

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

**Assemblymember Pedro Nava, Chair**

**WEDNESDAY, MAY 4, 2005**  
**STATE CAPITOL, ROOM 127**  
**4 PM**

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**ITEMS TO BE HEARD**

**ITEM 2660 DEPARTMENT OF TRANSPORTATION**

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The Department of Transportation (Caltrans) constructs, operates, and maintains a comprehensive transportation system with more than 50,000 miles of highway and freeway lanes. In addition, Caltrans provides intercity rail passenger services under contract with Amtrak, and assists local governments with the delivery of transportation projects, as well as other transportation-related activities.

The Governor's budget proposes \$8 billion, all from special funds and 22,445.5 positions. This reflects a decrease of \$119 million but an increase of 87.2 positions from the current year.

**ISSUE 1: BASELINE BCP - FUEL AND INSURANCE COST**

The Administration requests \$13.1 million in additional expenditure authority to fund various Caltrans programs for price increases for fuel and insurance. The increase for fuel is \$9.8 million (\$26.5 million) and the increase for insurance is \$3.2 million (to 8.8 million).

**COMMENTS:**

The Department of Finance and Caltrans have updated their budget year fuel and insurance forecast, resulting in a reduction from the January 10 budget proposal. Specifically, the administration is requesting an increase of \$396,000 for gasoline and a reduction of \$727,000 for reduced insurance cost. In total, the January 10<sup>th</sup> budget proposal would be reduced by \$331,000.

**ISSUE 2: BCP# 6 – INFRASTRUCTURE PRESERVATION AND INSPECTION**

The Administration requests a permanent increase of 38.0 personnel years, \$45.8 million for highway infrastructure preservation and the ability to implement the statewide culvert inspection and repair program.

The highway infrastructure preservation will assume \$42.3 million for major maintenance contracts. The major maintenance contract dollars will be directed primarily toward pavement preservation projects around the state. Each Caltrans district will be targeted for funds in proportion to the amount of pavement preservation work that exists per district. Pavement preservation is dedicated to preserving pavement in good condition rather than repairing damaged pavement, which is more appropriately completed by capital rehabilitation projects.

The remaining \$3.5 million and 38 personnel years are for the implementation of a statewide culvert inspection program. The state highway system contains approximately 205,000 culverts, which are closed conduits that allow water to pass. Currently, there is no formalized, routine inspection program to identify the present condition of culverts and note deficiencies and repair strategies.

**COMMENTS:**

As noted in the April 20, 2005 committee agenda, Caltrans was to provide the Legislature with a five-year maintenance plan by January 31, 2005. To date, the committee has yet to receive the plan. According to Caltrans, the plan has been submitted to the administration for review. However, it is uncertain when the plan will be released to the Legislature.

**ISSUE 3: BCP# 12 – HISTORIC PROPERTY MAINTENANCE**

The Administration requests a permanent increase in expenditure authority of \$1.5 million to fund repairs and maintenance on historic properties that Caltrans owns for highway right-of-way purposes.

Caltrans owns residential and other properties that were purchased as right-of-way for highway construction. In some cases, the properties included houses that have been declared historically-significant and as such state and federal law require their preservation. Many of these properties are located on the Route 710 corridor in Pasadena and have been owned by Caltrans for over 40 years.

**COMMENTS:**

As noted in the April 20<sup>th</sup> agenda, The 2001 Budget Act contained provisional language that required the department to submit to the Legislature a work plan and cost estimate to the rehabilitation of historic properties located on the 710 corridor. To date, the committee has yet to receive the plan. According to Caltrans, the plan has been submitted to the administration for review. However, it is uncertain of when the plan will be released to the Legislature.

**ISSUE 4: BCP#1 – DISTRICT 11 SWING SPACE**

The administration is requesting a one-time augmentation of \$1.2 million for the budget year and \$1.1 million for fiscal year 2006-07 to fund swing space extended lease costs. In 2002-03, the legislature provided limited term, facility funding for relocation and temporary swing space office lease costs through September 2005 and parking lease costs through January 2006, to accommodate department staff and operations during the construction phase of the District 11 Headquarters.

