

**AGENDA
SUBCOMMITTEE NO. 5
ON INFORMATION TECHNOLOGY AND TRANSPORTATION**

ASSEMBLYMEMBER DEAN FLOREZ, CHAIR

**WEDNESDAY, FEBRUARY 24, 1999
STATE CAPITOL, ROOM 127
4:00 P.M.**

INFORMATIONAL HEARING

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2780 STEPHEN P. TEALE DATA CENTER

The Stephen P. Teale Data Center is one of the State's two general purpose data centers. The Teale Data Center provides a variety of information technology services to over 250 clients, primarily state agencies and county governments.

In the California State Auditor's February, 1999 report regarding the Year 2000 problem, refers to the Teale Data Center's approach to the Y2K problem as "risky." This presents problems for the data center's clients, even those that have completely remediated all their Y2K problems.

The Auditor identifies four primary deficiencies with the Teale Data Center's Y2K efforts. First, the report suggests that not enough resources have been devoted to remediation efforts. Second, the Teale Data Center does not monitor clients' use of a time machine environment that clients use to test the data center's operating system. Third, the data center has replaced the operating system software after a number of clients had used the replaced software to determine their Y2K readiness. And fourth, the data center continues to permit clients to continue to use non-Y2K compliant commercial software products.

While the findings of the Auditor raise important questions for this subcommittee to address, it is important to point out that the findings are all based on the Y2K efforts of the previous administration. The Davis Administration has recently initiated a new "Top Down" strategy for resolving the State's Y2K problems. Under the new strategy, the Administration will immediately undertake a reevaluation of the status of the State's Y2K efforts and simultaneously deploy the means necessary to complete the Y2K efforts.

2665 HIGH SPEED RAIL AUTHORITY

The California High-Speed Rail Authority was created by Chapter 796, Statutes of 1996, to direct the development and implementation of intercity high-speed rail service that is fully coordinated with other public transportation services. The Authority is required to prepare a plan for the financing, construction, and operation of a high-speed train network for the state which would be capable of achieving speeds of at least 200 miles per hour and that is consistent with and continues the work of the Intercity High-Speed Rail Commission.

The Authority is required to submit a financing plan to the Governor, Legislature, and the voters by December 21, 2000. Initially, the Authority's activities will include conducting engineering and environmental studies; evaluating alternatives; establishing criteria for award of a franchise to design, building and/or operating parts or all of the system; preparing a detailed financial plan and placing it on the ballot at the November general election in 2000; and selecting a proposed franchisee. Once funding for the high-speed rail network is secured, the Authority is authorized to (1) enter into contracts with private or public entities for the design, construction and operation of high-speed trains; (2) acquire right-of-way through purchase or eminent domain; (3) issue debt, secured by pledges of state funds, federal grants, or project revenues; (4) enter into cooperative or joint development agreements with local governments or private entities; (5) set the fares and schedules for the system; and (6) relocate highways and utilities. The Authority sunsets on June 30, 2001, unless it gains approval of the plan for high-speed rail.

This hearing provides the Authority the opportunity to present an update regarding its preliminary work in directing the development and implementation of intercity high-speed rail service and to discuss the process for getting the Authority's plan for the financing, construction, and operation of the high-speed train network plan on the ballot.

2660 DEPARTMENT OF TRANSPORTATION (CALTRANS)

Budget Overview: The Department of Transportation (Caltrans) constructs, operates, and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways. Caltrans also provides rail passenger services under a contract with Amtrak and provides support to local airports. The Governor's budget proposes \$7.9 billion for 1999-00, an increase of \$1.5 billion, or 23 percent, over revised current-year funding. The proposed budget also includes an increase of personnel years by 439.1 to 20,449.7, an increase of 2.2 percent.

Additional State Transportation Improvement Program (STIP) Funds: The 1998 STIP programmed \$4.6 billion for new capital transportation projects throughout the state. Since the adoption of the 1998 STIP, an additional \$1.6 billion has been identified for capital projects. As a result, the California Transportation Commission (CTC) plans to adopt an amendment to the 1998 STIP to program the additional funds later in 1999.

Of the funds available to be programmed, \$860 million is a result of the reauthorization of federal transportation funds, the Transportation Equity Act for the 21st Century (TEA-21), providing more funding for California than previously anticipated. The remaining \$740 million is a result of revised revenue estimates, including \$600 million as a result of revised estimates of projects' cash flow and \$140 million in revised reserves.

To ensure on-time delivery of existing and future programmed STIP projects, Caltrans is developing a system by which a single project manager is responsible for entire delivery of a project rather than having the project divided among various managers who are responsible for portions of the project. In addition, the Governor proposes \$530,000 to hire consultants to develop standards and create an automated method of evaluating potential projects. The work of the consultants will enable Caltrans to better assess project support costs and schedules.

Public Transportation Account Status (PTA): The PTA continues to face insolvency in the near future. The account remains solvent through the budget year with a \$28 million fund transfer from the State Highway Account. PTA revenues are generated primarily through a sales tax on diesel fuel, and lower diesel prices have reduced PTA revenues. This factor, along with significant PTA revenues being allocated to seismic retrofit projects, has resulted in the impending insolvency of the account.

As a result no new PTA funds can be programmed for projects. This is significant because the California Constitution prohibits the use of other state transportation funds for mass transit and rolling stock purposes, such as to purchase new buses or rail cars. The Administration seeks to address the issues surrounding the PTA as it conducts a comprehensive review of transportation policy and financing.