

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

Assemblymember Mike Feuer, Chair

MONDAY, MAY 21, 2007
ROOM 444 – 3:30 PM

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PROPOSED CONSENT

ITEM 2660 CALTRANS

ISSUE 1: VARIOUS MAY REVISION PROPOSALS

The Governor's May Revision includes various changes to Caltrans' budget.

COMMENTS:

The following is from the May Revision letter making the request:

Proposition 42 Revenue Forecast (Issue 214)—The May Revision projects a decrease of \$8,627,000 in fiscal year 2006-07 and an increase of \$5,396,000 in 2007-08 in the sales tax revenues that fund the annual Proposition 42 transfer. Pursuant to Section 7104 of the Revenue and Taxation Code, we request a conforming increase of \$540,000 in the related Public Utilities Code Section 99312 item in 2007-08 for State Transit Assistance.

Transfer of Fleet Management for Cars and Light Trucks from Caltrans to DGS (Issue 204) — Increase Item 2660-001-0042 by \$912,000 to pay Caltrans' share of the Department of General Services' redistributed Fleet Asset Management Fee, under the statewide vehicle purchases program.

Technical Corrections to the Governor's Budget (Issue 207) — These technical adjustments are necessary to appropriately schedule the funding for various programs as follows:

- Increase Item 2660-001-0042 by \$26,753,000
- Decrease Item 2660-001-0890 by \$6,753,000
- Decrease Item 2660-301-0042 by \$6,753,000
- Increase Item 2660-301-0890 by \$6,753,000
- Decrease Item 2660-302-0042 by \$20,000,000
- Increase Public Utilities Code Section 99312 item by \$7,044,000

One-time funding of \$20.0 million added in the 2006 Budget Act was incorrectly deleted from Traffic Operations in the 2007-08 Governor's Budget, rather than the State Highway Operations and Protection Program (SHOPP) Item 2660-302-0042.

The Federal Highway Administration (FHWA) has notified Caltrans that federal funding can no longer be used to fund project initiation documents, because not all of these planning documents result in projects. In order to comply with this new restriction without forfeiting any federal funds, we are requesting that the federal state operations item be reduced by \$6,753,000 and the federal STIP item be increased by \$6,753,000.

The \$14,702,000 for lease revenue debt service, base rental, insurance, and administration fees in the 2006-07 Governor's Budget was scheduled in the Capital Outlay Support Program, but should instead have been scheduled in the Administration Program.

An employee compensation adjustment of \$8,811,000 was incorrectly scheduled in the Capital Outlay Support and Traffic Operations Programs, but should have instead been scheduled in the Maintenance and Administration Programs to reflect the actual programs in which these positions are employed. This correction will give Caltrans the correct authority to pay its staff.

The 2007-08 Governor's Budget proposed a reduction in funding to State Transit Assistance of \$102,320,000 to correct for an overpayment to this item in the 2006-07 Governor's Budget. We request that this item be increased to \$7,044,000 to reflect a correction in the calculation of this adjustment amount.

The Technical Correction items may be further changed by the Subcommittee's actions on Wednesday.

ITEM 2720 CHP

ISSUE 1: CAPITAL OUTLAY FINANCE LETTER: SANTE FE SPRINGS AREA OFFICE

The Governor's May Revision includes a proposal regarding the Santa Fe Springs Area Office Replacement project.

The proposal adds \$6.3 million for the acquisition and preliminary plan phases and reverts a total of \$3.3 million appropriated in the previous two budgets.

ITEM 2740 DMV**ISSUE 1: MAY REVISION PROPOSAL: ELECTRONIC INSURANCE VERIFICATION**

The Governor's May Revision requests an increase of \$9.4 million for increased vendor costs for the Vehicle Registration Financial Responsibility Program.

