

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE No. 3****RESOURCES AND TRANSPORTATION****Assemblymember Richard S. Gordon, Chair****WEDNESDAY, APRIL 27, 2011****STATE CAPITOL, ROOM 447  
9:00 A.M.**


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## 2660 – DEPARTMENT OF TRANSPORTATION (CALTRANS)

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### ISSUE 1: DEPARTMENT OVERVIEW

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**Department Overview.** The Department of Transportation (Caltrans) constructs, operates, and maintains a comprehensive state system of 15,200 miles of highways and freeways and provides intercity passenger rail services under contract with Amtrak. The Department also has responsibilities for airport safety, land use, and noise standards. Caltrans' budget is divided into six primary programs: Aeronautics, Highway Transportation, Mass Transportation, Transportation Planning, Administration, and the Equipment Service Center.

**Budget Overview.** The January Governor's Budget proposed total expenditures of \$12.8 billion (\$83 million General Fund) and 20,377 positions, a decrease of about \$332 million and a decrease of 249 positions over the revised current-year budget.

### Major Caltrans Programs

**Aeronautics.** The Division of Aeronautics supports California's aviation activities by promoting safe and effective use of existing airports and heliports. This program ensures that airports and heliports comply with safety regulations, provides engineering and financial assistance for safety and infrastructure improvements, maintains the California Aviation System Plan to reflect changes in the aviation network, provides guidance for land use compatibility in areas around airports, administers airport noise standards regulations, enhances goods movement to and from airports through improved ground access, and promotes and maintains aviation safety.

**Highway Transportation.** The Highway Transportation Program operates, maintains, and continues development of California's state highways. Development and delivery of capital projects make up the largest portion of these efforts. The program also meets its objectives through: (1) coordination and control required by federal and state law for implementing transportation projects; (2) furnishing assistance to city and county transportation programs; and, (3) management of traffic through a system of monitoring, analysis, and control. In addition, this program strives to improve highway travel, safety, and the environment through testing, research, and technology development.

**Mass Transportation.** The objective of the Mass Transportation Program is to support the state's transportation system by providing leadership in the implementation of safe, effective public transportation, improved air quality, and environmental protection. The program achieves its objective through: (1) the administration of intercity rail service in California, including capital projects and rail car management; (2) management of state and federal capital and operations grant programs; (3) planning, support, and coordination of mass transportation services; and, (4) administering the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act). Additionally, the Mass Transportation Program serves to: (1) improve intercity bus passenger service through enhanced services and facilities;

(2) improve public transportation needs for all persons, including the elderly, the disabled, and the economically-disadvantaged; (3) improve urban/commuter rail services; and, (4) enhance mobility options in congested corridors.

**Transportation Planning.** The Transportation Planning Program implements statewide transportation policy through coordination at the local and regional levels and develops transportation plans and projects. The Department prepares the long-range state transportation plan required by state and federal laws and provides long-range transportation system planning and transportation planning studies as input to the regional transportation plans, the State Transportation Improvement Program (STIP), and departmental policies and programs such as Goods Movement, Climate Action, and Regional Blueprint Planning. The Department also prepares the Interregional Transportation Strategic Plan, which guides investment of the Interregional Improvement Program funds in the STIP.

**Administration.** The Administration Program provides the functions required to support the programmatic responsibilities of the Department. Major activities include accounting, budgeting, auditing, office facility operations and management, information technology, and a wide range of administrative services including human resources, procurement and contracting, training, workforce planning, and labor relations.

**Equipment.** The Equipment Program provides mobile fleet equipment and services to other departmental programs through: (1) purchasing new vehicles; (2) receiving, servicing, and equipping new units; (3) assembling equipment components into completed units; (4) managing the fleet; (5) repairing and maintaining the fleet, including payments for fuel and insurance; and, (6) disposing of used vehicles.

