



July 18, 2016



To: California State Senate
California State Assembly



Dear Member:

The Legislature should take notice of the recent announcement regarding the demise of a well-known mid-sized construction company that did business in California for forty years. The company was representative of “home grown” California contractors that have formed the backbone of the state’s construction industry, an industry that employs 250,000 workers and has demonstrated innovation and perseverance in building California. Good paying jobs fuel the engine of California’s economy, economic indicators rise and fall based on the growth or decline in the number of jobs, and jobs provide the workforce that keeps this state moving.



According to company officials, the bankruptcy filing was prompted at least in part by the shortage of construction dollars to support the state’s transportation program. The loss of any business is troubling in these economic times, but the construction industry represents a huge sector of the state’s economy, and the downward trend in the number of highway projects going to bid due to declining revenues is ominous.



Caltrans’ annual capital program has dropped from more than \$7 billion in 2010-11 to an estimated \$2.9 billion for the coming year. The latest 12-month statewide bid forecast includes only 22 projects over \$25 million in value and just eight projects with an engineer’s estimate over \$50 million. These types of projects are the bread and butter for our state’s heavy construction industry. As there are fewer contracts available for bid, other companies will struggle to remain solvent or be forced to shift their focus as their main source of work continues to dry up. These companies will struggle not because there isn’t a lot of work to be done, but rather due to a lack of funding to pay for this work.














The necessity for increasing investment in our transportation infrastructure isn't just about unsafe roads and deteriorating highways. It's also about people, and the health of an industry that is so important to our economy. We, the undersigned contractors, labor organizations, and industry and government associations, want to remind you of the urgency associated with the need for additional transportation funding. The Legislature must act now to approve a reform and funding package that will help fix our crumbling transportation system and forestall a greater loss of precious jobs.

Thank you for your consideration.

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Transportation California

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