During the Preliminary Plans and Working Drawings phase, delays occurred which extended the construction completion date beyond the funding approved in fiscal year 2002-03. The current office building construction completion date is June 2006.

**COMMENTS:**

The committee has already approved two Finance Letters concerning the District 11 Headquarters: requests to fund commissioning cost and computer networking cost. This proposal is consistent with the previous request and timeframe represented, by extending the leases on department swing space until December 2006.

**ISSUE 5: FINANCE LETTER – TRANSPORTATION PERMITS MANAGEMENT SYSTEM (ISSUE 153)**

The Administration requests a permanent increase of \$551,000 annually for ongoing maintenance and operations of the Transportation Permits Management System (TPMS). TPMS is the automated system which approves routes and issues permits for oversized loads. TPMS is designed to increase highway safety by eliminating human error in the permit generating process. Currently, without TPMS, permit-checkers have to approve a safe route for the oversized load which avoids any obstacles.

**COMMENTS:**

In fiscal year 2000-01, prompted by a permit related fatality, Caltrans requested and received funding to develop the TPMS. This request will fund ongoing system maintenance and operation of the TPMS environments at Caltrans and Stephen P. Teale Data Center (or its successor).

In conjunction with this proposal, the department should have submitted a project document. To date, it has yet to be determined whether or not the department has complied with state policy.

**ISSUE 6: FINANCE LETTER – TRANSPORTATION PERMITS MANAGEMENT SYSTEM (ISSUE 158)**

The Administration requests an extension of the liquidation period of the remaining \$5.3 million for TPMS that was originally appropriated in the Budget Act of 2000 and subsequently reappropriated in the Budget Act of 2001. This project would allow improved reporting and scheduling of transportation projects, and is also intended to allow Caltrans to meet statutory project reporting requirements. The TPMS project has experienced several delays resulting from disputes with the contractor. The project is now scheduled to be completed and implemented in September 2005.

**COMMENTS:**

In fiscal year 2000-01, prompted by a permit related fatality, Caltrans requested and received funding to develop the Transportation Permits Management System. This request will allow the department to act in the most prudent manner concerning the TPMS project. The contract for this project is a performance contract. Accordingly, the Department needs the ability to withhold payment until the entire project is accepted. Final acceptance of the project is not currently scheduled to occur until after the current year.

**ISSUE 7: FINANCE LETTER – BRIDGE SAFETY INSPECTIONS (ISSUE 154)**

The administration requests a permanent increase of \$3.4 million and 17.2 personnel years for workload associated with federally required bridge inspections. Federal law requires that Caltrans conduct regular safety inspections on 24,000 publicly-owned bridges statewide to look for any potential structural problems.

**COMMENTS:**

The Department has the responsibility to preserve the structural safety and operational integrity of all State-owned bridges. Additionally, the Department is responsible for ensuring all locally owned public access bridges are safe. To achieve safety and reliability in state bridges, it is necessary to conduct ongoing safety inspections in accordance with the National Bridge Inspection Standards.



**ISSUE 8: FINANCE LETTER – ALTERNATIVE FUEL VEHICLE (ISSUE 155)**

The Administration requests a permanent increase of \$3.7 million for Caltrans' Equipment Services Program to fund the incremental increase in cost of replacing a portion of its fleet of street sweepers and heavy-duty trucks with alternative-fuel powered vehicles or installing exhaust filter trap devices.

**COMMENTS:**

The South Coast Air Quality Management District passed new clean air regulations that require any owner of a diesel fleet when replacing diesel powered street sweepers or heavy-duty trucks to do so with vehicles powered by alternative fuels. According to the department, the department operated 41 diesel highway sweepers and 519 heavy-duty diesel trucks, of which 23 diesel highway sweepers and 74 heavy-duty diesel trucks are scheduled for replacement or modification in fiscal year 2005-06.