**Activity:** (in millions):

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>
Aeronautics	\$7	\$7
Highway: Capital Outlay Support	1,781	1,826
Highway: Capital Outlay Projects	6,231	5,689
Highway: Local Assistance	2,356	2,117
Highway: Program Development	75	82
Highway: Legal	121	122
Highway: Operations	219	245
Highway: Maintenance	1,374	1,513
Mass Transportation	805	1,024
Transportation Planning	169	183
Administration (distributed costs)	(447)	(484)
Equipment Program (distributed costs)	(228)	(255)
<b>TOTAL</b>	<b>\$13,141</b>	<b>\$12,808</b>

**Staffing**

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>
Aeronautics	24.9	24.9
Highway: Capital Outlay Support	17,413.2	17,205.1
Highway: Capital Outlay Projects	9,307.3	9,119.6
Highway: Local Assistance	-	-
Highway: Program Development	344.9	323.0
Highway: Legal	241.9	241.0
Highway: Operations	280.2	280.2
Highway: Maintenance	1,417.6	1,417.6
Mass Transportation	5,821.3	5,823.7
Transportation Planning	175.8	171.4
Administration (distributed costs)	617.7	634.8
Equipment Program (distributed costs)	2,393.8	2,340.7
<b>TOTAL</b>	<b>20,625.4</b>	<b>20,376.9</b>

**Major Funding Sources (in millions)**

<b>Fund Source or Account</b>	<b>2010-11</b>	<b>2011-12</b>
Federal Funds	\$4,684	\$4,284
State Highway Account (SHA)	3,343	3,573
Proposition 1B & Prop 1A Bond Funds	3,276	3,476
Reimbursements	1,323	1,125
General Fund (Proposition 42 – Loan Repayment)	(83)	(83)
Federal Revenue Bonds (GARVEEs)	1	1
Public Transportation Account	374	210
Other funds	139	141
<b>TOTAL</b>	<b>\$13,141</b>	<b>\$12,808</b>

**Department Legal Authority**

Streets and Highways Code Section 90 et seq., Government Code Section 14000 et seq.

## Questions for the Department

### Mission:

- Describe the purpose your agency, department, or Commission (agency) fulfills. Provide information on the process by which it was established (enabling legislation or constitutional language).

### Organizational Structure:

- How is the Department Director selected/appointed and to whom does that individual report. Provide any pertinent history regarding organizational changes that have occurred (i.e., mergers with other agencies/departments, new authorities granted, etc.).
- Provide an organizational chart and discuss the major functional units of the agency.

### Budget:

- What is the total agency budget?
- Detail revenue by category. Provide a dollar amount and indicate the percentage of the total revenue represented by each category.
- Detail expenses by category. Provide a dollar amount and indicate the percentage of the total expenses represented by each category.
- How do you define administrative costs? What items are included in administration? What percent of the total expenses would be identified as administrative costs?
- How much did the agency spend last fiscal year on legal costs (internal and external attorneys and litigation costs)?

### Personnel:

- How many authorized positions are there for the agency?
- How many of those are currently filled? What has been the vacancy rate over the past two years?
- Identify the total number of positions for each of the agency's functional activities. Identify the total number of positions necessary to fulfill the agency's mission.

**Facilities:**

- Identify the total number of facilities currently occupied by agency activities. To the extent possible, provide the square footage utilized by each agency function.
- If not previously discussed, provide information on the funds spent last fiscal year on facility maintenance, remodeling, and facility acquisition.

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**STAFF RECOMMENDATION: THIS IS AN INFORMATIONAL ITEM, NO ACTION IS NECESSARY.**

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**ISSUE 2: PROPOSITION 1B OVERVIEW**

**Background.** Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, provided nearly \$20 billion of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. As of 2011, \$12.7 billion of these funds have been expended. The chart below details Prop 1B expenditures.

