

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 31, 2007

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Information Item

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Subject: **REVIEW AND COMMENT ON THE 2007 TEN-YEAR STATE HIGHWAY OPERATIONS AND PROTECTION PLAN**

## **SUMMARY:**

In accordance with Streets and Highways (S&H) Code Section 164.6, the Department of Transportation (Department) prepares a ten-year state rehabilitation plan every two years that identifies the rehabilitation and reconstruction needs of all highways and bridges owned by the State. Additionally, S&H Code Section 164.6 requires the Department to submit the plan to the California Transportation Commission (Commission) for review and comment before transmittal to the Governor and the Legislature by May 1<sup>st</sup> of each odd-numbered year.

The statutorily mandated plan for 2007 will be made available to the Commission for review and comment prior to the Commission meeting. The Department will be prepared to discuss the plan at the January 31-February 1, 2007 Commission meeting, and receive input and comments from the Commission at that time.

## **BACKGROUND:**

The Department prepares a ten-year state rehabilitation plan every two years that identifies the rehabilitation and reconstruction needs of all highways and bridges owned by the State. Because the projects to implement the plan are primarily funded through the State Highway Operation and Protection Program (SHOPP), the plan is also referred to as the Ten-Year SHOPP Plan (Plan). The 2007 Plan covers Fiscal Years (FY) 2008-09 through 2017-18. The plan provides input for the funding distribution in the Fund Estimate (FE) adopted by the California Transportation Commission (Commission) in August of each odd-numbered year. S&H Code Section 164.6 contains specific requirements as to the content of the plan, all of which are included in the documents. Additionally, S&H Code Section 164.6 requires submittal of the plan to the Commission for review and comment before transmittal to the Governor and the Legislature by May 1<sup>st</sup> of odd-numbered years.

The 2007 Plan describes eight program categories:

- Emergency Response
- Collision Reduction
- Legal and Regulatory Mandates

- Bridge Preservation
- Roadway Preservation
- Mobility Improvement
- Roadside Improvement
- Facility Improvement

These eight categories compose two major groupings, those that relate to the condition of the transportation system (Roadway Preservation, Bridge Preservation, Roadside Improvement, and Facility Improvement) and those that relate to its operational performance (Emergency Response, Collision Reduction, Mobility Improvement, and Legal and Regulatory Mandates).

The total needs for the ten-year period defined in the 2007 Plan for the rehabilitation and operation of the State Highway System is \$42 billion for the period from FY 2008-09 through FY 2017-18. This amount represents the current un-escalated construction and right-of-way acquisition costs. Adding project development support costs increases the total cost of the needs to \$55 billion.

In contrast, the 2005 Plan identified system needs of \$29.7 billion for the ten-year period from FY 2006-07 through FY 2015-16. This averages \$3 billion per year. The State Highway Account (SHA), which is the sole funding source for the SHOPP, funded the 2006 SHOPP at \$2 billion per year, two-thirds of the identified needs.

Under current revenue projections, funding for the SHOPP is not expected to change significantly in the 2008 Fund Estimate.

The increase in ten-year SHOPP needs is the result of the following conditions:

- The transportation infrastructure is aging and in need of rehabilitation and reconstruction.
- The continued increase in vehicle travel and goods movement impacts the State Highway System.
- Continued under funding of preservation and rehabilitation delays needed projects and ultimately increases the cost when the project is undertaken.
- Increased cost of restoring transportation infrastructure after severe winter storms.
- Increased price of construction leading to loss of buying power.
- Increased legal, statutory and regulatory mandates that must be addressed by the limited funding available.

The Department is initiating several measures to mitigate the effects of limited resources and other factors related to full funding of the SHOPP. At the request of legislative staff, the Department is developing a pavement initiative to maximize the outcomes of limited funding for pavement preservation and rehabilitation. The Department is aggressively identifying means to reduce the costs of legislative and regulatory mandates. The Department continuously looks to more efficient ways to delivery projects thereby reducing the cost of project development support.

Finally, the Department has opportunities to invest additional resources derived from voter approval of Proposition 1B, Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and from Grant Anticipation Revenue Vehicles or "GARVEE" bonds.