



County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

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JOHN J. PRESLEIGH
DIRECTOR OF PUBLIC WORKS

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Assembly Member Bill Monning
701 Ocean Street, No. 318B
Santa Cruz, CA 95060

Dear Assembly Member Monning:

The County of Santa Cruz relies heavily on the Highway Users Tax and Proposition 42 to fund our Road Maintenance and Operations on County roadways, including our ability to respond to emergency roadway situations. The loss of these funds will result in significant layoffs of personnel whose primary responsibilities are to keep the roads open for the public in Santa Cruz County. I will guarantee you, that the public will be significantly impacted when we are unable to respond to basic road maintenance tasks or to the hundreds of emergency events that close the roadways in the County each year. Our absolute belief is that overall public safety of the Santa Cruz County community will be dramatically affected and that the state legislators will be the primary focus of their frustration and anger.

In addition, the County also utilizes the Highway Users Tax as our local match to emergency Storm Damage Repair projects on our roadways in Santa Cruz County. Our County will irrevocably lose approximately \$2,600,000 in Federal Emergency Management Agency funding because our 25 percent local match of Highway Users Tax has been taken. This means that the County will be unable to repair storm damaged roadways that have been in the design and environmental review process for the past several years.

We urge you to reject any proposal to take and/or borrow gas tax funds to use for general fund purposes. California voters sent an unequivocal message to lawmakers on May 19, 2009, to deal responsibly with the budget and provide long-term structural change. No more borrowing. No more gimmicks.

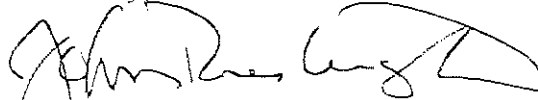
The proposals on the table to take gas taxes directly from local governments will not help solve the State's budget crisis, but will put thousands of counties and cities maintenance workers out of work on a state wide basis and push them onto state social services. Such borrowing is fiscally reckless, will make future budgeting more difficult, and will kill the job creation and revenue generation that results from infrastructure investment.

We fully understand the difficulty of resolving a budget deficit of this magnitude. But the decisions you make today will either start California on its steep climb back to fiscal health, or will further exacerbate our budget problems and deepen our structural deficit in future awards.

- California would lose out on the creation of tens of thousands of jobs and billions in economic activity at the worst possible time. With contractors typically coming in at 20 to 40 percent under engineer's estimate on public works projects, California is getting the best value it has in many years on infrastructure investment. Lawmakers should be taking steps to grow our state's economy and generate revenue for the general fund. Every \$1 billion invested in infrastructure generates \$5 billion in economic activity and 18,000 jobs. Much of this economic activity is put immediately to work - as contracts are awarded, contractors begin purchasing equipment and materials, hiring workers, paying payroll and generating sales and income taxes to state and local governments. Borrowing gas tax funds-even temporarily-will result in thousands of job losses, billions in lost economic activity, millions in lost revenue for the state, and added pressure on state coffers to pay unemployment and other benefits for those who lost their jobs.
- Borrowing gas tax funds not will plunge the state deeper in debt later - requiring billions of dollars in repayment in just three years. Any borrowing of gas tax funds must be repaid in three years when experts predict California will still be facing multi-billion dollar deficits.
- Permanently diverting the local share of the gas tax has serious long-term consequences. The local share of the gas tax is the lifeline for counties and cities struggling to maintain the vast local transportation system. Any permanent erosion of existing funding levels will jeopardize public works' departments and their mission to respond to the mobility and safety needs of the public.
- Raiding transportation funding goes against the will of voters. Voters overwhelmingly voted twice to make sure the state sales tax on gasoline goes to road improvements. As such, proposals to borrow or repeal funding dedicated to transportation ignore the clear mandate set by voters. In 2006, 77 percent of voters approved Proposition 1A, preventing the state from using sales taxes on gasoline for non-transportation purposes. Furthermore, a PPIC poll last year found that only 9 percent of voters think borrowing is an acceptable solution to our budget problems. Finally, the May 29 vote could not have been more clear: no more budget gimmicks, no more borrowing.
- Raiding gas tax funds disproportionately impacts the construction industry, its employees and contractors. The construction industry is already facing 20 percent unemployment due to the global recession. Local governments across the state are already laying off public works staff. Raiding all of the state tax on gas would disproportionately impact an industry that is already reeling and could literally put many contractors and public works departments out of business.

California leaders must make the tough and fiscally responsible decisions that will finally put an end to our structural problems while also stimulating our economic recovery. We urge you to protect gas tax funds for infrastructure improvements.

Yours truly,



JOHN J. PRESLEIGH
Director of Public Works

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Copy to: Assembly Member Noreen Evans
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Assembly Member Roger Niello
Assembly Member Jim Nielsen
Senator Denis Moreno Ducheny
Senator Mark Leno
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