution to address this serious issue. Please contact me if you have any questions or would like to discuss further.

Sincerely,



Phillip J. Dow, P.E.  
Executive Director

Cc: Members, Senate Transportation and Housing Committee  
Members, Assembly Transportation Committee  
Mr. Bob Alvarado, Chair, California Transportation Commission  
Commissioners, California Transportation Commission  
Mr. Brian Kelly, Secretary, California State Transportation Agency  
Mr. Will Kempton, Executive Director, California Transportation Commission  
Mr. Malcolm Dougherty, Director, California Department of Transportation  
Mr. Bill Higgins, Executive Director, CalCOG