<b>Proposition 1B Category</b>	<b>Total 1B Amount</b>	<b>Total Appropriated thru 10-11 (after reversions)</b>	<b>2011-12 Requested Amount</b>	<b>Budget Entity</b>
Corridor Mobility Improvement Account (CMIA)	\$4,500	\$2,789	\$631	Caltrans
State Transportation Improvement Program (STIP)	\$2,000	\$1,993	\$0	Caltrans
State Highway Operations and Preservation Program (SHOPP)	\$500	\$308	\$0	Caltrans
State Route 99 Improvements	\$1,000	\$284	\$392	Caltrans
Local Bridge Seismic Retrofit	\$125	\$38	\$22	Caltrans
Intercity Rail	\$400	\$100	\$117	Caltrans
Grade Separations	\$250	\$250	\$0	Caltrans
Traffic-Light Synchronization	\$250	\$250	\$0	Caltrans
Trade Infrastructure	\$2,000	\$581	\$972	Caltrans
State/Local Partnership	\$1,000	\$339	\$200	Caltrans
Local Streets & Roads	\$2,000	\$1,950	\$37	Shared Revenues
Transit	\$3,600	\$2,450	\$0	State Transit Assistance
School Bus Retrofit	\$200	\$196	\$0	Air Res. Board
Trade Infrastructure Air Quality	\$1,000	\$697	\$282	Air Res. Board
Port Security*	\$100	\$99	\$0	Emerg Mgt Agency
Transit Security*	\$1,000	\$407	\$103	Emerg Mgt Agency
<b>TOTAL</b>	<b>\$19,925</b>	<b>\$12,731</b>	<b>\$2,756</b>	

**Caltrans.** Caltrans is requesting a total of \$2.3 billion in capital funding for projects within the following 1B programs. This proposal represents the fifth year of expenditures from what is planned to be a 10-year bond expenditure program. This proposal was developed to meet the anticipated capital needs of the different Proposition 1B programs. Caltrans has provided a chart (Attachment) that details the Department's request.

**2011-12 Budget.** SB 69, the Budget Conference vehicle that has passed both houses of the Legislature, includes a placeholder appropriation for Proposition 1B funding, in the event that a bond sale occurs.

**Staff Comment.** Recently, the Administration announced that it will not be pursuing a spring bond sale. Additionally, it is unclear at the moment whether there will be a fall bond sale. Because of this uncertainty and because in prior years, Caltrans' early estimates of project funding needs have changed by the end of the budget process. Even with the assumption of bond sales contained in the budget, Caltrans has identified over \$6.4 billion in need but has \$2.3 billion in funds to address those needs.

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**STAFF RECOMMENDATION: INFORMATIONAL ITEM.**

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**ISSUE 3: PIDS PROGRAM ZERO-BASED WORKLOAD**

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**Governor's Budget.** Caltrans is proposing to increase its baseline budget for reviewing, approving, and developing Project Initiation Documents (PID) from 242 positions and \$2.4 million to 260 positions and \$33 million. Additionally, the Budget is proposing to shift 66 positions that are currently funded from the State Highway Account to reimbursements from local agencies.

**Background.** The Department utilizes its transportation system and regional planning process and planning documents such as Regional Transportation Plans, transportation concept reports, corridor system management plans, and the 10-year SHOPP Plan to set broad plans to improve and maintain the State Highway System (SHS). Potential projects that can be developed and constructed within this larger plan must have a preliminary planning document, known as a PID developed to measure its feasibility, cost and whether it fits within the overall plan for the SHS. PIDs contain specific information including the identification of the transportation problem that is to be addressed an evaluation of potential alternatives to address the problem, and the justification and description of the preferred solution. Each PID also includes the estimated cost, scope, and schedule of the project—information needed to decide if, how, and when to fund the project.

Projects for the SHS are funded from both State and Local Funds. Currently, the Department funds all workload related to the development and review of PIDs for projects that are to be located on the State Highway System. This proposal would shift some of that workload cost to local agencies under that rationale there is a proportional share of PID workload that is driven by local agencies rather than the state planning process.

**Staff Comments.** This issue was denied without prejudice earlier this year because staff wanted to work with Caltrans to work out the details of the local reimbursement to make sure that it matched the expected workload and use of PIDs by local agencies. The concept of local agencies have a financial stake in PIDs has appeal on a conceptual basis, but the Legislature needs to be assured that the arrangement is well balanced and fair, because it is an essential state function of Caltrans. For that reason, staff recommends rejecting the local reimbursement part of this proposal for the 2011-12 fiscal year, in the hopes that a more refined proposal can be arrived at for the 2012-13 fiscal year.

