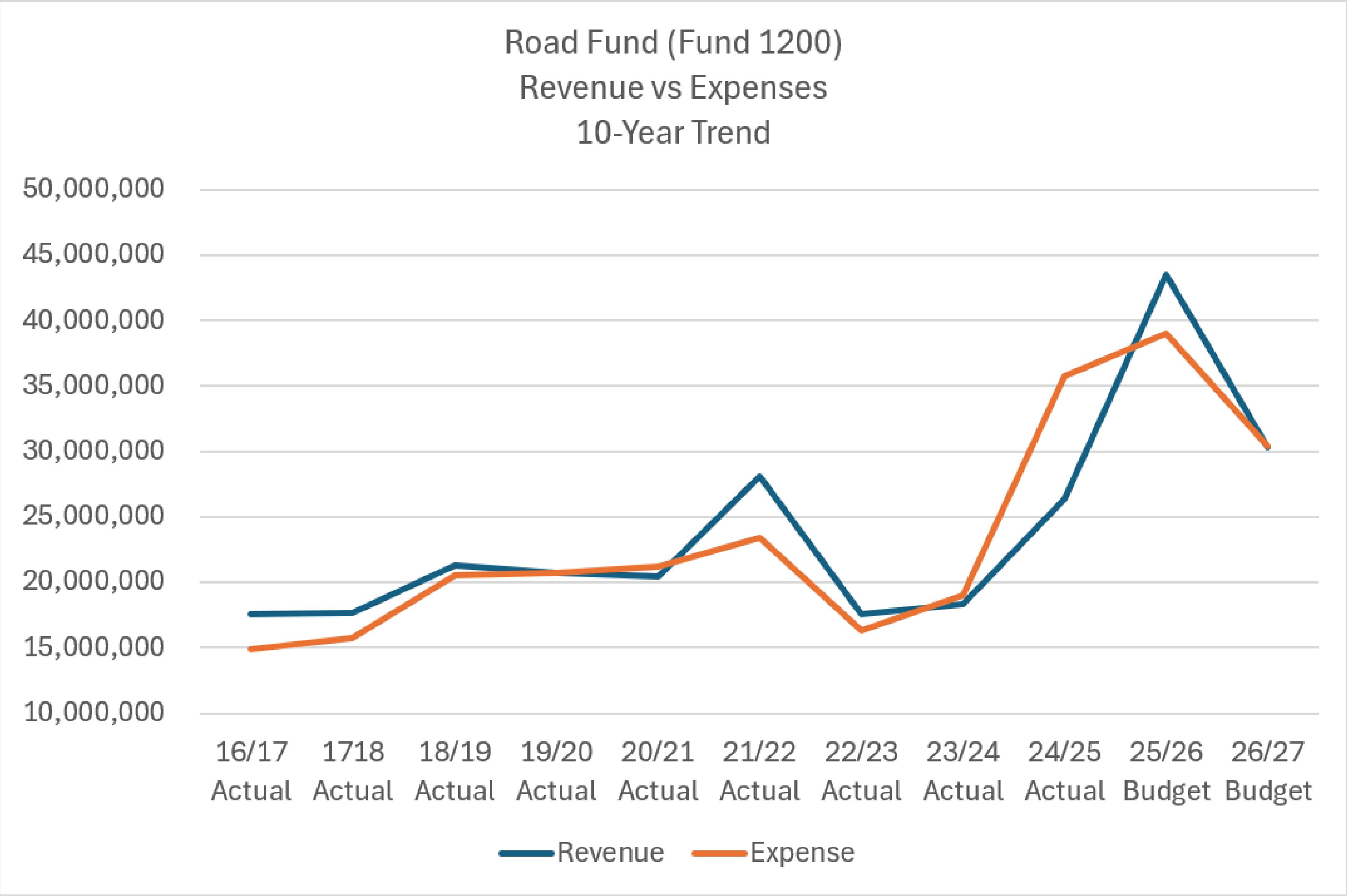
Department of Transportation Funding and the Potential of a Local Sales Tax for Roads

