



Department of Transportation (MCDOT)

Director's Report – February 9, 2016

- **Mid-Year Budget Review (FY-15/16):** MCDOT personnel are investing considerable efforts at this time completing the department's mid-year review. Our Deputy Director of Business Services is working hard on project expenditures and revenue projections for the rest of the year.
- **Update on State Transportation Improvement Program (STIP) Funding:** The California Transportation Commission (CTC) approved a reduction estimate of projected funding available for the state's transportation program by \$754 million over the next five years. The revisions approved by the CTC on January 22, 2016, are the result of anticipated additional reductions in a portion of the gasoline excise tax, which fell 6 cents a gallon last year. The estimate, approved by the CTC, projects this revenue will fall another 2 cents a gallon for the coming fiscal year, and stabilization of this source may take longer than expected. For every 1 cent reduction in the gas tax, revenue decreases to fund state and local roads by approximately \$140 million per year.

Therefore, all agencies will have to share in the reductions based on criterion normally used by the CTC in allocation. For Mendocino County, this meant "de-programming" a design project for the North State Street – Highway 101 interchange. This project could be reintroduced in the 2020 STIP cycle. The County's other STIP project, Eastside Potter Valley Road, was not cut but delay to the last year (2018-19) in the present STIP cycle is likely. This project was already delayed in meeting the cash cycle needs for the County's share of the Willits Bypass cost overruns.

- **2016-17 State Budget Impacts for Transportation Programs in Counties:** The same revenues mentioned above fund part of STIP and part of MCDOT State gas Tax revenue. Therefore, when Proposition 22 passed on November 2, 2010, it ended three years of State deferrals of Highway Users Tax Account (HUTA) payments. The payments were released under a "cash flow management," started by the Department of Finance (DOF) during the Governor's "declaration of fiscal emergency" in February 2008. Converting State basic 6.5% sales tax (Prop. 42), transportation funding under the State General Fund for a gasoline excise tax effectively protects accounts that may only be used for transportation purposes (17.3¢ per gallon in 2011).

There is now a set 18.4¢ per gallon Federal Gas Tax, and an 18¢ per gallon State Gas Tax. Additionally, the new HUTA "swap" was 17.3¢ per gallon State Sales Tax in 2011 (adjusted each year based on statewide average price). The projected new HUTA tax rate is **10¢ per gallon**. According to the projections, Mendocino County's share will fall by \$483k from last year.

The California State Association of Counties and County Engineers Association of California legislative staff, asked the Director to provide impact comments for the Transportation Committee Hearing, February 16, 2016, which are as follows:

1. Defer indefinitely some construction maintenance or repair contracts. If we delay projects, most of which have an average 10% local match, we will NOT in effect, leverage construction funds for a 90% loss. In other words, if we apply a third of the cut

in project delivery (\$161k), we **deleverage \$1.6 million in construction contracts for 2016.**

2. Defer heavy equipment purchases (trucks, equipment beyond repair).
If we apply a third of the **cut in equipment (\$161k), it would be equivalent to the cost of a truck or half a grade.**
3. Defer maintenance supply purchases (asphalt, base rock for dirt roads, chips & oil).
If we apply a third of the cut in maintenance supply purchases (\$161k), that equates to a **half mile less repaving, or a mile and half less cape seal, or 3 miles less chip seal.** Admittedly, the miles are few, but Mendocino County's 650 surfaced miles (which are in dire need of improvement) will be deferred yet again.

5% does not appear to be a huge cut, but we estimate there has been a loss of 80% to 50% of our buying power in local roads since 1956 (60 years). Therefore, this is another small cut that has added up to thousands of cuts, which is why our road quality is so bad and getting worse. Maintaining the past level of road quality is not possible. Road funding is not a sustainable budget, and hasn't been for long time.

My message to the legislature: (*Mike Maguire, being a former Sonoma County Supervisor, understands*): "Yes, Mendocino County will absorb yet another Gas Tax Cut. We will try to adjust as best as we can to provide the traveling public basic, safe, passable roads. However, those roads will continue to get a little rougher, pot holes will go unpatched a little longer and reappear during rain storms a little sooner. The Mendocino County Road System will diminish a little farther and the deferred maintenance will go up by another \$483k.