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**STAFF RECOMMENDATION: APPROVE STAFFING LEVEL IN THE BCP, BUT USE STATE HIGHWAY ACCOUNT FUNDS TO SUPPORT STAFF IN LIEU OF REIMBURSEMENTS.**

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**ISSUE 4: PUBLIC PRIVATE PARTNERSHIP OVERSIGHT STAFFING**

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**Section 26 Request:** On April 8, 2011, the Joint Legislative Budget Committee denied a Caltrans request to redirect \$4.5 million of savings to retain legal and financial consultants to work on potential P3 projects, concurring with a recommendation of the LAO. The Provision 13 in the Caltrans section of the 2010-11 budget act authorized Caltrans to seek additional funding in the event that P3 projects were to materialize. Caltrans identified three projects:

1. Interstate 710 Freight Corridor in Los Angeles
2. Interstate 710 North Gap Closure in Los Angeles
3. High-Occupancy Toll Lanes in the San Francisco-Oakland Bay Area

**LAO Findings.** LAO found that while the use of the funds for these projects would be merited Caltrans would be unable to spend any of the additional funding in the current year. However, Caltrans would likely need this money in the 2011-12 fiscal year.

**Staff Comments.** The Subcommittee could use this hearing as an opportunity to discuss the potential need for the Caltrans funding in the 2011-12 fiscal year.

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**STAFF RECOMMENDATION: HOLD OPEN.**

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**ISSUE 5: FEDERAL SPRING FISCAL LETTER**

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**Background.** The Department of Finance has submitted an April 1 Spring Fiscal Letter with four separate proposals. These proposals are:

1. Increase Federal Environmental Requirements: Caltrans requests an increase in its expenditure authority by \$591,000 federal funds, so the department could hire six currently authorized positions to complete federal required maintenance on local and regional transportation projects.
2. Continuation of Indirect Cost/Incurred Cost Audit Resources: Caltrans requests an increase of \$2.9 million federal funds for two years, which would provide the funding to hire twelve currently authorized positions and to contract with the State Controller's Office to complete indirect cost allocation plan audits for local entities receiving federal funds.
3. ARRA Program Accounting Resources: Caltrans requests to adjust the January budget to better reflect actual ARRA program reporting needs. These adjustments would increase special funds to pay for a one-year increase in staff of twelve position for ARRA-related accounting work and a decrease of four positions that are no longer needed to oversee local assistance programs.
4. California Household Travel Survey Partner Reimbursement: Caltrans requests an adjustment of \$2.5 million to its budget to allow it to contract with local entities that wish to collect data by adding questions to the travel survey.

**Staff Comments.** Staff has no concerns with this proposal as it is extending federal funds to support federally required activities.

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**STAFF RECOMMENDATION: ADOPT SPRING FISCAL LETTER**

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## 2600 – CALIFORNIA TRANSPORTATION COMMISSION

### ISSUE 1: DEPARTMENT OVERVIEW

**Department Overview.** The California Transportation Commission (CTC) is responsible for the programming and allocating of funds for the construction of highway, passenger rail, and transit improvements throughout California. The CTC also advises and assists the Secretary of the Business, Transportation and Housing Agency and the Legislature in formulating and evaluating State policies and plans for California's transportation programs.

**Budget Overview.** The January Governor's Budget proposes expenditures of \$3.9 million and 18.1 positions for the administration of the CTC (no General Fund) – an increase of \$183,000 and no change in positions. Additionally, the budget includes \$25.0 million in Clean Air and Transportation Improvement Bond Act funds (Proposition 116 of 1990) that are budgeted in the CTC and allocated to local governments. The Administration submitted one Budget Change Proposal, which is described below.

### Major CTC Programs

**Administration of California Transportation Commission.** The objective of the Administration Program is to produce and update the State Transportation Improvement Program (STIP) and the STIP Fund Estimate, and to allocate transportation revenues and bond funds for the construction of highway, passenger rail and transit improvements in California.

**Clean Air and Transportation Improvement.** The objective of the Clean Air and Transportation Improvement Program is to provide grants from specified bond funds to the Department of Transportation, the Department of Parks and Recreation, and local agencies. The grants are used for the preservation, acquisition, construction, and improvement of rail infrastructure, paratransit vehicles, bicycle facilities, water-borne ferry vessels and facilities, public transit, and the California State Museum of Railroad Technology.

