AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON CLIMATE CRISIS, RESOURCES, ENERGY, AND TRANSPORTATION

ASSEMBLYMEMBER STEVE BENNETT, CHAIR

WEDNESDAY, MARCH 15, 2023
9:30 A.M. – STATE CAPITOL, ROOM 447

VOTE-ONLY CALENDAR

ITEM	DESCRIPTION	PAGE
2660	**DEPARTMENT OF TRANSPORTATION**	**2**
VOTE-ONLY ISSUE 1	ENTERPRISE DATA GOVERNANCE TECHNOLOGY SOLUTION STAGE 4	2
VOTE-ONLY ISSUE 2	TRANSPORTATION SYSTEM NETWORK REPLACEMENT	**3**
VOTE-ONLY ISSUE 3	PEDESTRIAN CROSSING SIGNALS (AB 2264)	4
2600	**CALIFORNIA TRANSPORTATION COMMISSION**	**5**
VOTE-ONLY ISSUE 4	IMPLEMENTATION OF SB 1121 – STATE AND LOCAL TRANSPORTATION SYSTEM: NEEDS ASSESSMENT	5
0521	**SECRETARY FOR TRANSPORTATION AGENCY**	**6**
VOTE-ONLY ISSUE 5	CALSTA INFORMATION SECURITY AND PRIVACY	6
2740	**DEPARTMENT OF MOTOR VEHICLES**	**8**
VOTE-ONLY ISSUE 6	BANNING FIELD OFFICE RELOCATION	8
VOTE-ONLY ISSUE 7	BAY AREA DSO/OL/INV CONSOLIDATION	9
VOTE-ONLY ISSUE 8	DMV SAN FRANCISCO SWING SPACE	10
2720	**CALIFORNIA HIGHWAY PATROL**	**11**
VOTE-ONLY ISSUE 9	FLEET TELEMATICS SYSTEM – ONGOING SUPPORT	11
VOTE-ONLY ISSUE 10	PERMANENT FUNDING FOR PRIVACY AND RISK MANAGEMENT PROGRAM POSITIONS	12
VOTE-ONLY ISSUE 11	STAFF AUGMENTATION – OFFICE OF LEGAL AFFAIRS	13

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
0521 **2660**	**SECRETARY FOR TRANSPORTATION AGENCY** **DEPARTMENT OF TRANSPORTATION (CALTRANS)**	**14**
ISSUE 1	GOVERNOR'S PROPOSAL FOR BUDGET SOLUTIONS FROM TRANSPORTATION PROGRAMS	14
ISSUE 2	TRANSIT OPERATIONS	22

2660	**DEPARTMENT OF TRANSPORTATION**	**25**
ISSUE 3	RESOURCES FOR HOMELESSNESS IN THE STATE RIGHT-OF-WAY	25
ISSUE 4	HIGHWAY MAINTENANCE SAFETY PROGRAM	29
ISSUE 5	VARIOUS POSITIONS FOR PROGRAM GROWTH	30
ISSUE 6	WILDLIFE CONNECTIVITY AB 2344	33
2600	**CALIFORNIA TRANSPORTATION COMMISSION**	**35**
ISSUE 7	ADVISORY COMMITTEE COMPENSATION	35
2720 **2740**	**CALIFORNIA HIGHWAY PATROL** **DEPARTMENT OF MOTOR VEHICLES**	**36**
ISSUE 8	CAPITAL OUTLAY PROPOSALS	36
2720	**CALIFORNIA HIGHWAY PATROL**	**40**
ISSUE 9	WIRELESS MOBILE VIDEO/AUDIO RECORDING SYSTEMS AND BODY-WORN CAMERA STATEWIDE IMPLEMENTATION	40

Public Comment

The public may attend this hearing in person or participate by phone. This hearing can be viewed via live stream on the Assembly's website at https://assembly.ca.gov/todaysevents.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub3@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: ***877-692-8957 / Access Code: 131 54 47.***

VOTE-ONLY CALENDAR

2660 DEPARTMENT OF TRANSPORTATION

VOTE-ONLY ISSUE 1: ENTERPRISE DATA GOVERNANCE TECHNOLOGY SOLUTION STAGE 4

The Governor's budget requests a one-time increase of $442,000 in operating expenses (OE) (State Highway Account) to complete Project Approval Lifecycle Stage 4 for the Enterprise Data Governance Technology Solutions project.

BACKGROUND

The California Department of Transportation (Caltrans) instituted a formal enterprise data governance program beginning in late 2017. As part of the organizational change management efforts, Caltrans Data is Authoritative Trusted and Accessible (CTDATA) initiative was developed. The initiative was designed to address the people, processes, and technology required to effectively act as stewards over the datasets that Caltrans has responsibility over.

Funding was secured for PAL Stage 1 Business Analysis (S1BA), Stage 2 Alternatives Analysis (S2AA), and PAL Stage 3 Solution Development (S3SD). PAL Stage 3 funding was secured via a 2022-23 Budget Change proposal (BCP). This request is to secure funding for the last PAL stage, Stage 4. Caltrans staff time is tracked through a timesheet reporting code and is reported as actual expenditures. In addition, a consultant contract was executed to augment staff to be able to deliver the S2AA document for approval and a consultant contract will be executed to augment staff to be able to deliver the S3SD document.

The one-time operating expense requested will pay for contractor support, the California Department of Technology (CDT) PAL Oversight Manager, and CDT Statewide Technology Procurement Division services, to deliver PAL Stage 4 Project Readiness and Approval.

STAFF COMMENTS

Staff has no concerns with this request.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 2: TRANSPORTATION SYSTEM NETWORK REPLACEMENT

The Governor's budget proposes 11 positions and resources totaling $5.812 million in 2023-24, for Transportation System Network Replacement (TSNR) Year 3 project costs.

BACKGROUND

TSNR is part of the California State Transportation Agency (CalSTA) led Traffic Records System (TRS) Roadmap and Traffic Records Coordination Committee (TRCC) California Strategic Traffic Safety Data Plan. This proposal includes the Division of Research, Innovation and System Information (DRISI), IT, Division of Safety Programs (DSP), and Division of Traffic Operations (DTO) request for resources for the TSNR System Development and Implementation. DRISI has two out of the four data modules (Roadway Inventory, Collision) and DTO manages the Traffic Volumes (Traffic Census) data module. These data modules support safety analysis with safety analysis results and investigation reports stored in the fourth module, Traffic Investigation Report Tracking System (TIRTS), managed by DSP. IT serves as technical support for each data module of the TSNR system.

TSNR system development and implementation started in 2021–22 (Year 1 of the TSNR System Development and Implementation) and continues in 2022–23, 2023–24, and 2024–25 (Years 2, 3, and 4 of the TSNR System Development and Implementation) with the respective programs working together including Roadway Inventory Module, Collision Coding Module, Traffic Volume Module, TIRTS Module, and Safety Analysis. Additional state resources will be requested in the future to implement additional phases of the TSNR system including system acceptance and annual on-going maintenance and operations.

STAFF COMMENTS

Staff has no concerns with these resources.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 3: PEDESTRIAN CROSSING SIGNALS (AB 2264)

The Governor's budget proposes $1,698,000 annually starting in 2023-24, $189,000 (Personal Services) and $9,000 (Operating Expenses (OE)) and $1,500,000 (OE for Traffic Operations) to permanently reconfigure the timing of up to 6,000 state-owned traffic signals for leading pedestrian interval (LPI) pursuant to Assembly Bill 2264 (AB 2264).

BACKGROUND

AB 2264 (Bloom, Chapter 496, Statutes of 2022) requires Caltrans to implement LPI with Accessible Pedestrian Signals (APS) on new and existing state-owned or state-operated traffic signals if located in:

- Residential, business, or business-activity district.
- Safety corridor.
- School zone.
- Area with a high concentration of pedestrians and bicyclists, as determined by the Department of Transportation pursuant to Section 22358.7.

Under AB 2264 Caltrans is mandated to implement LPI with APS at signalized intersections when performing maintenance on traffic signals. The Traffic Operations Program operates over 5,000 traffic signals on the State Highway System and delegates operations and maintenance of over 1,000 traffic signals to local agencies. Additional staff resources will help Caltrans monitor its progress to comply with AB 2264 and take appropriate corrective action. Also, Caltrans must work with local agencies who operate and maintain state-owned signals to ensure compliance with AB 2264. Finally, additional signal timing tools, training, and consulting services are required to equip engineers with advanced operational analysis to support emerging pedestrian operational needs. This proposal will provide some of the needed dedicated resources to conduct a concerted effort to accelerate LPI implementation.