The Road Fund
Budget Units 3010, 3030, & 3041

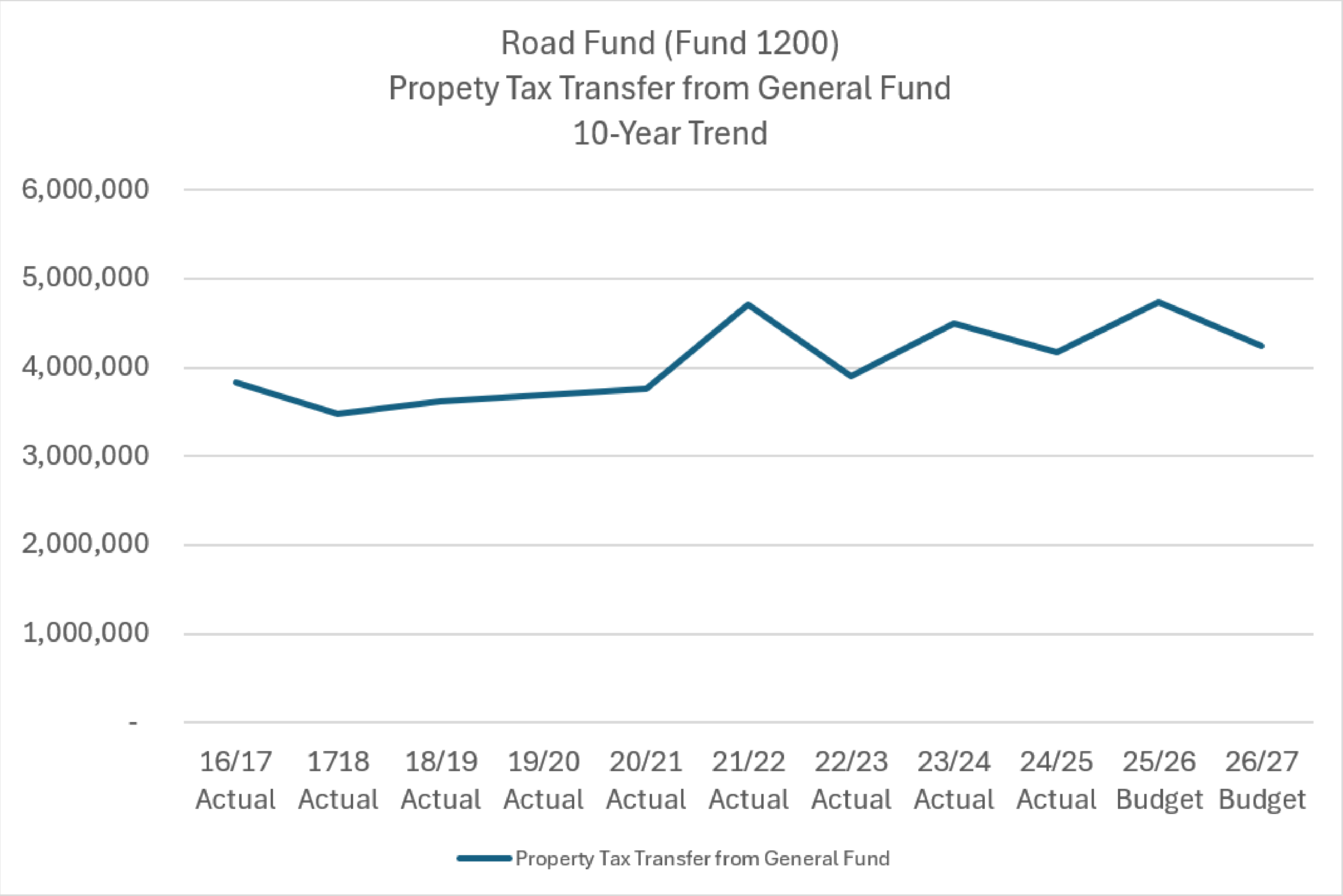
- Restricted fund – all Road Fund is restricted to transportation purposes
- Accounting done by State Controllers Office and published in the annual Road Report
- Funds the daily operations of the Department of Transportation, including staff, materials, equipment, operating expenses, and major roads & bridge projects
- Main sources of funding: gas tax, 20-Year Plan, County property tax contribution, and project-specific grants – full list shown on attachment
- The Road Fund does not typically receive County General Funds other than the property tax contribution, nor can it contribute to the General Fund (restricted)