**Activity:** (in millions):

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>
Administration of California Transportation Commission	\$3,731	\$3,914
Clean Air and Transportation Improvement	25,000	25,000
<b>TOTAL</b>	<b>\$28,731</b>	<b>\$28,914</b>

### Staffing

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>
Administration of California Transportation Commission	18.1	18.1
Clean Air and Transportation Improvement	-	-
<b>TOTAL</b>	<b>18.1</b>	<b>18.1</b>

**Major Funding Sources** (in millions)

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>
State Highway Account, State Transportation Fund	\$1,056	\$1,175
Public Transportation Account, State Transportation Fund	1,334	1,371
Clean Air and Transportation Improvement Fund	25,000	25,000
Reimbursements	506	507
Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	198	204
Trade Corridors Improvement Fund	191	198
Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	179	183
Public Transportation Modernization, Improvement & Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, & Port Security Fd of 2006	52	53
State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	91	94
Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	10	9
Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006	33	34
Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	81	86
<b>TOTAL</b>	<b>\$28,731</b>	<b>\$28,914</b>

**Department Legal Authority**

Government Code Section 13990, and Title 2, Division 3, Part 5.3 (commencing with Section 14500). Public Utilities Code, Sections 99612 and 99613, and Division 12, Chapter 4, Article 5 (commencing with Section 130300). Streets and Highways Code, Section 30952.1

**Questions for the Department:****Mission:**

- Describe the purpose your agency, department, or Commission (agency) fulfills. Provide information on the process by which it was established (enabling legislation or constitutional language).

**Organizational Structure:**

- How is the Department Director selected/appointed and to whom does that individual report. Provide any pertinent history regarding organizational changes that have occurred (i.e., mergers with other agencies/departments, new authorities granted, etc.).
- Provide an organizational chart and discuss the major functional units of the agency.

**Budget:**

- What is the total agency budget?
- Detail revenue by category. Provide a dollar amount and indicate the percentage of the total revenue represented by each category.
- Detail expenses by category. Provide a dollar amount and indicate the percentage of the total expenses represented by each category.
- How do you define administrative costs? What items are included in administration? What percent of the total expenses would be identified as administrative costs?
- How much did the agency spend last fiscal year on legal costs (internal and external attorneys and litigation costs)?

**Personnel:**

- How many authorized positions are there for the agency?
- How many of those are currently filled? What has been the vacancy rate over the past two years?
- Identify the total number of positions for each of the agency's functional activities. Identify the total number of position necessary to fulfill the agency's mission.

**Facilities:**

- Identify the total number of facilities currently occupied by agency activities. To the extent possible, provide the square footage utilized by each agency function.
- If not previously discussed, provide information on the funds spent last fiscal year on facility maintenance, remodeling, and facility acquisition.

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**STAFF RECOMMENDATION: THIS IS AN INFORMATIONAL ITEM, NO ACTION IS NECESSARY.**

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**ISSUE 2: PUBLIC PRIVATE PARTNERSHIP PROJECT REVIEWS STAFF**

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**Governor's Budget:** The California Transportation Commission (CTC) is requesting a three-year adjustment of \$400,000 per-year to provide the Commission with expertise, advice, representation, and assistance in order to fulfill the Commission's responsibilities delineated in Section 143 (public Private Partnership Projects) of the Streets and Highway Code.

**Background:** The CTC is responsible for programming and allocating funds used in transportation projects throughout California. Before allocating funds for a project, the CTC must do an analysis to determine whether the Department is choosing the most cost effective financing option and whether there will be funding available for the life of a project as to avoid a project stoppage – this includes an evaluation of the accuracy of project timelines and total cost estimates. This proposal would give the Commission needed expertise to do this evaluation for P3 and Design Build projects which they currently do not have since these are fairly new development strategies to the State.

In 2008, the Legislature approved two-year funding of \$100,000 per-year for 2008-09 and 2009-10 for consultants to review High Occupancy Toll (HOT) projects associated with AB 1467 (Nuñez), Chapter 32, Statutes of 2006. Reviews in that program cost about \$50,000 per project; however, the scope of review was less broad because it only included the feasibility of toll revenues being sufficient to fund the cost of the project – not the contract terms of a P3.