STAFF COMMENTS

The requested resources are consistent with the Appropriation analysis.

Staff Recommendation: Approve as Budgeted.

2600 CALIFORNIA TRANSPORTATION COMMISSION

VOTE-ONLY ISSUE 4: IMPLEMENTATION OF SB 1121 – STATE AND LOCAL TRANSPORTATION SYSTEM: NEEDS ASSESSMENT

The Governor's budget proposes $224,000 ($119,000 State Highway Account, $105,000 Public Transportation Account) for one limited-term position for three years and $300,000 ($159,000 State Highway Account, $141,000 Public Transportation Account) for a one-time consultant contract to implement the provisions of SB 1121 (Chapter 508, Statutes of 2022) relating to the development of a State and local transportation system needs assessment.

BACKGROUND

On September 23, 2022, the Governor signed SB 1121 (Gonzalez, Chapter 508, Statutes of 2022), which establishes the State and local transportation system needs assessment (Assessment), to be developed by the California Transportation Commission (Commission) in coordination with the Transportation Agency, Caltrans, and other relevant stakeholders.

Pursuant to the provisions of SB 1121, the Assessment must identify the cost to operate, maintain, and provide for the necessary future growth of the state and local transportation system for the next 10 years. As part of the Assessment, the Commission must forecast the expected revenue, including federal, state, and local revenues, to pay for the cost identified in the needs assessment, any shortfall in revenue to cover the cost, and recommendations on how any shortfall should be addressed. In determining the cost to provide for the necessary future growth of the state and local transportation system in the Assessment, the Commission must include the costs of transportation system improvements included in regional, interregional, and state transportation improvement programs, the California State Rail Plan, and the State Highway System Management Plan. Any analysis of necessary future growth must be consistent with the transportation vision and preferred scenario contemplated in the most recent California Transportation Plan. In addition, the Commission must include the cost to address climate change impacts to provide for system resiliency in the needs assessment.

STAFF COMMENTS

The requested resources are consistent with the Appropriations Committee. Staff has no concerns.

Staff Recommendation: Approve as budgeted.

0521 SECRETARY FOR TRANSPORTATION AGENCY

VOTE-ONLY ISSUE 5: CALSTA INFORMATION SECURITY AND PRIVACY

The Governor's budget proposes 3.0 positions and $1.3 million (special funds) in 2023-24, and ongoing to meet the new IT security standards outlined in the Cal-Secure roadmap.

BACKGROUND

The Cal-Secure roadmap is a roadmap developed by the California Department of Technology (CDT) Office of Information Security (OIS) in alignment with the goals and strategies of the California Technology Strategic Plan Vision 2023.

Cal-Secure is the California Executive Branch's first five-year information security roadmap. The roadmap was created through a collaborative process with the California Cybersecurity Integration Center (Cal-CSIC) and its four core members: the California Governor's Office of Emergency Services (CalOES), California Highway Patrol (CHP), California Department of Technology (CDT), and California Military Department (CMD) and the state government security community. It is built on industry-leading best practices and frameworks and addresses critical gaps in the state's information and cybersecurity programs.

Cal-Secure prescribes the following capabilities to function as "Agency Cybersecurity Oversight":

- Create, update, and publish Agency cybersecurity policies and standards
- Coordinate Office of Information Security requirements and initiatives with entity Information Security Officers
- Inform and advise Agency leadership on cybersecurity risks, threats, and incidents
- Assist with resource prioritization
- Reinforce statewide cybersecurity culture
- Coordinate cybersecurity workforce requirements and job opportunities
- Be informed of cybersecurity incidents and assist in remediation
- Develop and exercise Agency strategy to leverage capabilities and resources across the Agency
- Establish and maintain information security and privacy programs

CalSTA departments combined represent more than 41,000 State employees. The California Highway Patrol and the Department of Motor Vehicles handle very sensitive and confidential information about California residents. This information often requires cybersecurity and privacy protections above and beyond standard information privacy protections. See table below for the total cybersecurity incidents at CalSTA between July 2019 and October 2021:

CalSTA Department	Total Number of Incidents 2019-2021
Department of Transportation	191
California Highway Patrol	40
California High Speed Rail Authority	22
Department of Motor Vehicles	1,068

2021 Annual Totals for CalSTA Departments

Number of Mission Critical Systems: 32
Number of State Critical Systems: 5
Number of Critical Infrastructure Systems: 32
Total Number of Assessed Vulnerabilities: 1,858,967 (69,0084 considered "high")
Open Cybersecurity Risks: 319
Open Cybersecurity Findings: 537

STAFF COMMENTS

According to CalSTA, when the Agency is measured against the Agency Cybersecurity Oversight capabilities as prescribed in Cal-Secure, the Agency does not meet the requirements. Staff has no concerns with this proposal.

Staff Recommendation: Approve as Budgeted.

2740 DEPARTMENT OF MOTOR VEHICLES

VOTE-ONLY ISSUE 6: BANNING FIELD OFFICE RELOCATION

The Governor's budget includes $50,000 in 2023-24, $2.3 million in 2024-25, $515,000 in 2025-26, $540,000 in 2026-27, and $566,000 in 2027-28 and ongoing for a new leased Banning Field Office.

BACKGROUND

The existing Banning Field Office has a space deficiency of nearly 9,000 square feet and needs 26 additional parking spaces to meet a ten-year need. This is mainly due to the growing population of the communities served by the Banning Field Office. In addition, the existing Banning Field Office has a long history of neglected routine building maintenance, ongoing requests for repairs and maintenance, and the contracting of substandard vendors to complete work is resulting in poor quality repairs that must be redone on a regular basis, often at DMV's expense. This funding would relocate the Banning Field Office into a new leased facility that meets program standards by May 2025.

STAFF COMMENTS

The relocation will enable DMV to continue to providing services to Banning and surrounding communities. Staff has no concerns with this request.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 7: BAY AREA DSO/OL/INV CONSOLIDATION

The Governor's budget includes $4.4 million in 2023-24, $1.1 million in 2024-25, $1.1 million in 2025-26, $1.2 million in 2026-27, and $1.2 million in 2027-28, and ongoing to relocate the DMV San Francisco Driver Safety/Occupational Licensing (DS/OL) Office and consolidate with the Brisbane Investigations Office.

BACKGROUND

The San Francisco DSO/OL is co-located within the San Francisco Field Office, which is located at 1377 Fell Street, San Francisco in San Francisco County. The building was constructed in 1960 and has 23,247 gross square feet. The facility is not compliant with current accessibility, energy, fire/life safety, and earthquake safety codes. This office has a large elderly and disabled client base and is not meeting Americans with Disabilities Act (ADA) requirements. This office lacks an elevator which creates a hazard and a hindrance for customers, attorneys and employees.

On January 14, 2022, DMV ASD Facilities notified INV that the INV Brisbane district office location's lessor is unwilling to renew the lease; this office is in San Mateo County. A result of losing this lease, nine employees will be displaced as of July 31, 2022. This INV office/location specifically covers the San Francisco and San Mateo Counties case load.

Both offices need to move from their existing facilities. The San Francisco DS/OL office is being displaced from its location in the San Francisco Field Office due to an ongoing project to replace that facility. The Brisbane Investigations Office needs a new facility because the location's lessor is unwilling to renew the lease. This funding would relocate both offices into a new leased facility that meets program standards by November 2023.

STAFF COMMENTS

Staff has no concerns with this request.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 8: DMV SAN FRANCISCO SWING SPACE

The Governor's budget includes $6.9 million in 2023-24, $2.3 million in 2024-25, $2.4 million in 2025-26, and $837,443 in 2026-27 for a temporary field office swing space facility near San Francisco.

BACKGROUND

DMV received approval for a 2019-20 Capital Outlay Budget Change Proposal (COBCP) for the onsite replacement of the San Francisco Field Office located at 1377 Fell St, San Francisco, in the County of San Francisco. During the construction phase, a new purpose-built customer service field office will be constructed, bringing the San Francisco Field Office up to code and standards for accessibility, Fire/Life/Safety, seismic, energy, mechanical, electrical, and plumbing systems. While construction is being completed, DMV will need temporary leased swing space in the San Francisco area to maintain the required customer service terminals.

DMV is currently in the process of an onsite replacement of the San Francisco Field Office. This funding will allow DMV to continue serving the public while the office is closed during construction. DMV expects to occupy the lease facility by November 2023.

STAFF COMMENTS

Staff has no concerns with this request.

