

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

971
A



FROM: TLMA - Transportation Department

SUBMITTAL DATE:
June 6, 2011

SUBJECT: Opposition to AB 720

RECOMMENDED MOTION: That the Board of Supervisors endorse the Transportation Department's opposition to AB 720 as currently drafted, and authorize the Director of Transportation to work through the California State Association of Counties (CSAC) to negotiate favorable amendments on behalf of the County.

BACKGROUND: AB 720 has been introduced in this year's legislative cycle. It is substantially the same bill as AB 1409, with a different author, which this Board took a position to oppose on May 14, 2009, and was subsequently shelved in that legislative cycle due to strong Statewide opposition from Counties.

(Continued on next page)

Juan C. Perez
Director of Transportation

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	N/A
SOURCE OF FUNDS:				Positions To Be Deleted Per A-30 <input type="checkbox"/> Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Tina Grande

County Executive Office Signature

Dep't Recomm.: ☐ Consent ☒ Policy
 Per Exec. Ofc.: ☐ Consent ☒ Policy

Prev. Agn. Ref. 05/19/09, Item 3.40 | **District:** All | **Agenda Number:**

3.59

The Honorable Board of Supervisors

RE: Opposition to AB 720

June 2, 2011

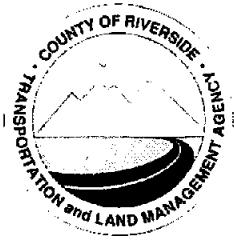
Page 2 of 2

The bill's aim is to substantially reduce the Transportation Director's ability to do any significant road work using County employees. Current State Law allows the County to perform road work in various ways, ranging from contracting out both labor and materials, to purchasing materials and doing the work via Force Account (also referred to as Day Labor) with our own County employees. This authority has been imbedded in State Law since 1935 to give Counties flexibility in directing work in the most effective way possible. We currently employ about 40 personnel in our Day Labor Program in a range of activities from preventive maintenance projects (chip seals), road maintenance and major repairs (overlays, reconstruction), to rural road improvements such as paving un-paved roads, shoulder widening and intersection improvements in order to improve safety. This flexibility is important, particularly in rural areas to allow for the work to be done more expeditiously and cost effectively than through the lengthy process of preparing plans, contract documents, advertising and awarding a contract, and inspecting the work which can add 25% - 40% to the cost of a project.

It should be noted that the Transportation Department already contracts out the vast majority of our work, and is expecting to continue to increase the amount that we contract over time as we continue to expand our infrastructure. Over the last 3 years we have awarded about \$65 million annually in construction contracts, and expect to exceed that figure this next fiscal year. We are very strong proponents of contracting out the vast majority of our work, but need to maintain flexibility to utilize County forces where it is more expeditious and cost efficient to deliver infrastructure to the public.

Although AB 720 as drafted would have a provision to allow Force Account work during emergencies, the reality of this bill is that we would have to reduce our own County workforce involved in this area, since we wouldn't be able to regularly do other major work throughout the year, that is available to respond immediately to emergencies.

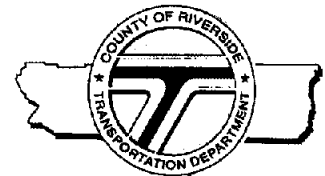
Over 30 Counties so far have stated their opposition to this bill. We are working through the California State Association of Counties (CSAC) in our advocacy efforts, with assistance from LIUNA which represents our affected employees. We are collectively willing to work with the authors to amend this bill in a way that still provides Counties with the flexibility to continue to do a combination of in-house and contract work to best serve the needs of the public.