Road Fund Expenses & Revenues
-
Budget Units 3010, 3030, & 3041



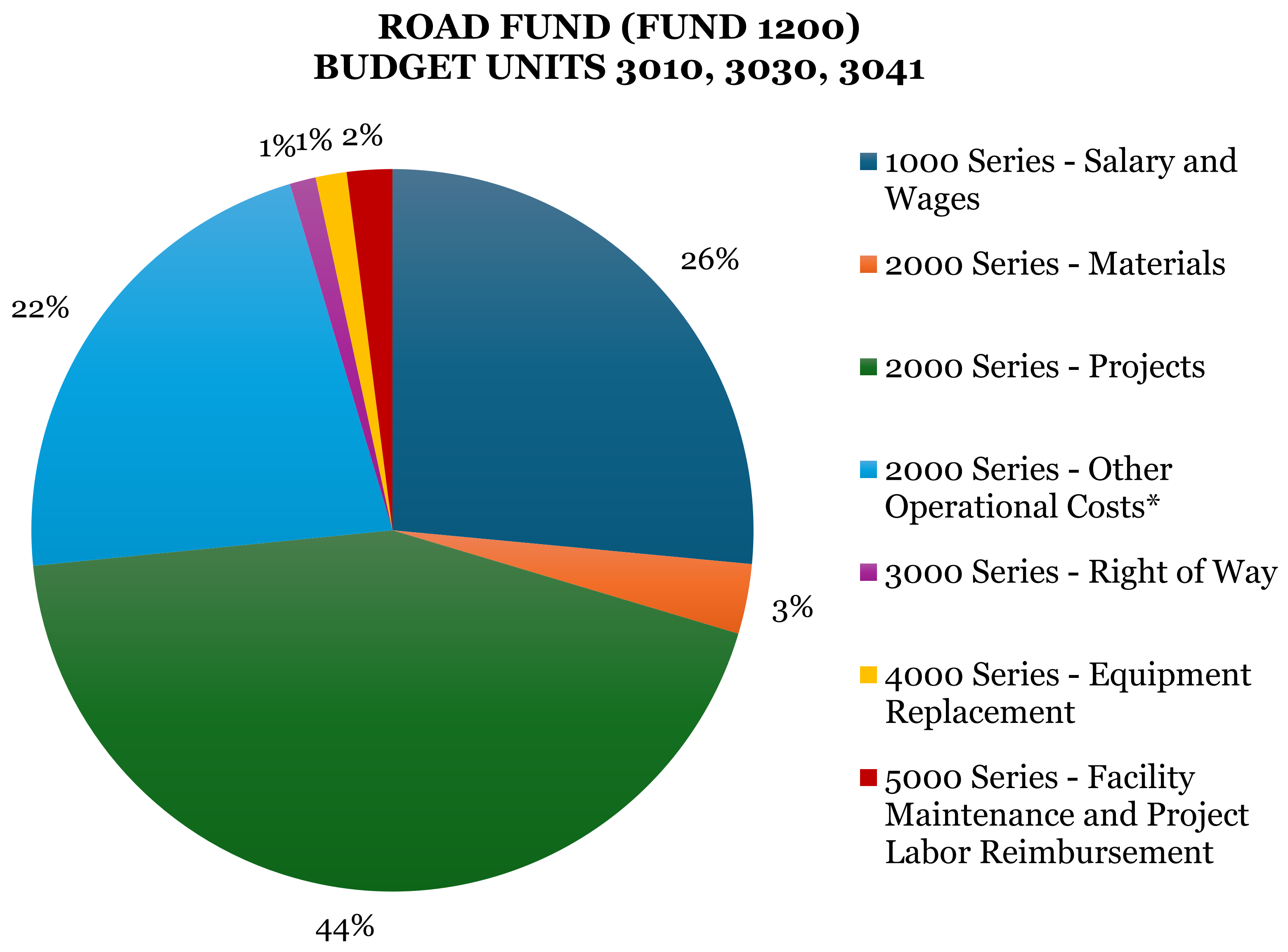
All funds received are expended for County road purposes
*Increase in 24/25 & 25/26 due to large grant-funded projects