Staff Recommendation: Approve as Budgeted.

2720 CALIFORNIA HIGHWAY PATROL

VOTE-ONLY ISSUE 9: FLEET TELEMATICS SYSTEM – ONGOING SUPPORT

The Governor's budget requests 1 position and $1.1 million ongoing from the Motor Vehicle Account for the ongoing operation costs of the Fleet Telematics System.

BACKGROUND

The Fleet Telematics System allows the sending, receiving, and storing of telemetry data, which can include vehicle location, speed, fuel consumption, and other vehicle information. In 2021, the Department of General Services issued a requirement for state agencies to install and operate telematics services in their fleet. As a result, the 2021-22 and 2022-23 Budgets included provisional language allowing budget augmentation to fund one AGPA position and the costs related to the installation and operation of the telematics system. This proposal requests position authority for the AGPA and to make the budget augmentation permanent to cover ongoing costs.

The CHP has 3,532 existing fleet assets that required telematics services that had to be installed, activated, and made operational by August 1, 2021. The Department is currently purchasing 584 additional fleet assets to replace over-mileage assets that did not receive the initial telematics services due to high-mileage and being scheduled for replacement within one year. The cost for Geotab's subscription-based service for these vehicles is $914,000 annually. The funding will sustain the current level of subscriptions, as they can be transferred to new fleet assets when they replace old fleet assets.

The AGPA will serve as the statewide telematics administrator/coordinator for the CHP and will handle the additional workload for managing all telematics subscription services and reporting to DGS.

STAFF COMMENTS

Staff has no concerns with the proposal.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 10: PERMANENT FUNDING FOR PRIVACY AND RISK MANAGEMENT PROGRAM POSITIONS

The Governor's budget includes $402,000 permanent funding from the Motor Vehicle Account, for two existing Information Technology Specialist II positions.

BACKGROUND

In 2017-18, 14 permanent positions were approved for security improvements to the CHP's Information Technology Section (ITS) and to establish a Privacy and Risk Management Program to protect personally identifiable information stored within the CHP's information technology infrastructure as required by the State Administrative Manual (SAM) Section 5300; however, the two ITS II positions for the Privacy and Risk Management Program were only approved with limited-term funding for two years. This proposal requests permanent, ongoing funding for the two ITS II positions.

After funding for these positions ended, CHP has absorbed the cost of the two positions as it attempts to mature its IT security program. According to the department, permanent funding of these positions are necessary for proactive IT security and to meet recurring security audits and assessments.

STAFF COMMENTS

Staff has no concerns.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 11: STAFF AUGMENTATION – OFFICE OF LEGAL AFFAIRS

The Governor's budget includes $1.068 million in 2023-24, and ongoing augmentation of $1.018 million beginning in 2024-25, from the Motor Vehicle Account for five positions to meet the demands of increased workload in the Office of Legal Affairs.

BACKGROUND

The Office of Legal Affairs (OLA) is responsible for handling all legal issues for the CHP throughout the state. In the last several years, the CHP has seen a significant increase in the number and complexity of civil lawsuits. The political and legal changes have resulted in new legislation and policy, a change in the Court's rulings particularly as it relates to discovery and pre-trial motions, and an increase in the number of cases filed against law enforcement. It is mission critical to the Department, that OLA is properly staffed to put in place the appropriate legal management infrastructure to oversee the Department's high-profile lawsuits; prevent and mitigate those same lawsuits through risk management including but not limited to policy reviews, training and guidance to the Department; and ensure that the CHP has experienced legal expertise to analyze the tremendous increase in significant legislative bills focusing on law enforcement that affect the Department as a whole, but also may negatively impact the Department's ability to defend civil lawsuits.

Currently, OLA consists of eight attorneys including the Chief Counsel and one ACC. According to CHP, the OLA is in dire need of additional personnel due to the increase in lawsuits and discovery filed against the Department and departmental employees; and due to the increase in legislation recently passed and pending. Currently, OLA staff is assigned too many litigation cases to manage which results in OLA having at times limited availability for the Deputy Attorney Generals (DAG) litigating civil matters who depend on OLA to gather evidence, review court filings, and discuss legal strategy.

STAFF COMMENTS

Staff has no concerns with the additional legal resources for CHP.

Staff Recommendation: Approve as Budgeted.

ITEMS TO BE HEARD

0521 SECRETARY FOR TRANSPORTATION AGENCY
2660 DEPARTMENT OF TRANSPORTATION

ISSUE 1: GOVERNOR'S PROPOSAL FOR BUDGET SOLUTIONS FROM TRANSPORTATION PROGRAMS

The Governor's Budget proposes $4 billion in multiyear budget solutions from the recent General Fund augmentations provided to transportation programs in the 2022-23, budget package. The budget cuts are outlined below:

- **Population-Based TIRCP.** The Governor proposes to: (1) reduce funding in 2023-24, by $1 billion; (2) reduce funding in 2024-25 by $1 billion; and, (3) delay $500 million from 2024-25 to 2025-26. This would have the net effect of halving the intended support for the program ($2 billion instead of $4 billion) along with extending the timing of when the remaining amounts are provided.

- **Active Transportation Program (ATP).** The Governor proposes to: (1) reduce the amount of General Fund provided by $500 million; and, (2) partially backfill this decrease with $300 million from the State Highway Account (SHA). This would result in a net reduction of $200 million for ATP in 2022-23. However, because the full $500 million has already been awarded for specific projects, the administration indicates that it would apply the proposed $200 million reduction to future ATP grant-award cycles, resulting in fewer projects in the outyears.

- **Grade Separation Projects.** The Governor proposes to delay the full amount provided—$350 million—to 2025-26. This program is a set-aside within the non-population-based TIRCP.

- **Local Climate Adaptation Programs.** The Governor proposes to shift the full $200 million provided to these programs from the General Fund to SHA in 2022-23.

- **Port and Freight Infrastructure Program.** The Governor proposes to delay a portion of the $600 million scheduled for 2023-24. This would be done by maintaining $200 million in 2023-24 and providing additional allotments of $200 million in both 2024-25 and 2025-26.

PANEL

- Mark Tollefson, Undersecretary, CalSTA
- Carlos Quant, Deputy Secretary, Budget and Fiscal Policy, CalSTA
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- Steve Wells, Budget Analyst, Department of Finance
- Matthew Macedo, Budget Analyst, Department of Finance

BACKGROUND

State Provided $6.1 Billion in General Fund Augmentations for Transportation in 2022-23. The 2022-23 budget package provided $6.1 billion from the General Fund across 2021-22 and 2022-23 for various departments to implement activities intended to support the state's transportation system. This included $5.4 billion as part of a Transportation Infrastructure Package and $670 million in a Supply Chain Package. The Transportation Infrastructure Package included the remaining unappropriated Proposition 1A bond funds—$4.2 billion—for the high-speed rail project in 2021-22. The Governor did not make any reduction or change to the bonds funds.

The budget package included agreements to provide additional General Fund in the out years—including $2.8 billion in 2023-24—for a five-year total of $10.9 billion. These total amounts represent a significant dedication of General Fund resources for transportation programs, which historically have been supported primarily by state special funds (made up of revenues from fuel taxes and vehicle fees) and federal funding.

Figure 1

Recent and Planned Augmentations for Transportation Programs

General Fund (In Millions)

Program	Department	2021-22[a]	2022-23	2023-24	2024-25	2025-26	Totals
Transportation Infrastructure Package		**$5,400**	**—**	**$2,100**	**$2,000**	**—**	**$9,500**
TIRCP	CalSTA[b]	$3,650[c]	—	—	—	—	$3,650
Active Transportation Program	Caltrans[d]	1,050	—	—	—	—	1,050
Grade separation projects within TIRCP	CalSTA/Caltrans[e]	350	—	—	—	—	350
Local climate adaptation programs	Caltrans[b]	200	—	—	—	—	200
Highways to Boulevards Pilot Program	Caltrans	150	—	—	—	—	150
Population-based TIRCP	CalSTA	—	—	$2,000	$2,000	—	4,000
Clean California Local Grant Program	Caltrans	—	—	100	—	—	100
Supply Chain Package		**—**	**$670**	**$650**	**$50**	**$10**	**$1,380**
Port and Freight Infrastructure Program	CalSTA	—	$600	$600	—	—	$1,200
Supply chain workforce campus	CWDB	—	30	40	$40	—	110
Port operational improvements	GO-Biz	—	30	—	—	—	30
Increased commercial driver's license capacity	DMV	—	10	10	10	$10	40
Totals		**$5,400**	**$670**	**$2,750**	**$2,050**	**$10**	**$10,880**

[a]Funding provided in summer 2022 but accounted for as part of 2021-22 budget.