**ISSUE 9: FINANCE LETTER – PERFORMANCE MEASUREMENT SYSTEM (ISSUE 157)**

The administration requests a permanent increase of \$557,000 and 4.0 positions to deploy and maintain the production version of the Performance Measurement System (PeMS). PeMS will assist Caltrans with the monitoring and evaluation of real-time traffic data and allow Caltrans to more effectively report comprehensive highway system performance measures.

**COMMENTS:**

PeMS was initially developed as a research project, to develop standard reports for volume, speeds, travel time, delay and developing a fluent user group. PeMS is the prime component of the Department's system monitoring and evaluation effort. It will enable the Department to report comprehensive system performance measures in an ongoing and cost effective manner.

☐ The Performance Measurement System is currently operational in six urban districts. Caltrans plans to eventually connect two additional districts. This request will not be instrumental in adding these two districts. The purpose of this Finance Letter is to evolve from the proof of concept development version to a fully supported operational version capable of supporting many users simultaneously.

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In conjunction with this proposal, the department submitted a Feasibility Study Report (FSR) to the Department of Finance. The purpose of the report is to ensure the fiscal prudence of the project. To date, the FSR has yet to be approved. The Department of Finance is proposing language that joins the appropriation of the funds to the approval of the FSR.

**ISSUE 10: FINANCE LETTER – PROJECT RESOURCING SCHEDULE  
MANAGEMENT SYSTEM (ISSUE 159)**

The administration requests the reappropriation of the remaining balance of the \$7.1 million or the Project Resource and Scheduling Management (PRSM) system for the completion of this project. This project would allow improved reporting and scheduling of transportation projects and is also intended to allow Caltrans to meet statutory project reporting requirements. The project was delayed due to a re-scoping of the project to better fit the available resources.

**COMMENTS:**

According to the Department of Finance, the project as originally scoped, was expected to cost \$10.0 million more than would have been available. In April 2000, the Caltrans submitted a FSR for the PRSM system with an estimated project cost of \$13.4 million. In May 2002, Caltrans submitted a Special Project Report reflecting an increased project total of \$26.1 million.

The project has been down-scoped by Caltrans and the Department of Finance to reduce the PRSM timekeeping requirements. This change results from the fact that the Department now has a modern timekeeping system that it did not have when the FSR was prepared. According to Caltrans, the rescoping of the project has reduce cost, brining estimate closer to the original 2002 appropriation of \$13.4 million.

The requested resources will be re-appropriated for encumbrance and liquidation from the 2001 Budget Act. Therefore, this is not a request for additional funding. However, the resource level of \$7.1 million funds approximately half estimate project cost (\$13.4 million).

In conjunction with this proposal, the department should have submitted a project document. To date, it has yet to be determined whether or not the department has complied with state policy.

**ISSUE 11: FINANCE LETTER – SACRAMENTO BUILDING MAINTENANCE SERVICES (ISSUE 161)**

The administration requests \$277,000 and 4 positions to provide the proper amount of staffing associated with maintenance standards for Caltrans' Headquarters and four other department occupied buildings.

**COMMENTS:**

Caltrans has experienced staff reductions during the previous two fiscal years: two positions in 2002-03 and two position in 2003-04. As a result, Caltrans building maintenance staffing levels are below the Department of General Services recommended staffing levels necessary to maintain state buildings. According Caltrans, the staff reduction has caused building maintenance staff to function in a largely reactive mode, repairing items as they break down and there is currently a backlog of work orders. The reinstatement of the four eliminated positions would restore Caltrans to the recommended level.

**ISSUE 12: FINANCE LETTER – TECHNICAL CORRECTIONS**

The administration has submitted technical corrections to the Budget Bill. The Department of Finance proposes several technical additions or changes to the Budget Bill. These changes or corrections are necessary to more correctly indicate the intended distribution and expenditure of funds and to clarify the budget bill language for the Governor's Budget display.