County Property Tax Contribution to the Road Fund



Road Fund Expenses by Categories

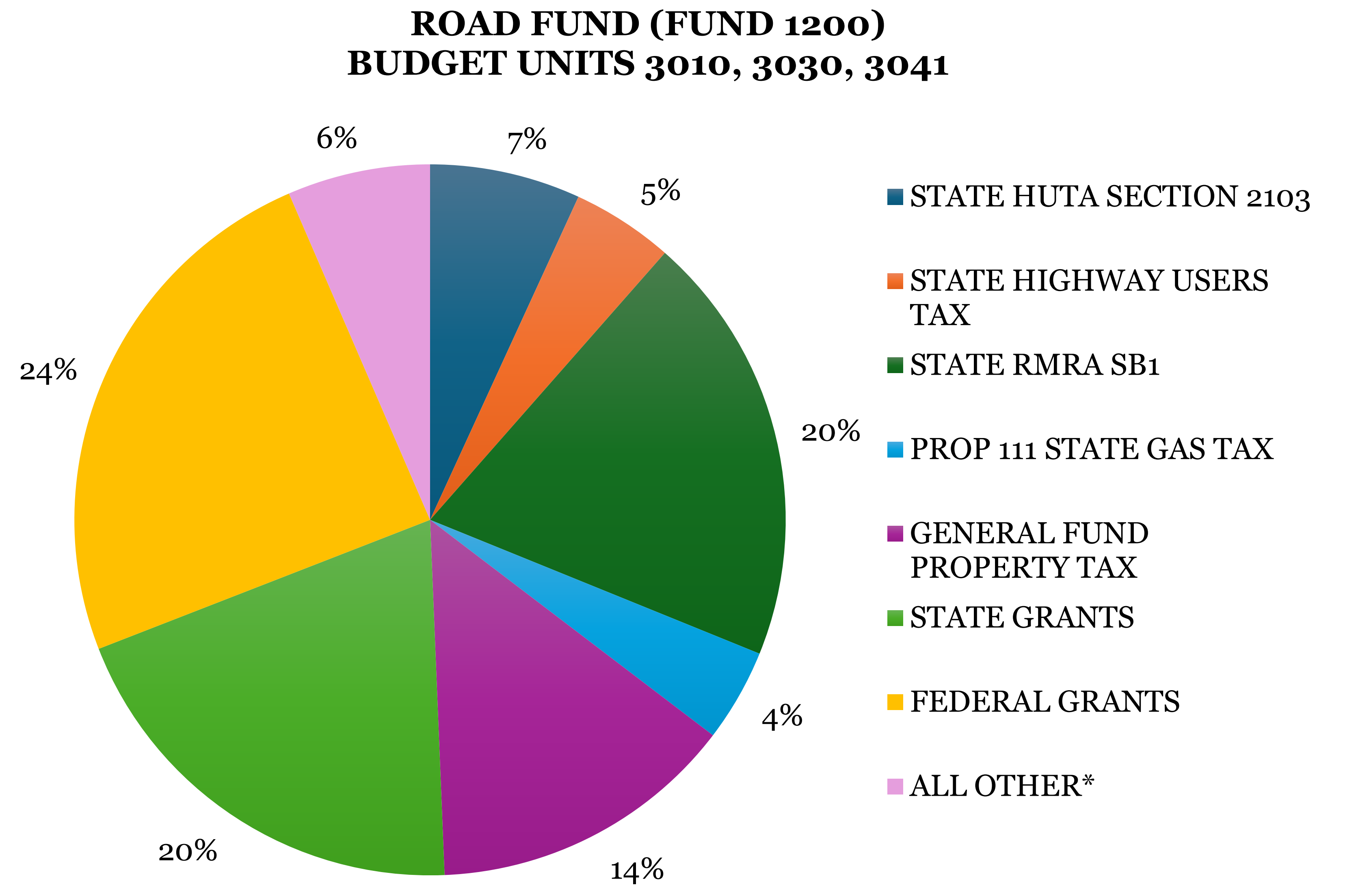
Fiscal Year 2026/27



*Majority of 2000 Series – Other Operational Costs made up of A-87, insurance, and equipment maintenance