- **Road Corrective Maintenance Project Planning:** The chief purpose for seal work is to provide a preventive maintenance treatment to existing paved surfaces within the County Road System, and extend the useful life of those surfaces. MCDOT has advanced a majority of seal projects over full asphalt concrete, starting with the Proposition 1B bond projects in 2008. We treated miles of roads with available funds on road segments still in fair condition, and applied principals of "pavement preservation" to hold the value of existing surfacing. The County's existing road system is a very valuable asset, and preventing deterioration to the point where complete reconstruction is necessary is much more cost effective in the long run. This year we are looking at some of our highest traveled road corridors from Ukiah to Redwood Valley. Most of these segments were chip sealed in 2008 with Proposition 1B. Segments not listed below were part of grant projects in 2000 & 2009. The segments reconstructed in 2009 have sufficient extended life. However, work completed in 2000 and 2006 is near the end of maintenance cycle life. MCDOT is proposing a Rubberized Chip Seal (cape seal) consisting of a three-layer application, which has recently been successfully applied on Old River Road, Oak Knoll/South Dora area, and Despina/Zinfandel/ Chablis Drive (Wine Roads area) over the past four years.

MCDOT is planning a contract for 2016 using the cape seal method of corrective maintenance. Cape seal consists of a three-layer application. The first layer is a slurry seal of emulsion and sand that is intended to fill large cracks. The middle layer is rubberized chip (crushed rock coated in oil and melted rubber) or "seal layer." The last layer is a fog seal of thick, black emulsion. The contractor and County are trying to minimize inconvenience to the public with temporary parking

restrictions, but the streets must be cleared to apply the treatment. This method works better in urbanized areas, as there are few loose rocks and a smoother “asphalt like finish,” but not as smooth as new pavement. This treatment is anticipated to last approximately 15 years.

To interpret the tables below, please note the following: MP (mile post), PCI (pavement condition index), and ADT (average daily traffic). Lengths in miles and roads are listed in priority order. If bid costs exceed available funds, roads will be omitted from the bottom up. MCDOT has proposed additional road segments be added to our contract by contract additive alternative to accommodate any funds which become available this summer. It is possible that favorable bid costs resulting from lower oil prices could allow for additional coverage.

THREE LAYER RUBBERIZED CHIP (CAPE) SEAL PROGRAM

<u>County Road Name</u>	<u>Beginning</u> <u>MP</u>	<u>Ending</u> <u>MP</u>	<u>Total Length</u>	<u>PCI</u>	<u>ADT</u>
North State Street, CR 104	0.00	0.55	0.55 (1.15 multi)	25	8,000
North State Street, CR 104	2.15	4.80	2.65 (3.0 multi)	61	4,400
Ford Road, CR 250	0.00	0.36	0.36	42	2,000
East Rd. Redwood Valley, CR 230	0.00	1.50	1.50	21	3,700
Lake Mendocino Drive, CR 227B	0.33	1.33	1.00	41	6,538
South State Street, CR 104A	0.00	1.41	1.41 (2.0 multi)	59	6,300
East Rd. Redwood Valley, CR 230	1.50	5.40	3.90	40	2,518
Ruddick Cunningham Rd, CR 205*	1.00	3.45	2.45*	29	337

(*Ruddick Cunningham Rd will be broken into “bid additives” to award on funds available)

Base Bid Total – 11.37 miles (12.91 miles due to “multi lane facilities”)

*Additive Bid Items – 2.45 miles in additive increments based on bid results

Grand Total - if all additive bids can be funded - 13.82 miles (15.36 adjusted miles due to “multi lane facilities”)

MCDOT has focused on the Ukiah corridor with the hope of favorable bids due to a more concentrated work area. Because we concentrated on limited areas this year, we would expect to concentrate on different areas of the County next year.

The above plan will be further defined when MCDOT brings the contract advertisement item to the Board. Any questions or comments will be appreciated to refine this action. Pursuant to AB 720 notice, there is a *possibility* that MCDOT crews will do \$300,000 of work (dig-outs). This work will be in preparation towards a \$2 million corrective maintenance project if crews have the capacity – if not, the contract will reflect this preparation be done by the contractor.