COMMENTS:

The following is from the May Revision letter making the request:

Additional Vendor Costs for Electronic Insurance Verification (Issue 007)—Increase Items 2740-001-0042, 2740-001-0044, and 2740-001-0064 by \$897,000, \$1,892,000, and \$6,611,000 respectively, for a total of \$9.4 million to pay increased vendor costs for the Vehicle Registration Financial Responsibility Program (Program) due to the higher than anticipated activity. The Program was established by Chapter 920, Statutes of 2004 (SB 1500) and requires insurance companies to electronically report insurance policies on private-use vehicles and suspension of vehicle registrations when evidence of insurance is not provided by specified deadlines. Suspension notices are expected to be sent for 5.5 million vehicles lacking proof of insurance rather than the 3.6 million previously anticipated.

ISSUE 2: MAY REVISION PROPOSAL: TELEPHONE SERVICE CENTER

The Governor's May Revision requests a decrease of \$826,000 and the reversion of \$2.8 million from the current year for the Telephone Service Center.

COMMENTS:

The following is from the May Revision letter making the request:

Telephone Service Center (Issue 008)—Decrease Items 2740-001-0042, 2740-001-0044, and 2740-001-0064 by \$43,000, \$463,000, and \$320,000 respectively, for a total reduction of \$826,000, and add Item 2740-495 to revert the \$2,804,000 unencumbered balance of the current year appropriations. These adjustments reflect the use of the CalNet II contractor for replacement of the Department's telephone service center, an option which was not available at the time the Feasibility Study Report was approved.

ITEMS TO BE HEARD

ITEM 2660 CALTRANS

ISSUE 1: MAY REVISION PROPOSAL: CSMP WORKLOAD

The Governor's May Revision includes a Caltrans requests for a two year appropriation of about \$9.67 million, \$4.888 million in 2007-08 and \$4.78 million in 2008-09, for contracting costs associated with the development of corridor system management plans. Caltrans proposes to develop a plan for each of the corridors in which a Corridor Mobility Improvement Account (CMIA) project has been funded. Specifically, the funds would be used to develop micro-simulation models of each corridor.

COMMENTS:

There is a current-year appropriation of \$5 million for the first phase of the micro-simulation project to identify and simulate strategies to manage certain traffic corridors for congestion. Discussions with the department indicate that due to delays this first phase has not yet been implemented and contracts will not be awarded for the computer simulation efforts until the end of May. Given this progress (or lack of progress), it's unlikely that the department will award contracts for the full amount requested for the next two fiscal years.

The LAO recommends providing only a single year appropriation of \$4.888 million in 2007-08. Depending on progress, the Legislature can appropriate the requested \$4.78 million for 2008-09 in the 2008-09 budget.

The LAO also recommends that the Legislature adopt the following supplemental report language directing the department to provide specific information that would enable the Legislature to determine the amount needed in subsequent years.

By April 1 of 2008, the Department of Transportation shall report to the Joint Legislative Budget Committee, the fiscal subcommittees and policy committees on transportation on its micro-simulation efforts in developing corridor system management plans (CSMP) with funds appropriated in 2006-07, 2007-08 and for the initial pilot project on I-880. The report shall include the following:

- (1) For each corridor for which a CSMP is to be developed, provide:
 - a. The status of the micro-simulation modeling, including the level of completion.
 - b. The total cost of the micro-simulation modeling contract.

- (2) A description of the alternatives to micro-simulation modeling.
- (3) Comparison of costs and benefits of micro-simulation modeling versus other alternatives in identifying strategies for long-term corridor management.
- (4) An assessment of the types of corridors that are best suited and least well suited for the use of micro-simulation modeling.
- (5) A description of the accountability framework developed and the advantages and disadvantages compared to current reporting methods.

ITEM 2665 HIGH SPEED RAIL AUTHORITY

The California High-Speed Rail Authority (HSRA) was created by Chapter 796, Statutes of 1996, to direct development and implementation of inter-city high-speed rail service that is fully coordinated with other public transportation services. The total cost to build the entire system was most-recently estimated at \$37 billion.