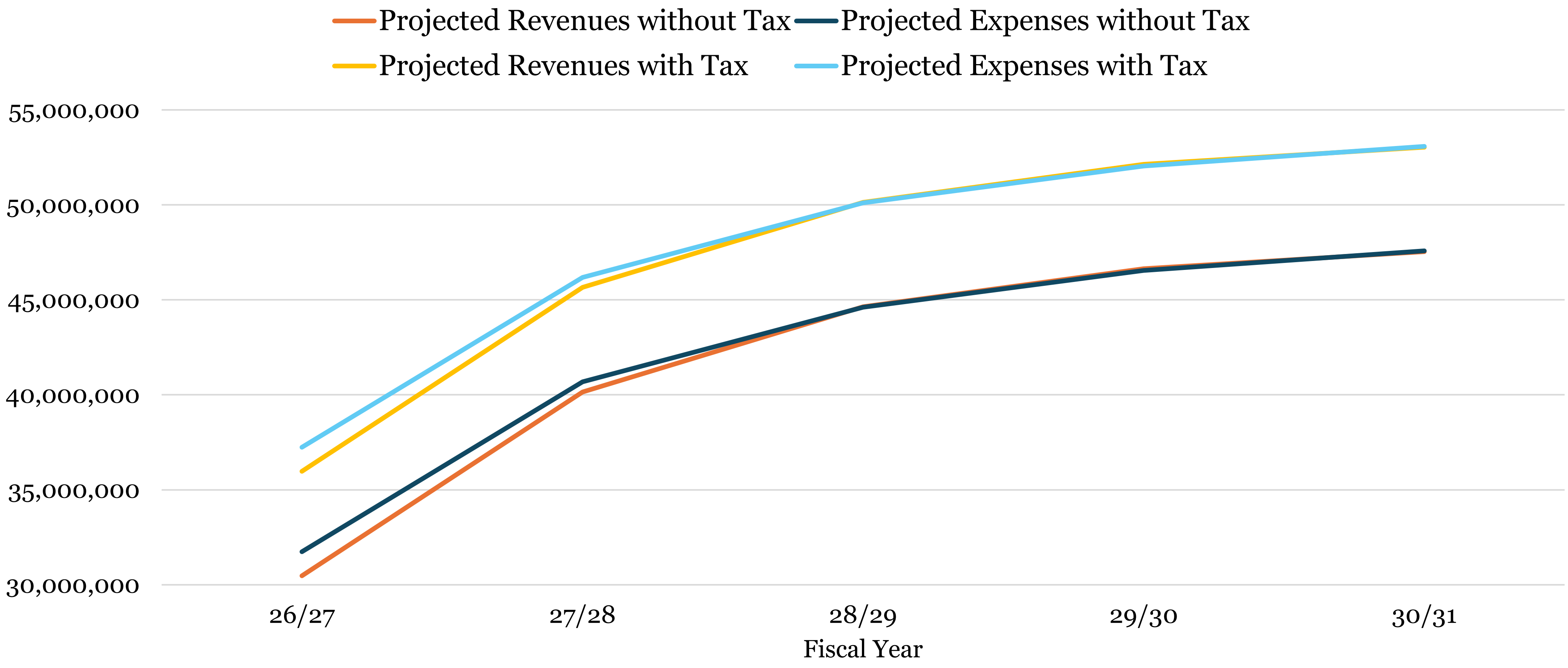
Road Fund Revenue by Funding Sources

Fiscal Year 2026/27



*See County of Mendocino Road Fund Historical Analysis attachment for detailed list of "All Other"

Five Year Road Fund
Revenue and Expenditure Projections



Note: Expenses are adjusted on an annual basis to mirror revenues received, which may include adjustments to staffing, projects, equipment or materials

Use of Grants & Other One-time Funds

- Budget Units 3030 (Disaster Damage) and 3041 (Roads & Bridges)
- Major Capital Improvement Projects for Roads and Bridges (road maintenance grants not available)
    - Bridge Replacements
    - Disaster Damage Repairs
    - Highway Safety Improvement
    - Second Access Routes
    - Fish & Sediment Reduction
    - Active Transportation/Safe Routes to School
- Transportation Planning
- Traffic Safety & Studies

Funding Sources of Grants & Other One-time Funds

80% to 100% grant-funded; local match covered by the Road Fund

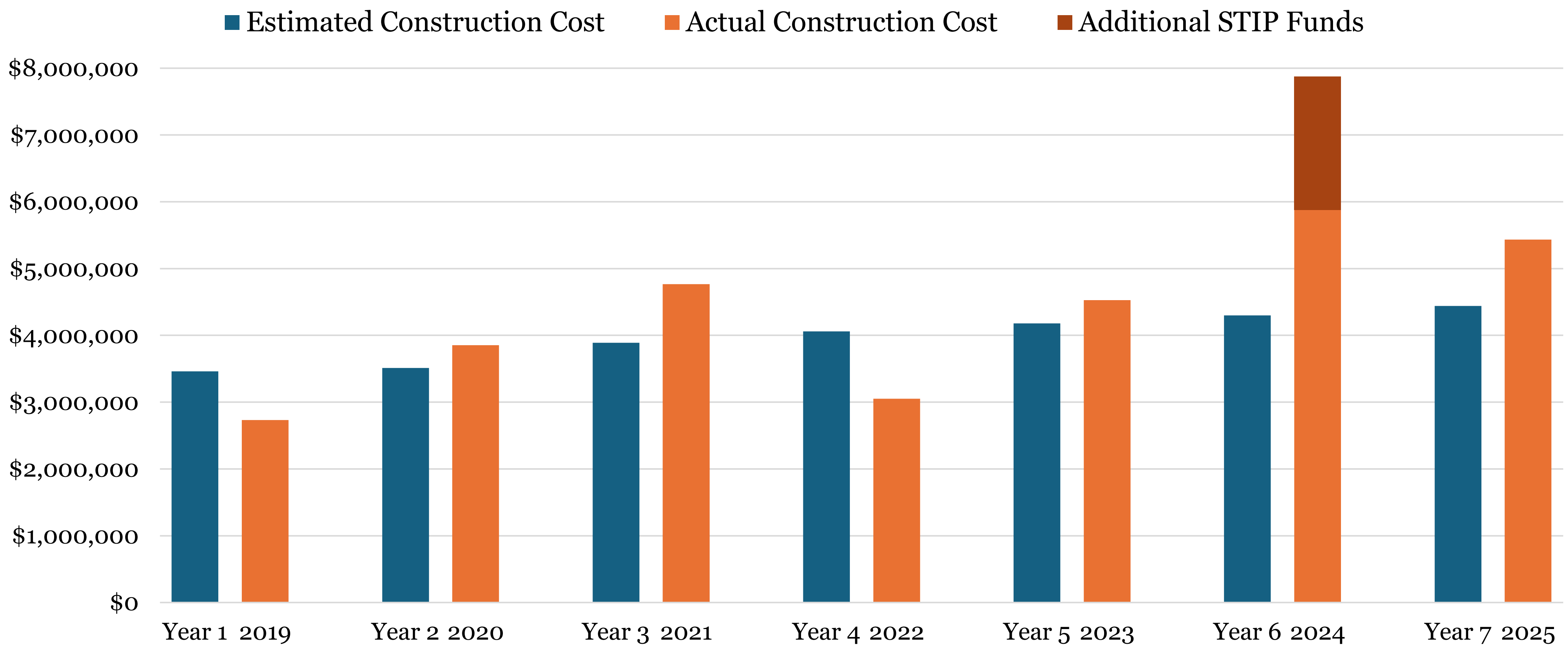
Restricted to use for grant-approved, specific projects