COUNTY OF RIVERSIDE

TRANSPORTATION AND LAND MANAGEMENT AGENCY

Transportation Department



*Juan C. Perez, P.E., T.E.
Director of Transportation*

April 7, 2011

The Honorable Isadore Hall, III
Member, California State Assembly
State Capitol, Room 3123
Sacramento CA 95814

Dear Assemblymember Hall:

The Riverside County Transportation Department regrets to inform you of our opposition to Assembly Bill 720. This Bill is very similar to AB 1409, which was introduced in 2009, and for which our Board of Supervisors took an "opposed" position on May 13, 2009. AB 720, as currently written, would revise Public Contract Code Section 20395 (c) so that a County could perform Day Labor or force account work in-house only up to a \$45,000 spending limit.

Riverside County is a very large County covering 7,300 square miles, about the size of New Jersey. We maintain over 2,400 miles of County roads, many miles of which are in remote and rural areas and desert areas extending to the Arizona border. Our Day Labor crews traditionally focus on rural pavement and safety improvements and cost effective maintenance work such as chip seals to extend the life of our pavement.

We contract an average of \$65 million annually in Unincorporated Riverside County. We purchase another \$3 million in materials from local contractors for the construction work that we do in-house, so roughly our total spent on contracts is \$68 million annually. By contrast, we spend about \$3 million on in-house road construction personnel costs, which is therefore less than 5% of the amount spent on contract work and materials. I also note that there are 27 Cities in Riverside County and a regional Transportation Commission that all build road projects. They easily spend double what the County does, but they are already prohibited from doing in-house work. When you look at the total construction activity within Riverside County, we estimate that less than 1.5% of the road construction activity is therefore spent on County forces, and we clearly contract out the lion's share of the work already.

Our Day Labor crews can very cost effectively perform work. We recently conducted a cost comparison of several in-house projects and contract ones. On a square yard basis, the work using County forces was about 35% lower. In-house work can be field-engineered, rather than spending significant funds on engineering and inspection. It's important to note that this is based on recent costs, with construction prices at a 10-year low due to the poor economy and low volume of construction projects. If compared to average construction prices over that period, the projected cost savings would be even greater. Once we lose our ability to have construction crews, that is lost forever, and we won't be able to have a lower cost alternative to

rising bid prices. Equally critical is the additional time involved to do extensive design and plan preparation, which will add a year or more and delay the delivery of needed public improvements.

There are tremendous public health and safety benefits to being able to keep this crew employed throughout the year. When emergencies such as storms occur, we can quickly deploy this crew to help open up roads for the Sheriff, Fire, and other emergency service providers to respond, as well as evacuations. This is not a time to be scrambling to find multiple contractors to target multiple roads, who may or may not be available to immediately respond. During emergencies mere minutes are critically important for life/safety first-responders, and our construction crews become first-responders. This is a particular challenge in Counties that are very spread out by their nature, such as Riverside County.

State Law requires that County Road Commissioners and Transportation Directors be responsible for maintaining their roads in a reasonable manner and that Counties are ultimately liable for the failure to do so. Eliminating our flexibility to use an efficient tool to do so is not good public policy and creates another burden on local governments that are struggling in these very tough economic times. Studies show that the State has a projected \$71 Billion shortfall in transportation spending over the next 10 years. Given how far behind we are in infrastructure investments, we need to encourage the most flexible and effective approaches to deliver improvements that the public needs as quickly as possible, rather than introducing road blocks.

Our Day Labor program employs about 40 people. These are not "Day Laborers" in the sense of unskilled temporary workers, as has been alleged by some. Rather, they are dedicated and specialized public servants with an average tenure of 15 years serving the public. Eliminating the County's ability to perform Day Labor will jeopardize jobs in the midst of the worst economic downturn that we have seen for generations.

We urge you to please reconsider the proposed AB 720, as we believe that adoption of this bill would result in additional costs to the taxpayers and hamper our emergency response activities. Accordingly, the Riverside County Transportation Department is opposed to AB 720. Please do not hesitate to contact us should you have any questions regarding our position. I can be reached at 951-955-6740 or JCPerez@rctdma.org.

Respectfully,



Juan C. Perez
Director of Transportation