[b]CTC also provided small amount of total funding in 2022-23 and 2023-24 for administrative-related activities.

[c]Includes $300 million dedicated to adapting certain rail lines to sea-level rise, as well as $1.8 billion for projects in Southern California and $1.5 billion for projects in Northern California.

[d]CTC also has role in allocating funding to projects.

[e]CalSTA is responsible for awarding funds, but a portion of funding is included in Caltrans' budget to reflect awards to projects on the state highway system.

TIRCP = Transit and Intercity Rail Capital Program; CalSTA = California State Transportation Agency; Caltrans = California Department of Transportation; CWDB = California Workforce Development Board; Go-Biz = Governor's Office of Business and Economic Development; DMV = Department of Motor Vehicles; and CTC = California Transportation Commission.

Figure 2

Overview of Recently Augmented Transportation Programs

Program	Description
Transportation Infrastructure Package	
Transit and Intercity Rail Capital Program (TIRCP)	Competitive program that funds transit and intercity rail improvements that reduce greenhouse gas emissions, vehicle miles traveled, and congestion.
Active Transportation Program	Competitive program that funds projects that encourage the use of active modes of transportation such as biking and walking.
Grade separation projects with TIRCP	Recent budget set-aside within TIRCP for projects that create a physical separation between railroad tracks and roadways, generally to improve safety.
Local climate adaptation programs	Includes (1) a new competitive program that funds capital projects that adapt transportation infrastructure to climate change and (2) a resumption of a competitive program that funds the development of climate adaptation plans.
Highways to Boulevards Pilot Program	New competitive pilot program that funds the planning or implementation of projects that convert or transform underutilized state highways.
Population-based TIRCP[a]	New set-aside within TIRCP that provides formula funding directly to regional agencies to fund transit and intercity rail improvements that reduce greenhouse gas emissions, vehicle miles traveled, and congestion.
Clean California Local Grant Program	Competitive program initiated in 2021-22 that funds litter abatement and beautification projects.
Supply Chain Package	
Port and Freight Infrastructure Program	New competitive program that funds projects that improve the movement of goods to and from ports.
Supply chain workforce campus	Funding to establish a new workforce training campus at the Port of Los Angeles.
Port operational improvements	New competitive program that funds operational and process improvements at ports.
Increased commercial driver's license capacity	Funding for the Department of Motor Vehicles to temporarily increase the state's capacity to issue commercial driver's licenses by leasing space to establish dedicated commercial drive test centers.

[a]Chapter 71 of 2022 (SB 198, Committee on Budget and Fiscal Review) included statutory language indicating that this specific augmentation for TIRCP should be allocated to regional agencies based on population.

Federal Infrastructure Investment and Jobs Act (IIJA)

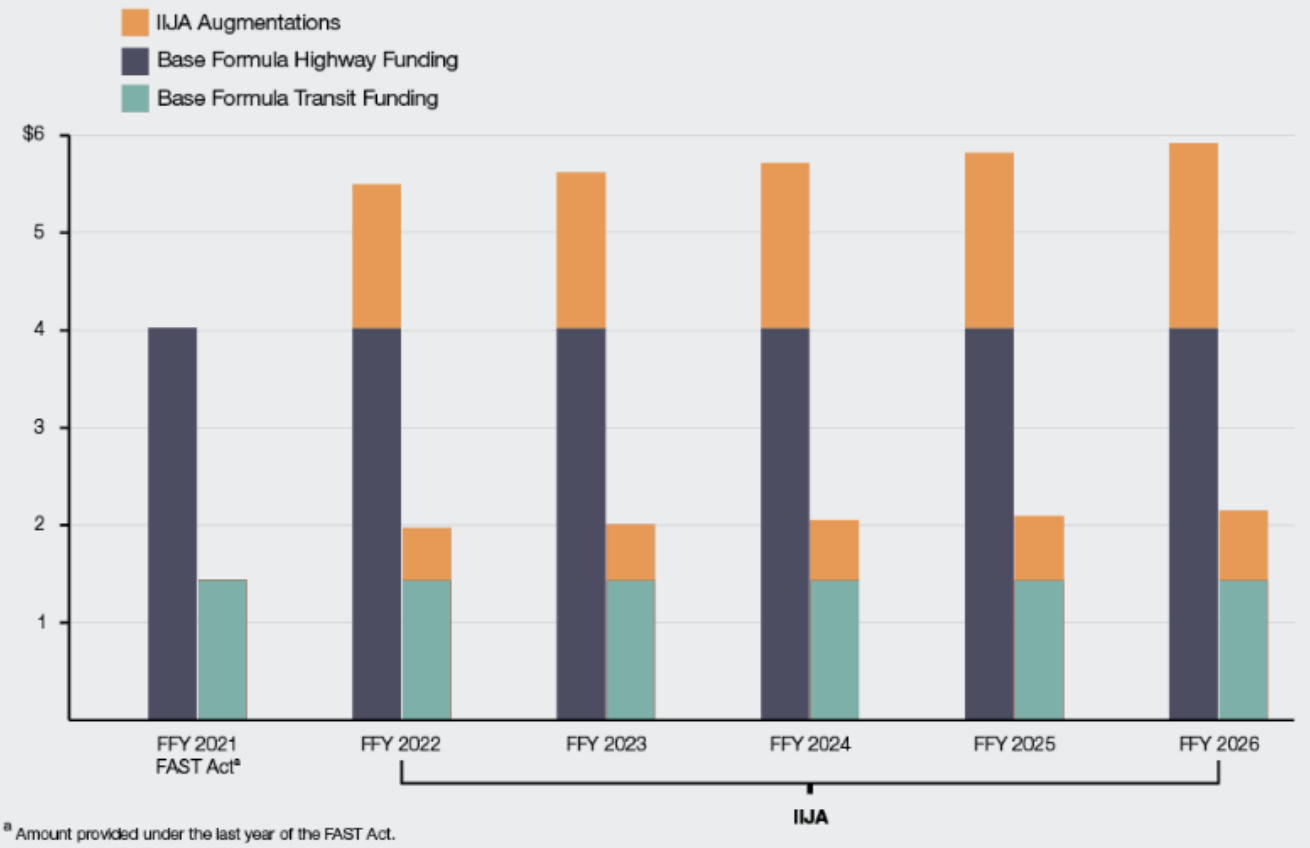
In November 2021, the federal government enacted IIJA, which authorized $1.2 trillion across federal fiscal years 2022 to 2026 for various types of infrastructure, such as transportation, water, and energy. Within IIJA, a new five-year federal surface transportation reauthorization replaced the expired Fixing America's Surface Transportation (FAST) Act. In total, IIJA authorized $567 billion in spending for federal transportation programs over the five-year period. Funding will go towards both existing and new federal transportation programs (formula and competitive) that support highways, transit, rail, and freight.

IIJA will provide the state with a significant increase in formula transportation funding when compared to FAST Act levels—with funding steadily increasing each year over the five-year period. Specifically, the state is expected to receive a total of $28.6 billion in formula highway funding over the five-year period, or about $5.7 billion annually. This represents an average

annual increase of $1.7 billion, or $8.5 billion more across the five years, compared to FAST Act levels. Formula highway funding is allocated through the state budget process through the California Department of Transportation (Caltrans). Of this amount, 60 percent is used for state activities—such as highway maintenance and rehabilitation—and 40 percent is apportioned to local agencies to address local transportation system needs.

Figure 3

Federal IIJA Increases Formula Highway and Transit Funding to California
(In Billions)



[a] Amount provided under the last year of the FAST Act.
IIJA = Infrastructure Investment and Jobs Act; FFY = federal fiscal year; and FAST = Fixing America's Surface Transportation.

In addition to highway funds, the state is expected to receive a total of $10.3 billion in formula transit funding over the five-year period, or about $2.1 billion annually. As displayed in Figure 3, this represents an average annual increase of $620 million, or $3.1 billion more across the five years, compared to FAST Act levels. Most of this funding does not flow through the state budget and is provided directly to local agencies. Formula transit funding from the federal government generally focuses on capital improvements, but can also be used for operating expenses under certain circumstances.

Governor's Proposals

1. **Transportation Budget Solutions.** The Governor's budget proposes $4 billion in multiyear budget solutions from the recent General Fund augmentations provided to transportation programs in the 2022-23 budget package. The Governor relies on three main strategies to provide General Fund relief from transportation programs: (1) $2.2 billion in program reductions; (2) $1.3 billion in funding delays; and, (3) $500 million in cost shifts to other funding sources.