In last year's Budget, the CTC received a one-time appropriation of \$200,000 (Non General Fund) to contract out with fiscal consultants to provide cost/benefit and financial feasibility reviews for State Public Private Partnership (P3) and Design Build transportation projects. In last year's proposal, the Commission cited that due to greater breadth of review from prior year reviews, the cost to review a P3 was estimated to be closer to \$80,000 per project.

**Staff Comments.** Staff believes that if projects materialize, the CTC will need the funding to conduct the fiscal analyses. However, it appears unlikely that the \$400,000 worth of P3 projects will materialize in this fiscal year. Staff recommends budget bill language as an alternative to the BCP that would allow CTC to access funding if the workload materializes.

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**STAFF RECOMMENDATION: REJECT THE \$400,000 IN FUNDING AND INSTEAD ADOPT BUDGET BILL LANGUAGE AUTHORIZING DOF TO AUGMENT THE CTC BUDGET UP TO \$400,000, WITH JLBC NOTIFICATION, IF NEEDED TO EVALUATE PROJECTS.**

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## 2740 – DEPARTMENT OF MOTOR VEHICLES

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### ISSUE 1: DEPARTMENT OVERVIEW

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The Department of Motor Vehicles (DMV) regulates the issuance and retention of driver licenses and provides various revenue collection services. The DMV also issues licenses and regulates occupations and businesses related to the instruction of drivers, as well as the manufacture, transport, sale, and disposal of vehicles.

The Governor proposes total expenditures of \$922 million (no General Fund) and 8,251 positions, an increase of \$9.6 million over the revised 2010-11 level and a decrease of 15.6 funded positions. The year-over-year budget change is primarily explained by employee compensation adjustments.

#### Major DMV Programs

- **Vehicle/Vessel Identification and Compliance.** The objective of this program is to establish identification and ownership of vehicles and vessels of California residents, assure compliance with various related laws, collect revenue for various state and local government programs, and provide information from vehicle and vessel records to state and local agencies.
- **Driver Licensing and Personal Identification.** The objective of this program is to evaluate the eligibility and ability of applicants for original and renewal driver licenses, to issue driver licenses and/or identification cards to those who meet specific criteria, and to provide information from driver license and identification card records to state and local law enforcement agencies.
- **Driver Safety.** The objective of the Driver Safety program is to enhance safety for the motoring public by monitoring, suspending, and revoking the driving privilege of unsafe licensed drivers operating on public roadways.
- **Occupational Licensing and Investigative Services.** The objective of this program is to enhance consumer protection by licensing and regulating principal segments of motor vehicle-related businesses that provide services related to the sale and use of vehicles in California and enforce laws within the Department's jurisdiction by means of criminal and administrative investigations.
- **New Motor Vehicle Board.** The primary objectives of this Board are to enhance relations between the dealers and manufacturers throughout the state by resolving disputes in the new motor vehicle industry in an efficient, fair, and cost-effective manner and to assist consumers in mediating disputes with dealers and manufacturers.

- **Administration.** The Administration Program provides services to support programmatic responsibilities of the department including executive, administrative, legal, legislative, policy, and information support. Support services include accounting, budgeting, facility maintenance and operations, human resources, mail operations, printing services, procurement and contracting, training, and labor relations.

**Activity:** (in millions):

<b>Activity</b>	<b>2010-11</b>	<b>201--12</b>
Vehicle/vessel identification and compliance	\$503	\$509
Driver Licensing and Personal Identification	246	244
Driver Safety	115	117
Occupational Lic. And Investigation Services	47	50
New Motor Vehicle Board	2	2
Administration (Distributed)	(102)	(103)
<b>Total</b>	<b>\$912</b>	<b>\$922</b>

**Staffing**

<b>Activity</b>	<b>2010-11</b>	<b>201--12</b>
Vehicle/vessel identification and compliance	4,025.2	4,009.0
Driver Licensing and Personal Identification	2,015.1	2,011.9
Driver Safety	1,175.3	1,182.0
Occupational Lic. And Investigation Services	451.2	450.5
New Motor Vehicle Board	20.7	20.7
Administration (Distributed)	579.0	576.8
<b>Total</b>	<b>8,266.5</b>	<b>8,250.9</b>