- Federal Highway Administration
- Caltrans Local Assistance Pass Through Funding
- Federal Emergency Management Agency
- California Office of Emergency Services
- Mendocino Council of Governments

Current 20-Year Plan for Corrective/Preventative Maintenance (SB-1 Funds)

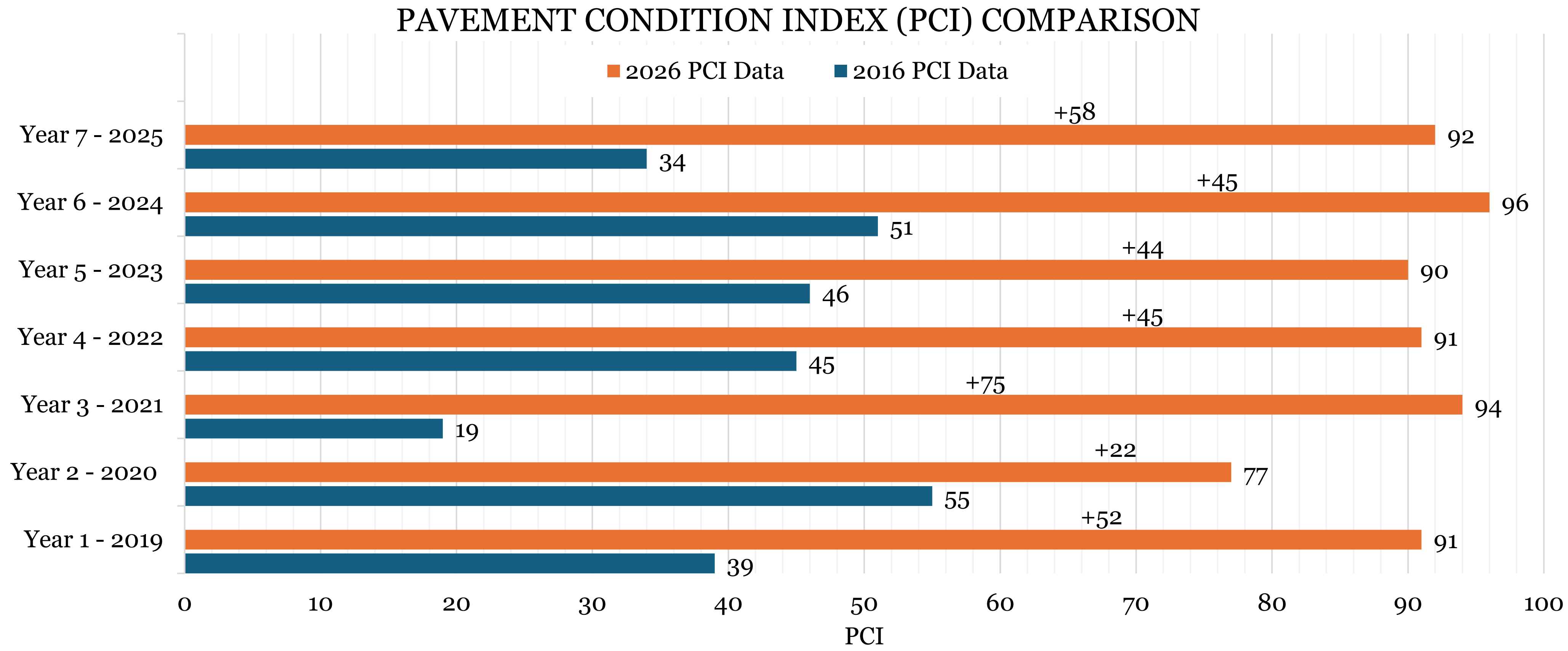
- ~$220.1M needed over next 10 years to restore and maintain County road network to “Good” condition
- Current 20-Year Plan provides ~$65.8M over the next 10 years (currently in Year 8 of the 20-Year Plan)
- Funded by SB-1 Road Maintenance & Rehabilitation Account (RMRA) funds
- ~$5.5M to $7M annually treats ~15-25 miles per year, depending on road conditions
- Treats 357 miles of the ~675 miles of surfaced roads over 20 years
- Funds up to $750k annually for in-house road crew prep work

First 7 Years of the 20-Year Plan
Estimated vs. Actual Construction Costs



See MCDoT 20-Year Plan Comparison attachment for further detail

First 7 Years of the 20-Year Plan - Results



Impacts to County Roads from Annexation

- Annexation proposed by the City of Ukiah removes 19.65 miles of County maintained roads
- The City of Ukiah would take over maintenance, paving, and repairs of those 19.65 miles of roads
- Those costs would be reallocated to other parts of the County Maintained Road system
- This would reduce the County’s deferred maintenance by roughly \$8-\$9M over 20 years, which equates to an estimated \$410,000 - \$455,000 per year which could be spent elsewhere in the County road system

Why is a Local Road Sales Tax Needed?