**COMMENTS:**

The technical corrections will result in a reduction on the 2004-05 budget by \$16.5 million and an increase in the 2005-06 budget by \$24.5 million.

**ITEM 2720** **DEPARTMENT OF HIGHWAY PATROL**

The California Highway Patrol (CHP) is responsible for ensuring the safe, lawful, and efficient transportation of persons and goods along the state's highway system, and providing protective services and security for state employees and property.

The Governor's proposed budget includes \$1.4 billion (no General Fund) to fund 7,285 officers and 3,278 support staff, an increase of \$44.1 million and 5.5 positions above current year.

**ISSUE 1: BCP #7 – INCREASED ADMINISTRATIVE SUPPORT**

The administration requests permanent reimbursable expenditure and position authority for 5.5 additional positions to support increased workloads.

CHP is responsible for all of the administrative support services for the Business, Transportation & Housing Agency (BTH), including accounting, budgeting, personnel, and employee relations activities. Effective January 2004 BTH assumed programmatic responsibility for Technology, Trade & Commerce Agency (TTC), which administered 6 programs. The department is requesting to increase its administrative staff and support to absorb the increased workload.

**COMMENTS:**

CHP's request for 5.5 positions can be split into two groups:

- 2.0 positions are currently BT&H Agency positions loaned to the CHP.
- 3.5 positions are currently limited-term positions funded by reimbursements from the BT&H Agency. Of these positions, 1 is requested to be established permanently and 2.5 are requested to be established on a limited-term basis.

**ISSUE 2: BASELINE BCP – ADMINISTRATION COST / FINANCE LETTER –  
VEHICLE INSURANCE ASSESSMENT**

The Administration included in CHP's baseline budget a total increase of \$10.6 million to cover price increases in the following areas:

- \$4.0 million for gasoline
- \$1.4 million for vehicles
- \$4.6 million insurance
- \$600,000 for interagency services

This \$10.6 million "baseline BCP" price adjustment was in addition to the standard "Price Letter" inflation adjustment of \$6.6 million.

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**COMMENTS:**

As noted in the April 6 agenda, the administration found that \$1.2 million of this request was duplicative costs. Additionally, the Department of Finance submitted a Finance Letter to reduce CHP's insurance costs by \$3.04 million. Finance also revised CHP gasoline costs, which resulted in a \$2.42 million increase. As a result, this request should be reduced by \$1.8 million.

**ITEM 2740 DEPARTMENT OF MOTOR VEHICLES**

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, as well as protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. The DMV also collects various fees that are revenues for the Motor Vehicle Account.

The Governor's proposed budget includes a total of \$762.33 million (no General Fund) and 8,256 positions for the DMV for the 2005-06 budget year, an increase of \$7.3 million and 2.8 positions above the current year.

**ISSUE 1: LAO – WORK LOAD TRANSFER**

The Department of Motor Vehicles has the authority to suspend, restrict or revoke the driver's license of unsafe ("high risk") motorists. These include motorists who are arrested for driving under the influence of alcohol (DUI) or have accrued a large number of moving violations (negligent operators). The largest group of high-risk drivers is comprised of individuals that may not be physically or mentally able to safely operate a vehicle.

DMV operates driver safety branches, separate from the 167 customer-service field offices, to determine whether or not high risk motorists should have their driving privileges revoked. Because of increased workloads and wait times, the LAO contends the DMV's ability to provide timely investigations and evaluations of potentially unsafe drivers has been reduced.

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Current law states that individuals that have had their license temporarily suspended because of a DUI must have an administrative hearing within thirty days. However, in 2003-04 only 8 percent of the cases were heard within the thirty day timeframe. To combat this trend, DMV has implemented a number of efficiencies and utilized required staff overtime to reduce delays. In December 2004, 250 department staff worked a combined 4,300 hours of overtime (17 hours per employee).