Governor's Proposed Changes to Transportation Funding

(In Millions)

			Proposed Changes				
Program	Department	Total Augmentations	2021-22 and 2022-23	2023-24	2024-25	2025-26	New Amounts Proposed
Transportation Infrastructure Package		**$9,500**	**-$1,050**	**-$500**	**-$1,500**	**$850**	**$7,300**
Population-based TIRCP	CalSTA	$4,000	—	-$1,000	-$1,500	$500[b]	$2,000
TIRCP	CalSTA	3,650	—	—	—	—	3,650
Active Transportation Program	Caltrans	1,050	-$500	300[a]	—	—	850
Grade separation projects with TIRCP	CalSTA/Caltrans	350	-350		—	350[b]	350
Local climate adaptation programs	Caltrans	200	-200	200[a]	—	—	200
Highways to Boulevards Pilot Program	Caltrans	150	—	—	—	—	150
Clean California Local Grant Program	Caltrans	100	—	—	—	—	100
Supply Chain Package		**$1,380**	**—**	**-$400**	**$200**	**$200**	**$1,380**
Port and Freight Infrastructure Program	CalSTA	$1,200	—	-$400	$200	$200	$1,200
Supply chain workforce campus	CWDB	110	—	—	—	—	110
Commercial driver's license capacity	DMV	40	—	—	—	—	40
Port operational improvements	GO-Biz	30	—	—	—	—	30
Totals		**$10,880**	**-$1,050**	**-$900**	**-$1,300**	**$1,050**	**$8,680**

[a]Funding shifted to State Highway Account.

[b]Delayed from a prior year.

Note: All amounts are General Fund unless specified.

TIRCP = Transit and Intercity Rail Capital Program; CalSTA = California State Transportation Agency; Caltrans = California Department of Transportation; CWDB = California Workforce Development Board; DMV = Department of Motor Vehicles; and Go-Biz = California Governor's Office of Business and Economic Development.

2. **Project Initiation Documents.** The Governor's budget includes a biennial zero-based-budget (ZBB) for Project Initiation Documents (PIDs) that requests a total of 420 positions and $81 million ($77.3 million in personal services and $3.8 million in operating expenses) for each fiscal year to develop, review, and approve PIDs. A PID must be developed and approved by Caltrans before a capital project can be programmed and constructed on the State Highway System. This request represents a net increase of 50 positions, equating to a total increase of $8.9 million, compared to the funding provided in the 2021-22 Budget. This total increase is in part due to the influx of federal dollars for transportation infrastructure projects from the Infrastructure Investment and Jobs Act (IIJA). Caltrans estimates that additional PIDs will be needed to successfully deliver the increased funding.

LAO COMMENTS

1. **Direct Administration Not to Prematurely Solicit Applications and Award Program Funding Before the Legislature Grants Spending Authority.** The LAO recommends that the Legislature direct CalSTA to cease its plans to prematurely award funding for the Port and Freight Infrastructure Program. The agency should not commit funds to local agencies when it does not yet have the legal authority to do so or certainty that the state budget will ultimately provide this funding. LAO also recommends that the Legislature direct Caltrans to delay its application process for the Clean California Local Grant Program until the funding is appropriated.

2. **Adopt Package of Budget Solutions Based on Legislature's Priorities.** The LAO recommends the Legislature develop its own package of budget solutions based on its highest priorities and guiding principles. The LAO identifies key questions the Legislature could use in developing its own budget solutions. In several cases, the LAO finds the Governor's proposals to be reasonable, but so too would alternative decisions the Legislature could make instead of or in addition to the Governor's selections.

3. **Use Spring Budget Process to Identify Additional Potential Budget Solutions in Transportation.** Given the distinct possibility of worse fiscal conditions, the LAO recommends the Legislature begin to prepare now for the likely need to solve for a deeper revenue shortfall when it adopts its final budget this summer. Specifically, in addition to weighing the Governor's proposed solutions and substituting its own alternatives, we recommend the Legislature identify additional reductions for a greater total amount of solutions than those proposed by the Governor.

4. **Reject Governor's Trigger Restoration Approach, Maintain Legislative Flexibility.** The LAO also recommends the Legislature reject the Governor's trigger

restoration proposal—both for the population-based TIRCP funding and all other non-transportation programs subject to the trigger. Given the current revenue forecast and the "all or nothing" structure of the proposal, we believe the likelihood of the state receiving sufficient funds to activate the trigger is low. The LAO also finds that the proposal minimizes the Legislature's authority and flexibility to respond to changing revenue conditions and evolving spending priorities.

STAFF COMMENTS

The Subcommittee may wish to ask the following:

1. Can CalSTA provide the committee an update on the last round of TIRCP projects awards, when the next round will be awarded? How much funding was requested out of the $3.65 billion pot for projects?

2. Can CalSTA discuss, of the General fund transportation programs which programs have not been awarded and how much General Fund would that include? The LAO mentions Clean California, how much of that program has not awarded?

3. The Governor's budget proposes to make the funding cuts subject to a trigger, meaning if there are more funds available, the funding would be restored. The 2022 Budget Act also included triggers, can the Administration state whether the triggers from the 2022 Budget Act were restored in the Governor's January Budget?

4. The budget proposal for the PID only includes an increase of 50 positions for PIDs, which is fewer authorized positions than included in 2019-20 and 2021-22. IIJA will send a minimum of $2 billion in new highway dollars over the next five years, and likely hundreds of millions more in competitive grant funding each year. The state has dedicated billions in General Fund and other federal dollars to state highway related work over the last two budget years. Please explain how the resources allocated for PIDs puts the State in a position to build the projects that Californians expects.

5. How many PID positions do you have filled? How do these filled positions compare with 2015-16?

Staff Recommendation: Hold Open

ISSUE 2: TRANSIT OPERATIONS FUNDING SHORTFALLS

This item will discuss the transit operators "fiscal cliff" and what role the state budget should play in providing funding for transit operations who are facing funding shortfalls due to ridership declines.

PANEL

- Michael Pimentel, Executive Director, California Transit Association
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- Mark Tollefson, Undersecretary, CalSTA
- Carlos Quant, Deputy Secretary, Budget and Fiscal Policy, CalSTA
- Steve Wells, Budget Analyst, Department of Finance

BACKGROUND

On February 27, 2023, the Assembly and Senate Transportation Committees held a joint hearing on "Short Term Crisis Long Term Transformation: How to Bring Back and Build Transit Ridership in California." The hearing focused on the state of public transportation in California and how the state can partner with transit operators to both rebuild and transform the state's transit systems. A copy of their background paper can be found at: Transit Info Hearing Background Paper FINAL on Letterhead (002).pdf (ca.gov).

Transit operators nationally and in California were struggling with declining ridership prior to the COVID-19 pandemic. The pandemic exacerbated the problem, causing serious operating and financial challenges. With federal relief funding for transit being exhausted, many operators are facing an immediate fiscal crisis mainly due to revenue losses at the farebox. The goal of this item is to discuss what role, if any, the State budget should play in helping transit operations with their funding shortfalls.

STAFF COMMENTS

The State's climate goals are intertwined with the success of public transit systems. To meet the state's climate goals and to develop more integrated, livable communities, the state must have a robust, efficient, and reliable public transit network. Transit also serves as a major component of the state's goal to reach carbon neutrality by 2045.

State investments in our public transit systems have centered on funding capital projects, not operations. If the state were to prioritize funding for operators, this would be a significant

departure from current practice. Even if the state were to create boundaries or say this is a one-time bail out, the precedent would be set for providing funding for transit operations.

Additionally, if the state provides funding to operators, absent changes from operators, there is no guarantee that ridership will return and that the transit operators will not require additional bailouts in the future.

To better understand the fiscal crisis, the Subcommittee should discuss the following with public transit agencies:

1. What is the best cost estimate for the fiscal cliff in 2023-24, 2024-25, and 2025-26? Which agencies does that apply to? What is the timeline?

2. Should relief for a fiscal cliff only include those facing imminent challenges or should relief be scoped to help all transit agencies no matter what the timeline is?

3. What steps are transit agencies taking to address the fiscal cliff, especially those who are 2-3 years out (budget cuts, sales tax measures)?

4. What steps did transit agencies take during the pandemic to address the fiscal cliff? What plans were made for the fiscal cliff knowing that federal funds would go away?