The Governor proposes \$1.2 million and 6.5 positions for the HSRA, a decrease of \$13.2 million and no change in positions. Last year the Legislature augmented the HSRA budget by \$13 million and 3 positions to: (1) complete the draft environmental impact report for the Central Valley to San Francisco Bay Area route; (2) complete a financing plan to be submitted to the Legislature no later than May 1, 2007; and (3) commence site-specific environmental work, right-of-way acquisition, and identification of necessary grade separations to improve and preserve rail corridors. Current law provides for a proposition on the November 2008 ballot to provide \$9.95 billion in general obligation bonds for the high-speed rail and related rail projects; however, the Governor proposes to delay this bond vote indefinitely.

ISSUE 1: SPRING FINANCE LETTER

The Administration requested the Spring Finance Letter with the following:

1. Los Angeles to Anaheim Segment: Preliminary Engineering / Project-Specific EIR/EIS. The HSRA requests \$3.5 million (reimbursements from the Orange County Transportation Authority) to fund preliminary engineering and the “project-specific” environmental impact report/environmental impact statement (EIR/EIS) for the Orange County portion of the Los Angeles-to-Anaheim segment of the high-speed rail system. The “Tier-1” EIR/EIS was approved in November 2005. The Orange County Transportation Authority has signed a Memorandum of Understanding (MOU) with HSRA to fund the preliminary engineering and more-detailed “project-specific” EIR/EIS for this segment of the proposed high-speed rail corridor. The Orange County Transportation Authority would contribute \$3.5 million per year for two years. The HSRA reports that the Los Angeles County portion of this rail segment would cost \$14.0 million for preliminary engineering and project-specific EIR/EIS, and that this funding is to be provided by State funds.

2. Bay Area to Central Valley Segment: Next-Tier EIR/EIS Reappropriation. The HSRA requests a reappropriation of \$280,000 (Public Transportation Account) from funding originally appropriated in 2005-06, for the “next-tier” program EIR/EIS for the Bay Area-Central Valley Segment of the high-speed train system. The “Tier-1” EIR/EIS was approved in November 2005; however, the Bay Area to Central Valley route alignment was left unresolved pending further study. The “next-tier” program EIR/EIS will determine the preferred route alignment. This EIR/EIS had been delayed pending completion of the updated ridership/revenue study, which was funded by the Metropolitan Transportation Commission. The \$280,000 is the remaining funding of the \$1.7 million originally appropriated.

3. Financing Plan: Reappropriation. The HSRA requests a reappropriation of \$255,000 (Public Transportation Account) from funding originally appropriated in 2006-07, for the preparation of a Financing Plan. This Financing Plan was delayed pending completion of the updated ridership/revenue study, which was funded by the Metropolitan Transportation Commission. The \$255,000 is the remaining funding of the \$750,000 originally appropriated.

COMMENTS:

In addition to the above items, the HSRA would like an increase of around \$100 million to avoid losing contracts and other serious threats to the high speed rail plan.

Given the Governor's major cuts in existing public transportation programs, it is difficult to providing additional funding for the HSRA while sustaining the Governor's proposed major cuts in other areas of public transit.

However, should the Subcommittee reject the Governor's proposed cuts to the Public Transportation Account during the May 23rd hearing, the Subcommittee will be in a better position to consider also providing additional funding for the HSRA.

ITEM 2720 CALIFORNIA HIGHWAY PATROL

ISSUE 1: OPEN ITEM: BIENNIAL INSPECTIONS

The CHP has updated their proposal for the Biennial Inspection of Terminals (BIT) program, which is the inspection program for truck terminals (location where trucks are garaged and maintained).

The Governor's proposed budget originally included an increase of \$7.7 million and 71.5 positions for the BIT program, and included a new fee schedule to ensure that the program is self-financed and does not divert resources from other MVA-funded activities. The original proposal was to more than double the number of inspections from about 18,000 to 37,000 annually.

The updated proposal bases the fees on the fleet size of the truck terminals, rather than the physical size of the truck terminal.

COMMENTS:

This issue was held open at an earlier hearing due to the CHP updating their proposal. The CHP should briefly describe the updated proposal.