- Well-maintained public roads in the unincorporated area of the County are essential to safety, commerce, and tourism.
- The County is responsible for maintaining 1017 miles of public roads - significantly more miles of road than are maintained by many wealthier counties with higher road maintenance budgets.
- The County's roads are degrading faster than they can be repaired using the County's current road maintenance budget.
- The County does not have sufficient general fund revenue to increase its budget for road maintenance without significantly reducing funding for other essential County services.

- Sales and use special tax revenues may be used to address vital and unique local needs and areas of concern.

Current Taxes per
California Department of Tax and Fee Administration

Local Agency	Current Tax Rate
Mendocino County	7.875%
City of Fort Bragg	9.25%
City of Point Arena	9.25%
City of Ukiah	8.875%
City of Willits	9.125%

If Mendocino County wants to stay at or under city tax rates, then the County has 1.375% capacity

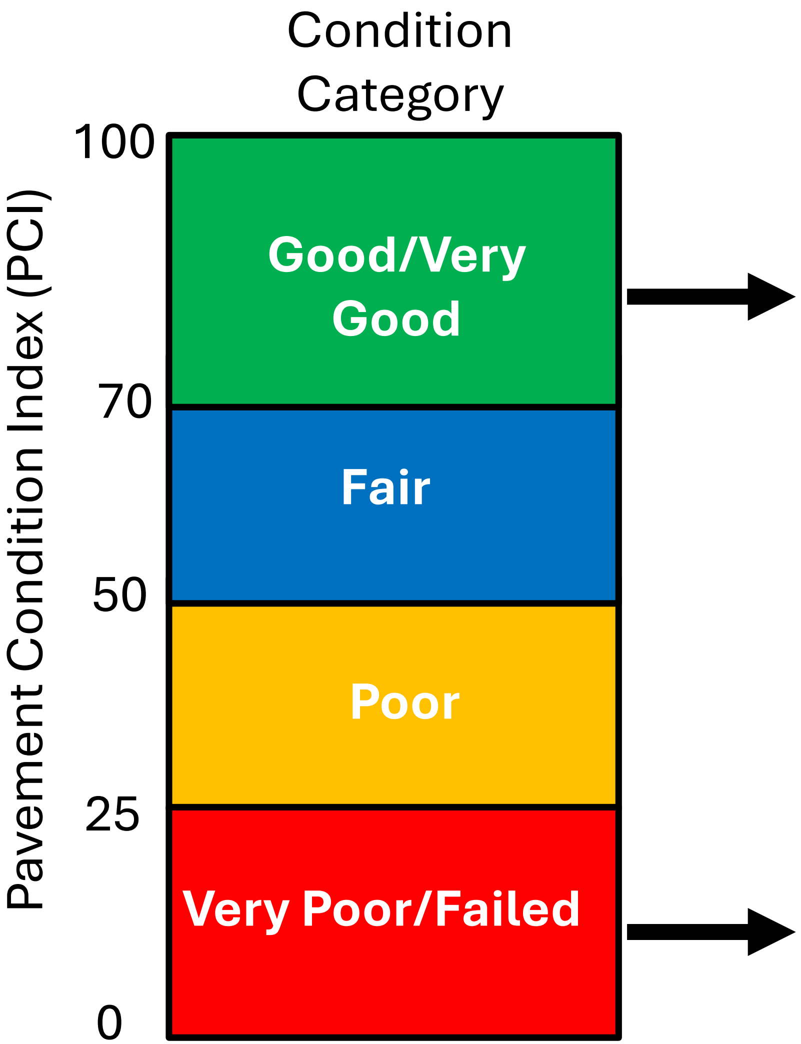
Expenditure Plan for Road Sales Tax

- 1 cent sales tax could provide approximately $5.5 million annually, plus additional State "Self-Help County" share (approximately $200k - $500k
- Pavement Preservation – 40% of revenues
  may include chip seals or cape seals
- Corrective Maintenance – 50% of revenues
  may include full-depth reclamation, asphalt overlays, or cold-in-place recycle with chip seals
- Road Maintenance Staff – 10% of revenues
  restore road crew positions lost from 2019-2022