5. How are transit agencies working to build ridership?

6. What funding pots do you recommend that the state cut or shift to close the funding gap for transit operators?

Additionally, the Subcommittee will have to consider the following:

1. The Legislature should discuss how long the state would consider providing relief to operators and set limitations and expectations about what a state bailout for transit operations would mean.

2. The Legislature will have to consider balancing existing priorities (Child Care, CalWORKs grant expansions, homelessness, and financial aid) against providing relief for transit operators.

3. The Legislature should consider what oversight should be considered with General Fund transit operation assistance? If a transit agency accepts funds from the state, how do they show they are growing ridership and being fiscally prudent in their own budgets?

Gann Restrictions:

1. Capital projects are not subject to the Gann Limit but transit operations would be subject to that limitation. If the state were to reprogram any funding from the 2021-22 or 2022-23 budgets, the state would have to rebalance the budget and could possible create issues with the Gann limit since funding that was scored as capital and excluded from the Gann limit would switch to being non-capital expenditure and not excluded from the Gann Limit.

Staff Recommendation: Hold Open.

2660 DEPARTMENT OF TRANSPORTATION

ISSUE 3: RESOURCES FOR HOMELESSNESS IN THE STATE RIGHT-OF-WAY

This Governor's budget includes two proposals for resources to address homelessness in the State right-of-way.

The Governor's budget includes a three-year, limited-term (General Fund) increase of $5,802,000 for 30 positions and 7 two-year, limited-term positions (Solutions Team to support statewide efforts addressing homelessness within the highway system right-of-way.

PANEL

- Steven Keck, Chief Financial Officer, Caltrans
- Keith Duncan, Chief Budget Officer, Caltrans
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- Ben Pollack, Finance Budget Analyst, Department of Finance

BACKGROUND

1. Encampment Homeless Services Liaisons. The Governor's budget includes a three-year, limited-term (General Fund) increase of $5,802,000 for 30 positions and 7 two-year, limited-term positions (Solutions Team to support statewide efforts addressing homelessness within the highway system right-of-way.

   Caltrans is responsible for maintaining the transportation network to decrease safety risks like fires, explosions, and excavations threatening the stability of the infrastructure. Through strategic and coordinated efforts by Caltrans' encampment coordinators, Caltrans is on track to close 1,200 encampments this fiscal year. Each one of these encampments posed some form of risk to safety, whether to people experiencing homelessness, the traveling public or the infrastructure.

   In West Oakland there have been over 100 fires in 2022 at the Wood Street Encampment with one proving fatal. This site spans nearly 25 city blocks with about 200 people still sheltering there. While Caltrans is taking a phased approach to close and clean sections of the encampment, the fires there have threatened portions of the MacArthur Maze, the same stretch of highway that melted after a tanker explosion in 2007. At the time of the fire the green steel frame of the I-580 overpass melted under the intense heat practically dripping to the roadway below. If Caltrans had not taken measures to move people

experiencing homelessness from under the dripline into an open space, a future fire could have had far more impactful results.

Caltrans has spent about $104 million in emergency repairs at encampment sites on the state right-of-way from 2016-17 to 2021-22 through May 16. These repairs decreased immediate safety risks.

Caltrans conducted a rough count of encampments and observed over 5,000 encampments on state right-of-way. For 2021-22 Caltrans is on track to close 1,200 encampments compared to 269 for 2020-2021, attempting to stay on pace with the rate of new encampments. The increase is primarily based on having encampment coordinators in place to facilitate closing encampments and lifted restrictions due to the COVID-19 pandemic.

In 2021-22, Caltrans as approved for 20, two-year, limited-term Encampment Coordinators, utilizing resources from the General Fund. Caltrans Encampment Coordinators work directly with field staff in their communities to locate, prioritize, and address encampments on the state right-of-way. Encampment coordinators have been building partnerships and awareness of social service providers. Successful coordination can reduce the chances of individuals experiencing additional harm stemming from unsheltered homelessness which include loss of property, disruption to fragile routines that connect individuals to services and basic need services, and negative interactions with public services. Each Encampment Coordinator works to learn about the network of providers and points of contacts. This helps in understanding the services and procedures of how people access these services and any constraints on urgent/emergency services that are often sought for encampments.

2. Hazardous Material Removal at Encampments. The Governor's budget includes $20.6 million (State Highway Account) on a two-year limited-term basis for the removal of statewide hazardous material from encampments statewide.

   During 2020-21, Caltrans received 8,876 requests for service concerning encampments through its Customer Service Request (CSR) system. This represents a 205 percent increase since 2016-17, when there were only 2,910 CSRs. Potential hazardous environments at encampment sites require additional hazardous material certified contractors to clean, collect, remove, transport, and legally dispose of environmentally regulated, biological, hazardous, and contaminated materials at these sites.

   In 2021-22, Caltrans received $20.6 million from the State Highway Account on a two-year limited-term basis to dedicate resources for hazardous material removal at

encampments. This funding was intended for operational expenses to compensate the various statewide hazmat contractors; specifically, those who collect, remove, transport, and legally dispose of all environmentally regulated, biological, and hazardous waste, from encampment sites that are on Caltrans property, on an on-call, as needed basis. As of September 2022, Caltrans has hazmat contractual encumbrances of $16.9 million for 2022-23 and $24.7 million for 2023-24.

Statewide Encampment Costs Reported in IMMS, by Fiscal Year

Fiscal Year	Number of Encampments Serviced	Cubic Yards of Debris Removed	CHP Hours (MAZEEP)	MAZEEP Cost Total	Total Cost	Notes
2018-19	6,769	66,575	35,953	$3,746,029	$13,299,980	Pre-COVID
2019-20	4,750	46,430	26,841	$2,964,049	$11,032,461	3/14/20 MPD 20-02 Suspending encampment cleanups.
2020-21	3,046	62,286	24,191	$2,671,389	$13,026,955	11/3/20 MPD 20-02R6 Allows Encampment removal with HQ approval. MPD 20-02R7 Allows PL 1&2 to be removed
2021-22	4,896	94,641	33,056	$3,650,402	$21,840,830	7/29/21 MPD 20-02R9 Allows All PL's to be removed. 11 contracts held up due to bidder disputes.

STAFF COMMENTS

The Subcommittee may wish to ask DOF the following:

1. The encampment program was a General Fund add on from last year, how much was allocated to this program, and how much was proposed to be cut in order to find budget solutions?

The Subcommittee 6 on Budget Process, Oversight and Program Evaluation held a hearing on February 22, 2023 to discuss accountability provisions on homelessness funding programs. The main focus of that hearing was to discuss accountability metrics for homelessness programs and ensuring programs are housing individuals not just for a short term but long term.

The Subcommittee may wish to ask Caltrans the following:

1. How does Caltrans work with local agencies or Continuums of Care (CoCs) to house people when they clear an encampment? How much advance notice is a local government given when an encampment in the state right-of-way is being moved?

2. What is the state role with those who are moved out an encampment once they are off the state right-of-way?

3. Are the encampment coordinators keeping data on the individuals that they move out of the encampments? Who are they reporting this data to?

4. How do the funds for hazardous material removal and encampment clean-up interact?

5. How does Caltrans measure the success of the program? The BCP states that there are over 8,000 requests for clean-up. Of those, how many are for the same sites? How often does Caltrans have to return to the same site to clean it up?

Staff Recommendation: Hold Open.

ISSUE 4: HIGHWAY MAINTENANCE SAFETY PROGRAM

The Budget includes 38 positions and $48.4 million on a four-year, limited-term basis from the State Highway Account to continue and expand the HM-4 Safety Pilot Program.

PANEL

- Steven Keck, Chief Financial Officer, Caltrans
- Keith Duncan, Chief Budget Officer, Caltrans
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- James Moore, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

Traditional project delivery methods used to implement safety enhancements on the State Highway System (SHS) take an average of three years to develop and an additional two years to construct. To implement safety enhancements faster and reduce the number of collisions, fatalities, and injuries on the SHS, in the 2021-22 Budget, Caltrans received $22.5 million on a two-year, limited-term basis from the State Highway Account to fund the Highway Maintenance 4 Safety (HM-4) Program. Within two fiscal years, Caltrans has been able to add an estimated 4,539 safety enhancements at off-ramps, curves, and pedestrian crossing locations through 28 projects as part of the HM-4 Safety Program.