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To aid the department in their effort, the LAO recommends transferring the negligent operator case from the 12 safety branches to the 167 field offices. Negligent operators account for approximately 10% of the safety branch workload.

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Negligent operators are low risk drivers in the unsafe motorist category. They include motorists that accrue an excessive number of moving violations or cause multiple traffic accidents within a certain period of time, or have received written notification from DMV that their driving privileges will be suspended or revoked within 30 days.

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**COMMENTS:**

DMV has indicated that is will be able to maintain the use of staff overtime to maintain the recent reduction in the timeframe for investigating and evaluating potentially unsafe drivers. However, the LAO still contends that this short term solution needs to support a long term plan to address DMV's ability to meet its statutory requirements.

**ISSUE 2: FINANCE LETTER – CREDIT CARD DISCOUNT FEES**

The administration is requesting \$6.6 million to provide increased funding for the credit card convenience fees charged by credit card companies.

This funding will cover the fees assessed by Visa, MasterCard, American Express, and Discover for the credit card transactions conducted by the DMV's customers such as registration renewal, personalized license plate reservation, and driver's license renewal.

**COMMENTS:**

On July 1, 2004, the DMV began absorbing the \$4 credit card convenience fee previously charged to customers in order to encourage those customers to conduct their transactions online, in lieu of visiting DMV field offices. According to the DMV, their action has resulted in significant usage of their online service.

Credit Card companies charge the service fee per transaction. Therefore, costs associated with this request for an increase will grow exponentially in future years, as online usage increases.

The LAO has found that credit cards actually charge the organization a service fee around \$1.75-2.00, not the \$4.00 fee the DMV previously charged. Therefore, they have suggested that the DMV should consider charging a reduced convenience fee that more accurately reflects actual cost.

**ISSUE 3: FINANCE LETTER – INTERNATIONAL REGISTRATION PLAN SYSTEM REPLACEMENT**

The administration requests \$1.4 million to provide funding to replace DMV's existing computer system for processing International Registration Plan (IRP) registration with a commercial-off-the - shelf software package widely utilized by other states and countries.

The system will enhance automated support for IRP program activities, resulting in more effective and efficient operation and enhanced customer service and convenience. Customer service improvements will include reduced turnaround time for processing IRP applications (from 30-35 days to 10 days) and alternative service delivery options via the Internet instead of the current hard copy submission method.

**COMMENTS**

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This request only funds the budget year spending for the project. Total one-time project costs include \$1.4 million budget year, \$1.3 million in 2006-07 and \$1.1 million in 2007-08, with an ongoing cost of \$1.04 million. In total the project will cost \$3.8 million over three years, in addition to the ongoing cost.

In conjunction with this proposal, the department submitted a FSR to the Department of Finance. The purpose of the report is to ensure the fiscal prudent of the project. To date, the FSR has yet to be approved.

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**ISSUE 4: FINANCE LETTER – QUEUING SYSTEM EXPANSION**

The administration request \$2.1 million to install queuing management systems in 42 "high traffic" DMV field offices. These systems will allow field office managers to direct the assignment of customers to different windows to reduce average wait times, improve waiting conditions for customers and more efficiently allocate staff within individual field offices. Each system will also act as a data collection device to allow regional office managers to monitor and manage the field offices on a real-time basis.



**COMMENTS**

Currently, DMV has queuing systems in 92 of its largest offices. According to the DMV, data collected from the sophisticated electronic queuing systems was instrumental in identifying deficiencies in customer services levels in those 92 offices and allowed the department to better manage workload and significantly reduce wait times.



This request will place queuing systems in 134 of the 168 field offices statewide, placing systems in medium sized offices and busier, smaller offices throughout California.

In conjunction with this proposal, the department submitted a FSR to the Department of Finance. The purpose of the report is to ensure the fiscal prudence of the project. The FSR was approved on May 3, 2005, the LAO has yet to complete its review of the documentation.