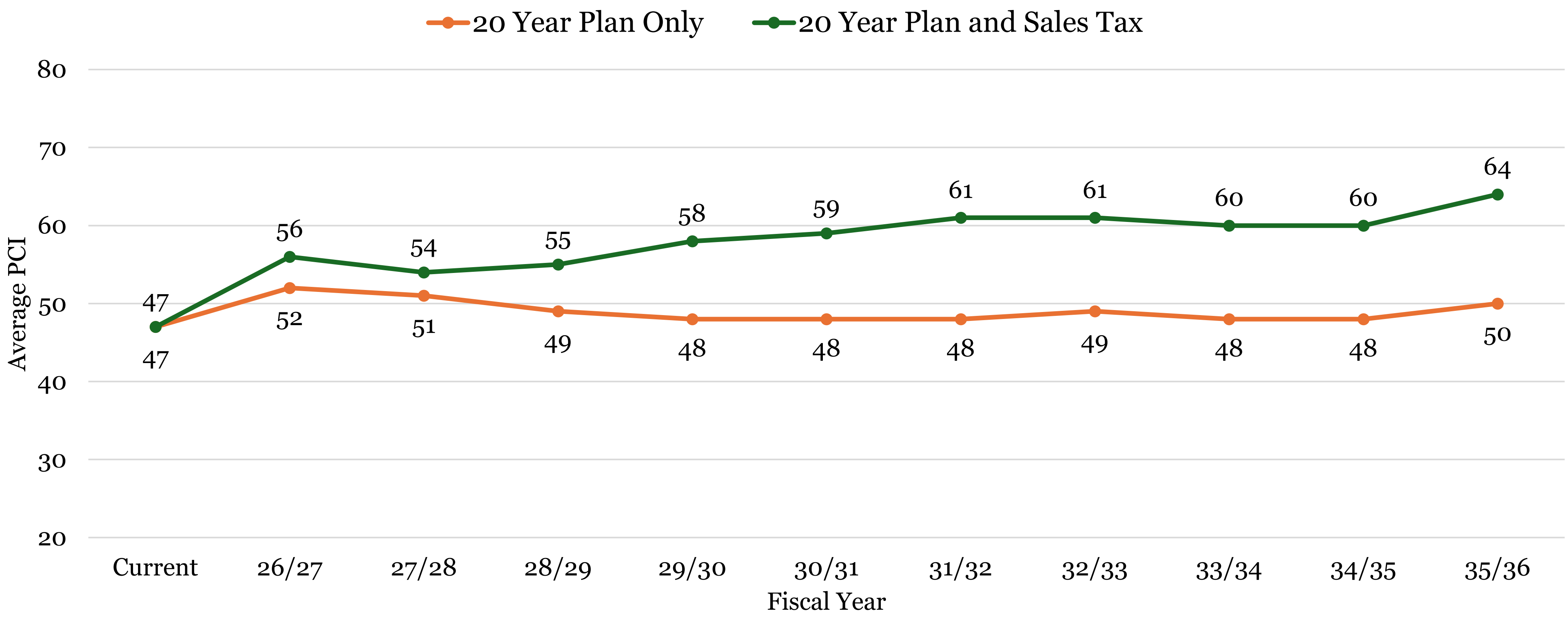
Benefits of a Local Road Sales Tax

- Many surrounding cities and counties have similar sales tax measures to help maintain their roads
- Ability to treat all 317 surfaced miles not in the RMRA 20-Year Plan over approximately 18 years
- Restore 7 to 11 road maintenance crew staff positions, building capacity and allowing the County to invest in our road yards throughout the County
- Improve the County's ability to perform maintenance tasks such as vegetation management, pothole repair, slide removal, ice sanding
- Allow for more rapid response times for the road crew maintenance staff

How is Pavement Condition Index (PCI) Measured?



Benefits of a Local Road Sales Tax Pavement Condition Index (PCI) Projections



Data from 2026 Pavement Management Report

Oversight of the Local Road Sales Tax

- All tax revenues will be deposited into a special fund

- Used exclusively to fund projects and purposes described in the Expenditure Plan of the Ordinance

- Annual Tax Expenditure Plan reviewed and adopted by the Board of Supervisors prior to July 1 of each year.

Citizen Oversight Committee:

- Ensures funds are spent according to approved tax

- Sales tax expenditures reviewed annually with public stakeholders in a Standing Committee public meeting

Questions?

Links to Additional Information

- County Budget: https://www.mendocinocounty.gov/government/executive-office/county-budget
- 20-Year Corrective Maintenance and Pavement Preservation Plan: https://mendocino.legistar.com/LegislationDetail.aspx?ID=5469061&GUID=7DDFA248-C283-4E0F-9743-65AEFE635730&Options=&Search=
- Potential Road Funding Measure https://www.mendocinocounty.gov/departments/transportation/road-conditions
- Local Road Sales Tax Ordinance: https://mendocino.legistar.com/LegislationDetail.aspx?ID=8126810&GUID=F695A1A7-CF55-41A3-B5F1-C12802BFFC1E&Options=&Search=

THANK YOU

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