

DRAFT

May 26, 2021

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

RE: Extension of Indirect Cost Recovery Rate Proposal Cap

Dear Chair Skinner and Chair Ting:

On behalf of the Transportation Agency for Monterey County (TAMC), I am writing to ask for your support to extend Streets and Highways Code Section 114.5, which capped the Department of Transportation (Caltrans) indirect cost recovery rate proposal at 10% for projects financed by local, voter approved special taxes for transportation.

As one of California's 25 "Self-Help Counties," TAMC has and will continue to invest millions of dollars annually in the state highway system. These investments are a critical component of our efforts to partner with the state to improve mobility and safety on our state highways.

The indirect cost recovery rate proposal was established to compensate Caltrans for the oversight effort necessary for projects on the state highway system that are funded by others. All of the local tax funded state highway projects have been projects that Caltrans would have built on their own if they had the resources to do so. It serves as a disincentive to charge local agencies a fee to make improvements on state owned assets, which are a Caltrans responsibility.

As a member of the Self Help Counties Coalition, we have advocated for the elimination of the indirect cost recovery rate proposal because our locally funded projects benefit the State, and any Caltrans' oversight activities should be considered a small contribution by the State to help contribute to the projects' success. While TAMC and the Self Help Counties Coalition would prefer the elimination of the indirect cost recovery rate proposal, the 10 percent cap contained in Streets and Highways Code Section 114.5 is a reasonable compromise that we support. We

urge you to support the effort to extend the indirect cost recovery rate proposal cap of 10 percent.

Thank you for your consideration. If you have any questions, please feel free to contact Christina Watson of my staff at christina@tamcmonterey.org or (831) 775-4406, or our legislative analyst, Gus Khouri, at (916) 503-3575 or gus@khouriconsult.com.

Sincerely,

Debbie Hale
Executive Director

cc: Members of the Assembly and Senate Budget Committee
Hon. Anna Caballero, 12th Senate District Hon. John Laird, 17th Senate District
Hon. Robert Rivas, 30th Assembly District Hon. Mark Stone, 29th Assembly District