

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

Assemblymember Mike Feuer, Chair

WEDNESDAY, MAY 21, 2008

ROOM 126 – 2:00 PM

CONSENT CALENDAR		
ITEM	DESCRIPTION	
C. S. 15.25	CONTROL SECTION 15.25	2
ISSUE 1	MAY REVISION – DEPT. OF TECHNOLOGY SERVICES RATE ADJUSTMENTS	2
2660	CALTRANS	2
ISSUE 1	MAY REVISION – PROP 1B INTERCITY RAIL REAPPROPRIATION	2
ISSUE 2	MAY REVISION – INCREASED FUEL COSTS	2
ISSUE 3	MAY REVISION – PROPOSITION 42 FORECAST	2
ITEMS TO BE HEARD		
2660	DEPARTMENT OF TRANSPORTATION (CALTRANS)	3
ISSUE 1	MAY REVISION – CAPITAL OUTLAY SUPPORT	3
ISSUE 2	MAY REVISION – SHOPP REDUCTION	4
ISSUE 3	MAY REVISION – PROJECT RESOURCES AND SCHEDULING MAN. SYSTEM	5
2665	HIGH SPEED RAIL AUTHORITY	6
ISSUE 1	MAY REVISION – FUNDING INCREASE	6

CONSENT CALENDAR

CONTROL SECTION 15.25

ISSUE 1: MAY REVISION – DEPARTMENT OF TECHNOLOGY SERVICES RATE ADJUSTMENTS

The May Revision requests Control Section 15.25 be added to authorize the Director of Finance to adjust appropriations items to reflect cost changes as may be needed based on the Department of Technology Services rate adjustments adopted by the Technology Services Board.

ITEM 2660 CALTRANS MAY REVISION PROPOSALS

ISSUE 1: MAY REVISION – PROP 1B INTERCITY RAIL REAPPROPRIATION

The May Revision requests a reappropriation of up to \$187.0 million of Proposition 1B intercity rail bond funding.

This action will allow sufficient time to analyze ridership data, review projections, and analyze rolling stock needs. It is also proposing that Provision 3 of Item 2660-304-6059 in the 2008-09 Budget Bill be deleted since the intercity rail audits have been completed and an agreement on rolling stock needs is anticipated in the near future. Caltrans intends to encumber \$45.7 million of the funds appropriated in 2007-08 to complete intercity rail capital projects that are not related to ridership projections.

ISSUE 2: MAY REVISION – INCREASED FUEL COSTS

The May Revision requests an increase of \$7.8 million for increased fuel costs for Caltrans.

ISSUE 3: MAY REVISION – PROP 42 FORECAST

The May Revision updates the Proposition 42 forecast. As a result of sales tax revenues that go to Proposition 42 being lower than projected, current year projections are lowered by \$22.2 million and budget year projections are lowered by \$53.2 million.

ITEMS TO BE HEARD

ITEM 2660 CALTRANS MAY REVISION PROPOSALS

ISSUE 1: MAY REVISION – CAPITAL OUTLAY SUPPORT

The May Revision includes updated funding levels for Capital Outlay Support. In total, the May Revision requests a decrease of \$26.1 million and a total of 247 state staff positions and 22 contract positions. The reduction is split 89 percent state staff and 11 percent contract staff.

The reduction is due to reduced workload projections based on decreased collection of gas tax revenues.

COMMENTS:

The long-term split between state staff and contract staff is 90 percent for state staff and 10 percent contract staff. In the current year, the split is 89-11 and under the Governor's May Revision, the split is 89-11.

The Subcommittee should consider adjusting the split of the reduction to get back to the long-term 90-10 split. This action would reduce the state staff reduction from 247 positions to 142 and increase the contract staff reduction from 22 to 127.

Making this adjustment should result in total savings of about \$10 million. This is due to the fact that contract positions are budgeted at about \$217,000 and state staff positions are budgeted at about \$121,000 (including benefits and standard operation expenses and equipment). The Subcommittee should also consider directing the Administration to make this change in a way that benefits the State Highway Account and federal funds to mitigate the need to make the SHOPP cuts proposed in the May Revision (next issue).

ISSUE 2: MAY REVISION – SHOPP REDUCTION

The May Revision includes a reduction of \$100 million for the State Highway Operation and Protection Program (SHOPP).

The Administration reports that the reduction is due to the decline in gas tax revenues of \$225 million.

COMMENTS:

The Administration reports that reduced construction costs in the current year have resulted in savings to address \$125 million of the \$225 million gas tax shortfall.

The Senate Budget staff has identified a \$42 million project to construct a new commercial vehicle enforcement facility on Interstate 15 near the Nevada border. The facility would be staffed and operated by the California Highway Patrol (CHP). While the SHA has traditionally funded commercial vehicle enforcement facilities located along highways, the Constitution designates the Motor Vehicle Account (MVA) for the enforcement of laws regulating the use and operation of vehicles used upon the public streets and highways – so the MVA could alternatively be used for this project.

As a result of significant CHP vacancy and overtime savings in 2007-08, there are sufficient MVA funds available for this \$42 million project. Using the MVA will free up \$42 million in State Highway Account funds that can be used for projects that would otherwise be cut by the Governor's May Revision proposal.

The Subcommittee should consider appropriating \$42 million from the MVA in the Caltrans budget for the I-15 enforcement facility. This and other actions (including the \$10 million in savings on the previous issue) alleviate the need to approve the \$100 million reduction to the SHOPP.

**ISSUE 3: MAY REVISION – PROJECT RESOURCES AND SCHEDULING
MANAGEMENT SYSTEM**

The May Revision requests Budget Bill Language for the Project Resources and Scheduling Management System that allows Caltrans and the Department of Finance to increase the appropriation by up to \$5.0 million in accordance with the final signed contract for the project. While Caltrans is currently in negotiations with a contractor, it is likely that the final project cost will exceed the \$11,572,000 reappropriated in this item for the project.

COMMENTS:

The Administration should report on the reasons for the anticipated increased costs of the contract.

ITEM 2665 HIGH SPEED RAIL AUTHORITY**ISSUE 1: MAY REVISION – FUNDING INCREASES**

The May Revision proposal includes increased funding for the High Speed Rail Authority, as follows:

- ◆ \$10 million from the Public Transportation Account to continue program management activities and contract work to prepare environmental documents and conduct preliminary engineering on all portions of the system. This will allow work to continue until bond funds are available after the November election.
- ◆ \$8.2 million from Proposition 116 bond funds to continue contract work to prepare environmental studies and conduct engineering on the Fresno-Sacramento segment of the High-Speed Rail system.
- ◆ \$23 million from the High-Speed Train (HST) Bond Act that is expected to be on the November ballot.

COMMENTS:

The \$10 million from the PTA is to bridge the HRSA work until the bond funds become available after the November election.

However, the PTA contribution could be reduced if the \$8.2 million from Proposition 116 was not earmarked only for the Fresno-Sacramento segment. If the earmark language is deleted, the entire \$8.2 million in Prop 116 funds could be directed to the pre-election period and the PTA budget appropriation could be reduced by \$6.1 million. The funding from the HST Bond Act would then be increased by \$6.1 million to ensure full funding of the requested amount in the May Revision.

Therefore, the Subcommittee should consider the following:

- ◆ Remove earmark language of the Prop 116 funds.
- ◆ Reduce PTA funding by \$6.1 million.
- ◆ Increase HST funding by \$6.1 million.