This funding would allow Caltrans to continue and expand the HM-4 Safety Program, and in particular, focus on the following: wrong-way driver prevention, pedestrian and bicyclist safety enhancements, horizontal curve warning sign packages, run off road collision prevention, cross over collision prevention, as well as safety enhancements as part of pavement and bridge maintenance. Caltrans estimates to deliver 25 projects annually for the next four years of funding.

STAFF COMMENTS

The HM-4 Safety Program has proved to provide necessary safety enhancements. The Subcommittee may wish to ask Caltrans why the resources are only on a limited-term basis.

Staff Recommendation: Hold Open.

ISSUE 5: VARIOUS POSITIONS FOR PROGRAM GROWTH

This item summarizes resources requested in three budget change proposals put forward by Caltrans for growth in various programs.

PANEL

- Steven Keck, Chief Financial Officer, Caltrans
- Keith Duncan, Chief Budget Officer, Caltrans
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- James Moore, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

1. **Administration Program Support.** The Governor's budget includes $4.4 million from the State Highway Account and 23.5 positions for administration support to address increased workload requirements commensurate with departmental program growth.

   Over the last five years, the California Department of Transportation's (Caltrans') total budget has grown approximately 72 percent, mainly due to increased state and federal funding for transportation infrastructure. In addition, Caltrans' administrative workload demand has increased due to issues, such as COVID-19 requirements, energy and sustainability mandates, and new technology. However, despite the recent budget growth and increase in administrative workload, funding for administration support has not grown commensurately. Adequate funding of administration support is necessary for Caltrans to recruit, test, and hire, meet mandates, provide necessary training to staff; manage and operate facilities, and make payments to employees, vendors, and contractors within legally mandated timeframes.

2. **Central Valley Legal Office.** The Governor's budget includes $3.4 million from the State Highway Account and 17 positions on an ongoing basis to support increased legal workload and establish a legal office in the Central Valley.

   The Legal Division has experienced an increase in workload in recent years— according to Caltrans, the division's workload increased about 48 percent within the last five years. The increase is due to many factors, including increased funding for transportation projects and initiatives, such as increasing broadband and addressing homelessness. An additional legal office in the Central Valley is proposed to address this increase in workload as well as reduce the amount of time traveling by attorneys (since currently, attorneys from the Sacramento Legal Office covers the largest geographic area).

3. **Public Affairs and Legislative Affairs Support.** The Governor's budget provides $1.3 million and 9 permanent positions (3 for Public Affairs and 6 for Legislative Affairs) to process and respond to state-mandated California Public Record Act (CPRA) requests and legislative bill analysis workload.

   Public Affairs: There has been an increase in workload due to SB 1, the COVID-19 pandemic, and Clean California, and it is anticipated that additional requests will come through for telework, and the installation of broadband on state transportation right-of-way. The public and media have also shown an increased interest in homelessness, maintenance of the state highway system, and Caltrans' procurement and contracts processes. Any new investments include enhanced monitoring and reporting requirements to make sure projects are completed on time and efficiently. Increased workload and revenue streaming into the Department have shown to directly correlate to the amount of CPRA requests received. In 2020-21, Caltrans processed 4,191 CPRAs statewide amongst its 45 Public Records Coordinators for an average of 93 CPRAs per coordinator. On average, a CPRA requires 13 hours for processing, research, and response.

   To address the increase in CPRA requests Caltrans requests 3 Information Officers as follows:

   - 1 officer will manage the statewide media responses and provide the appropriate level of analysis and briefing required by Caltrans management CalSTA and the Governor's Office. This position will make recommendations on various media requests and is responsible for ensuring Caltrans' message is appropriately communicated to the media, stakeholders, and the general public.

   - 2 Officers (One for District 4 and one for District 7) due to increased coordination efforts and events for public information and engagement on projects and programs related to SB 1, Clean CA, Broadband, the Infrastructure Investment and Jobs Act (IIJA) of 2021, Climate, and Equity. Adding these positions in the districts will allow quicker response time and engagement with the general public and media as needed.

   Legislative Affairs: Caltrans' inquiry volume has increased from an average of 320 inquires per year over three years, to more than 430 inquiries last year, a 35 percent increase. According to Caltrans, the requested positions and resources would allow them to more quickly respond to CPRA requests as well as provide bill analyses, respond to legislative inquiries, and conduct legislative outreach in a more timely manner.

To address the increase in legislative workload, Caltrans requests 6 positions as follows:

- 1 Staff Service Manager III to function as a Division Chief to assist the Assistant Director of Legislative Affairs in organizing, reviewing, and directing the work of HQ Legislative Affairs.

- 3 Staff Services Manager I to function as Senior Legislative Specialists who coordinate with internal/external stakeholders, write bill analyses as well as legislative proposals, and respond to inquiries.

- 2 Associate Government Program Analysts to help with increased coordination efforts related to legislative inquiries for Districts 4 and 7.

STAFF COMMENTS

The Subcommittee may wish to ask Caltrans about the positions for the Public Affairs and Legislative Affairs:

1. For the increased work on CPRA requests, will the three positions be dedicated to the CPRA requests or other work related to media?

Staff Recommendation: Hold Open.

ISSUE 6: WILDLIFE CONNECTIVITY (AB 2344)

The Governor's budget includes $1,340,000 for 8 permanent full-time positions to implement the new Transportation Wildlife Connectivity Remediation Program created by Assembly Bill (AB) 2344 (Chapter 964, Statutes of 2022, Friedman).

PANEL

- Steven Keck, Chief Financial Officer, Caltrans
- Keith Duncan, Chief Budget Officer, Caltrans
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- Ben Pollack, Finance Budget Analyst, Department of Finance

BACKGROUND

AB 2344 creates a new Transportation Wildlife Connectivity Remediation Program for Caltrans, contingent on a budget appropriation, and expands upon efforts as compared to the current ongoing project development process. Caltrans is required to:

- Develop a system to inventory wildlife passage features to reduce wildlife/vehicle collisions.

- Conduct wildlife connectivity assessments within areas designated by CDFW and for new projects that propose to add lanes or other roadway features that could impair wildlife connectivity.

- Create program guidelines.

- Collaborate to update design guidance manuals.

- Report progress of efforts to the Legislature.

STAFF COMMENTS

The Department of Fish and Wildlife (DFW) also includes a request for 8 positions and $1.98 million, ongoing to implement this bill. According to the Appropriations analysis, Caltrans estimated "ongoing costs in the low hundreds of millions of dollars annually (various funds) to develop the action plan and project list, and to enable Caltrans to implement at least 10 projects annually and fulfill the other requirements of this bill." The analysis also notes that DFW

estimated ongoing costs of $2.2 million in 2022-23, $5.5 million in 2023-24, and $4.3 million annually thereafter (General Fund) for permitting and wildlife staff.

The Subcommittee may wish to ask Caltrans to explain why they need 8 positions in addition to the 8 positions being requested by DFW. The Appropriations Analysis only includes positions for DFW.

Staff Recommendation: Hold Open.

2600 CALIFORNIA TRANSPORTATION COMMISSION

ISSUE 7: ADVISORY COMMITTEE COMPENSATION

The Governor's budget includes $200,000 from various transportation funds ($75,000 from the State Highway Account and $125,000 from the Public Transportation Account) and associated statutory changes to authorize a per diem for serving on an advisory committee of the Commission.

PANEL

- Mitch Weiss, Executive Director, California Transportation Commission
- Frank Jimenez, Senor Fiscal and Policy Analyst, Legislative Analyst's Office
- Ben Pollack, Finance Budget Analyst, Department of Finance

BACKGROUND

Unlike other state boards and commissions, the California Transportation Commission (CTC) does not have the statutory authority to provide a per diem to members of the advisory committees. Under this proposal, CTC would like to offer a $100 per diem to members of two committees: Road Usage Charge Technical Advisory Committee and Interagency Equity Advisory Committee. Providing per diems allows CTC to be able to attract and retain advisory committee members with the appropriate expertise, and also mitigate financial constraints that may affect an individual's ability to serve on a committee. The Commission requests a statutory $100 per diem for advisory committee members, modeled after Health and Safety Code Section 39603(a)(2)), which provides for members of advisory groups serving the California Air Resources Board to receive $100 per day.

STAFF COMMENTS

The Subcommittee may wish to ask CTC the following:

1. Do other agencies who do not have the statutory authority to provide per diem, do these requests go through the budget process?

Staff Recommendation: Hold Open.