The LAO should also comment on the updated proposal.

ISSUE 2: OPEN ITEM: TACTICAL ALERTS OVERTIME

The Governor's proposed budget includes \$24.8 million for tactical alert overtime costs. This funding began following the terrorist attacks of September 11, 2001. Funding was initially set at \$32.5 million, but that amount was administratively reduced in 2003-04 to the current proposed level of \$24.8 million.

In their February Analysis, the LAO recommended a significant reduction to this proposal of \$19.8 million and the adoption of Budget Bill Language that reverts any unused amount of the remaining funds.

COMMENTS:

The LAO has drafted compromise budget bill language that would go with a \$14.8 million reduction to reflect a more accurate estimate of what will be needed for tactical alerts.

The language is as follows:

Item 2720-001-0044

Provision x. Of the amount appropriated in this item, \$10,000,000 is appropriated to the Department of the California Highway Patrol to conduct tactical alerts in response to declared emergencies, and immediate threats to public safety. For purposes of this provision, a tactical alert occurs when officers are placed on 12-hour shifts to enhance emergency preparedness and provide an immediate increase in the levels of security provided to Californians. If the amount used for tactical alerts is less than \$10,000,000, the remainder of the sum shall revert to the Motor Vehicle Account.

(a) Of the funds appropriated in this provision, \$5,000,000 shall be immediately available and used only for overtime expenses associated with conducting tactical alerts.

(b) Of the funds appropriated in this provision, \$5,000,000 shall become available and used only for the purposes described in subdivision (a) of this provision, after submittal of a report to the Joint Legislative Budget Committee on the expenditure of funds made available to the department under subdivision (a) of this provision. The report shall provide a detailed description of the expenditures made, and the planned expenditures from the funds made available to the department pursuant to this subdivision.

(c). No later than December 31 each year, the Department of the California Highway Patrol shall report to the Joint Legislative Budget Committee, and the appropriate fiscal and policy committees of each house on the activities and expenditures for the previous fiscal year for tactical alerts.

ISSUE 3: OPEN ITEM AND MAY REVISION: RADIO REPLACEMENT

The Governor's proposed budget includes an additional \$51 million for the second year of the radio replacement project. The existing appropriation level is \$57 million, taking the total proposed appropriation to \$108 million for the budget year.

COMMENTS:

The Governor's May Revision requests a reversion \$16.4 million of the current year funding for the project. Due to the complexity of multiple procurements associated with the projects, the procurement of the Consolidated Patrol Vehicle Environment equipment was delayed.

The CHP will maintain its phase equipment replacement approach, which will extend the equipment replacement schedule an additional year.

The Administration should report on whether this impacts the original proposal for the budget year at all.

ITEM 2740 DMV

ISSUE 1: OPEN ITEM: REAL ID & REAPPROPRIATION REQUEST

The Real ID Act requires states to modify driver licenses and identifications and requires that states follow certain procedures in issuing these documents.

The Governor's proposed budget includes \$8.7 million to continue Real ID related costs in the budget year. The proposed funds are for three purposes: 1) establishment of a Real ID Program organization; 2) expansion of the name field in the DMV's information database, and 3) movement of certain transactions from the DMV field offices to the web site.

In addition, the Administration requests a reappropriation of the unencumbered balance of \$11,867,233 for Web Site Infrastructure (WSI) Project appropriated in the current year. This reappropriation is due to a change in the bid due date and the contract award date by the Department of General Services (DGS). During the bid evaluation review, DGS declared the WSI bids for the hardware, software, and contract services all second drafts and extended the final bid due date to July 26, 2007.

It is important for the department to have access to the balance of unused funds in order to pursue completion of the WSI project.

COMMENTS:

The reappropriation was not included in the May Revision because not all of the information was available in time. However, the reappropriation is important for the DMV to have access to the balance of unused funds in order to pursue completion of the WSI project.

The DMV should briefly update the subcommittee with any other new information regarding the Real ID since the subcommittee heard this issue last.