**Major Funding Sources** (in millions):

<b>Fund Source or Account</b>	<b>2010-11</b>	<b>201--12</b>
Motor Vehicle Account (MVA)	\$526	\$525
Motor Vehicle License Fee Account (MVLFA)	308	325
Reimbursement	14	14
State Highway Account	53	47
Federal Funds	8	4
Other Special Funds (no General Fund)	3	7
<b>Total</b>	<b>\$912</b>	<b>\$922</b>

**Department Legal Authority**

Vehicle Code, Division 2, Chapters 1 and 6, Divisions 3, 3.5, 5, 6, 6.5, 6.7, 7, 9, 10, Sections 20012 and 20014, 11.5, 14.85, 16.5, Chapters 1, 2, and 16.7; Revenue and Taxation Code, Division 2, Part 5; The National Voter Registration Act of 1993, Title 42 US Code; The Help America Vote Act of 2002, Family Code Section 17520; Administrative Procedures Act; Government Code, Title 2, Division 3, Part 1, Chapter 4; Health and Safety Code Section 103900; Code of Civil Procedure, Sections 1985, 1985.1, 1985.2, 1985.3, 1985.4, 1985.6, 1987; Evidence Code, Divisions 2, 3, 5, 6, 7, 8, 9, 10, and 11.

**Questions for the Department****Mission:**

- Describe the purpose your agency, department, or Commission (agency) fulfills. Provide information on the process by which it was established (enabling legislation or constitutional language).

**Organizational Structure:**

- How is the Department Director selected/appointed and to whom does that individual report. Provide any pertinent history regarding organizational changes that have occurred (i.e., mergers with other agencies/departments, new authorities granted, etc.).
- Provide an organizational chart and discuss the major functional units of the agency.

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- If not previously discussed, provide information on the funds spent last fiscal year on facility maintenance, remodeling, and facility acquisition.

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**STAFF RECOMMENDATION: THIS IS AN INFORMATIONAL ITEM, NO ACTION IS NECESSARY.**

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**ISSUE 2: SPRING FISCAL LETTER—CAPITAL REAPPROPRIATION**

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**Background:** The Department of Finance has submitted an April 1 Spring Fiscal letter that would reappropriate funds contained in the 2010-11 Budget for three capital projects. These projects and the corresponding amount to be reappropriated are:

- Redding Field Office Reconfiguration Project--\$2,912,000
- Oakland Field Office Reconfiguration Project--\$2,078,000
- Fresno Field Office Reconfigurations Project--\$18,719,000

According to the Department of Finance, due to delays in the working drawings these projects may not be completed before the end of the fiscal year, so these reappropriations would allow the projects to be completed in the next fiscal year. These projects are funding with State Highway Account and Motor Vehicle Account funding, there is no General Fund cost for these projects.

**Staff Comments.** These projects were approved in the 2010-11 budget process and DMV and DOF expect the projects to be completed in 2011-12 after the working drawings are completed.

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**STAFF RECOMMENDATION: ADOPT SPRING FISCAL LETTER.**

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**ISSUE 3: UPDATE ON DRIVER'S LICENSE RENEWAL**

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**Background:** The DMV implemented a new driver license / identification (DL/ID) card on September 30, 2010. The cards are manufactured by L-1 Identity Solutions. When the new cards were initiated, L-1 had difficulty producing the quantity and quality of cards required, and some drivers have faced delays in getting their new cards. The DMV has initiated staff overtime to provide quality assurance and has rejected some cards. Both DMV and a representative of the vendor indicate the production issues have been largely resolve, but another month will be required before the backlog is fully cleared.

**Staff Comments.** As of April 14, DMV reported that they had mailed out licenses for drivers whose license had expired on March 21<sup>st</sup>. The DMV was asked to provide a contemporaneous update of their status at this hearing.

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**STAFF RECOMMENDATION: INFORMATIONAL ITEM.**

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