2720 CALIFORNIA HIGHWAY PATROL
2740 DEPARTMENT OF MOTOR VEHICLES

ISSUE 8: CAPITAL OUTLAY PROPOSALS

The Governor's budget includes capital outlay proposals for the California Highway Patrol and the Department of Motor Vehicles as follows:

California Highway Patrol includes four capital outlay proposals:

- $500,000 from the General Fund for Statewide Planning and Site Identification.
- $10,963,000 from the General Fund for the performance criteria phase of the Redding, Los Banos, Porterville, Antelope Valley, and Barstow Area Office Replacement projects.
- $85,631,000 from the Public Buildings Construction Fund for the design-build phase of the Gold Run and Humboldt Area Office Replacement projects.
- $184,320,000 from the Public Buildings Construction Fund (to replace existing current year authority of the same amount from the General Fund) for the design-build phase of the Quincy, Baldwin Park, and Santa Fe Area Office Replacement projects.

Department of Motor Vehicles includes three capital outlay proposals:

- $2,458,000 from the General Fund for the performance criteria phase of the El Centro Field Office Replacement.
- $20,928,000 from the Public Buildings Construction Fund (to replace existing current year authority of the same amount from the General Fund) for the construction phase of the Inglewood Field Office Replacement.
- $41,654,000 from the Public Buildings Construction Fund for the design-build phase of the San Francisco Field Office Replacement.

PANEL

- Brandon Johnson, Assistant Commissioner, California Highway Patrol
- Kalem Brock, Lieutenant, California Highway Patrol
- Steve Gordon, Director, Department of Motor Vehicles
- Lee P. Scott, Chief Budget Officer, Department of Motor Vehicles.
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

- Randy Katz, Budget Analyst, Department of Finance

BACKGROUND

In response to concerns about the condition of the General Fund that have emerged in recent months, the Governor proposes a total of $332 million in lease revenue bonds in 2023-24 to support the construction of several CHP and DMV projects that the administration had previously planned to fund using cash from the General Fund. This amount includes: (1) a $205 million shift from previously approved General Fund appropriations to lease revenue bonds; and, (2) $127 million in lease revenue bonds for the next phases of certain projects that were scheduled to be funded from the General Fund in 2023-24.

LAO COMMENTS

Switch to Lease Revenue Bonds Is Reasonable, Given General Fund Condition. To the extent the Legislature would like to continue to support the planned replacement of CHP and DMV facilities, the LAO states that a shift to lease revenue bonds merits legislative consideration. According to the LAO, both cash and lease revenue bonds are reasonable ways to pay for capital projects but each comes with trade-offs. Specifically, one justification for using bonds to spread the costs of capital projects out over time is that these projects are expected to provide services over many years. Also, bonds can be an important tool if insufficient funding is available to pay for the up-front costs of high-priority projects. For example, when the state has a budget problem, bonds can help fund the project while lessening potential pressure on the state to cut into existing programs. On the other hand, one benefit of using cash is that, compared to bonds, it results in a lower overall project cost because the state does not have to pay interest.

Administration Has Not Identified a Funding Source for the Repayment of Bonds. The LAO estimates that the total debt service (including interest) on the $332 million in projects proposed for lease revenue bond financing in 2023-24 would be about $25 million per year for 25 years, resulting in a total cumulative cost of over $600 million. The administration indicates that it has not yet determined which source of funding—whether MVA or General Fund—would be used to make these debt service payments. Either way, municipal bond investors will view the General Fund as ultimately backing the bonds and would include the lease revenue bonds as part of the state's debt portfolio in their assessment of the state's overall creditworthiness.

Using Either MVA or General Fund for Repayments Would Raise Issues for Legislative Consideration. Having clarity about what fund source would be used to support debt service payments on the lease revenue bonds is important. This is not only because the fund source is a key component of any proposal, but also because, in this case, the two potential options for

fund sources for repayments—the MVA and General Fund—both have important implications. These include the following:

- **Using MVA Would Strain Fund, Raise Pressure to Address Fund Condition.** The LAO thinks that the MVA is generally the most appropriate fund source to support CHP's and DMV's core operating costs, such as facility costs. This is because both departments provide services that primarily benefit motorists, and thus motorists should generally bear their associated costs. However, under current projections, the MVA cannot support its existing commitments in the out-years without corrective actions to improve its condition. Adding additional commitments to the fund—such as the $25 million in annual debt service for current proposed projects and additional debt service for forthcoming projects—would accelerate the fund's anticipated insolvency and necessitate legislative action to address the fund condition somewhat sooner than would otherwise be the case.

- ***General Fund Would Be a Notable Change in Approach*.** Occasionally but infrequently, the General Fund has been used for CHP and DMV on a one-time basis when it had surpluses and could support up-front facility costs. However, using the General Fund for debt service would mean providing ongoing General Fund to support CHP's and DMV's facilities.

LAO recommendations:

- Weigh the trade-offs associated with using up-front cash versus lease revenue bonds for CHP and DMV projects, such as the resulting implications for the timing and level of costs. Additionally, to the extent the Legislature would like to use lease revenue bonds for these projects, we recommend it carefully weigh the trade-offs involved in the fund sources for debt service payments on the bonds.

- Provide clear direction to the administration regarding which source of funds to use for debt service.

STAFF COMMENTS

The Subcommittee may wish to ask the following:

1. Of the capital projects approved last year from the General fund, what percentage of that total is this shift? How many more projects could we shift in the budget from General Fund to lease revenue bonds and still have a healthy MVA handle? If the MVA cannot handle those shifts, would that mean delaying capital outlay projects?

2. When will the Administration decide the source of funds for debt service?

Staff Recommendation: Hold Open.

2720 CALIFORNIA HIGHWAY PATROL

ISSUE 9: WIRELESS MOBILE VIDEO/AUDIO RECORDING SYSTEMS AND BODY-WORN CAMERA STATEWIDE IMPLEMENTATION

The Governor's requests 11 positions and $9.8 million in 2023-24, $9.9 million in 2024-25, and $4.9 million in 2025-26 and ongoing from the Motor Vehicle Account to extend the Wireless Mobile Video/Audio Recording System (WMVARS) project and implement the Body-Worn Camera (BWC) statewide.

PANEL

- Sean Duryee, Commissioner, California Highway Patrol
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office
- Kathy McCloud, Finance Budget Analyst, Department of Finance

BACKGROUND

In 2015, Governor Edmund G. Brown, Jr., signed into law, Senate Bill (SB) 85, Committee on Fiscal and Budget Review, Public Safety (Chapter 26, Statutes of 2015), which authorized the CHP to conduct a pilot study to evaluate the use of BWCs.

During the pilot study, the CHP assessed data storage needs, evaluated operational considerations, surveyed user experience, and reviewed indicators associated with public behavior. Although there was limited data relative to behavioral changes, the CHP found the use of BWCs to be beneficial, with a significant portion of officers indicating it improved their work performance, and enhanced transparency and interactions with members of the public. Uniformed personnel in the Oakland and Stockton pilot areas were provided Axon BWCs to be used in addition to the existing in-car cameras. However, at the time the BWC pilot program began, the BWCs were unable to integrate with the Department's in-car system due to its age.

The 2018 Budget Act included funding to implement an integrated wireless mobile video and audio recording system (WMVARS) in patrol vehicles that could be integrated in-car with a BWC from a single vendor. Funding for the new system and a three-year in-car camera replacement effort was approved in the Budget Act of 2018, with an option to purchase BWCs in the future. As such, the Department continued to utilize and further test the Axon BWCs in the Oakland and Stockton Areas in anticipation of a future statewide BWC deployment. Subsequently, in 2021-22 the CHP received funding to permanently maintain and operate the new wireless camera system, referred to as WMVARS.

Within the scope of the WMVARS in-car replacement project, all identified vehicles have been outfitted with a WMVARS unit fully capable of supporting an integrated BWC. Installation of WMVARS in patrol vehicles statewide was completed in November 2022. In addition, field testing and the new WMVARS/BWC pilot in Oakland and Stockton is expected to conclude in January 2023. The new pilot has allowed CHP to successfully prepare for a statewide BWC implementation. Thus, the funding from this proposal will allow CHP to expand the WMVARS project to include the addition of BWCs for all uniformed employees statewide.

Most enforcement contacts made by members of the CHP involve vehicles and are recorded by the in-car camera system. The pre-stop observations captured using an in-car camera system are invaluable in providing transparency and documenting the circumstances and events leading up to enforcement contacts. The use of BWCs provides an additional view of an officer's contact with the public, which is not always captured with an in-car system alone.

STAFF COMMENTS

The implementation of a statewide BWC program will continue to provide transparency and accountability in CHP interaction with the public.

Staff Recommendation: Hold Open.