

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE No. 5
On Transportation and Information Technology

Assemblymember Joan Buchanan, Chair

WEDNESDAY, MAY 26TH, 2010

STATE CAPITOL, ROOM 447

3:00 PM

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ISSUES FOR VOTE ONLY

2660 DEPARTMENT OF TRANSPORTATION

Issue 1: May Revision: Department of Transportation/Caltrans Master Agreement

May Revision Proposal -- Department of Transportation/Caltrans Master Agreement:

The Administration is requesting \$2.72 million on a one time basis from Proposition 1A funds for to pay for Caltrans to provide Capital Outlay Support (COS), coordination, and oversight services where the high speed rail project interfaces with state highways. The Authority entered into a master agreement with Caltrans in November 2009.

Staff Comments

Staff has no issues with this proposal

Issue 2: Proposition 42 Maintenance of Effort

Staff Issue -- Proposition 42 MOE: Under Proposition 42, locals were required to meet a maintenance of effort (MOE) to ensure that they didn't use state sales tax to offset their own funds for transportation.

Now that there is no longer a sales tax on gas, the MOE is no longer needed. Staff understands that the Controller would still be expecting locals to meet the MOE because it remains in statute. Staff recommends that the Subcommittee adopt technical trailer bill language that would eliminate this requirement since there is no longer sales tax on gasoline revenue to warrant the MOE.

Issue 3: Fleet Reduction

May Revision – Fleet Reduction: Department of Transportation has proposed a permanent reduction of \$1.57 million (\$315,000 in personal services and \$1.25 million in operating expenses) in State Highway Account Funds to comply with the Governor's 15% fleet reduction Executive Order. The Department requests that they reduced their fleet by a total of 596 vehicles.

Staff Comments

The Department reports that all but two of these vehicles have been sold and the revenue scored by this report is a result of those sales. Staff does not have any concerns with this proposal.

Issue 4: May Revision – Proposition 42 May Revision Forecast

May Revision – Proposition 42 May Revision Forecast: The May Revise forecast for Proposition 42 fuel sales tax revenues is higher than projected in the Governor's budget by \$11,070,000 in fiscal year 2009-10. Of these revenues, \$2,214,000 is transferred to the Public Transportation Account, \$4,428,000 is transferred to the Transportation Investment Fund, and \$4,428,000 is distributed to counties and cities to fund local road maintenance. Consistent with this updated forecast, Revenue and Taxation Code 7104 for local road maintenance expenditures is being increased by \$4,428,000.

Staff Comments: This proposal is a technical revenue adjustment to allocate formula based transportation funding. Staff does not have any issues with the proposal.

Issue 1: May Letter: Capital Outlay – Enhanced Radio System Tower Projects

CHP Enhanced Radio System Tower Projects (Acquisition, Preliminary Plans, Working Drawings, and Construction): The Administration has two May Letters related to the radio upgrade project, which was discussed at the May 5th hearing. The requests involve adjustments to the timelines, and sometimes different locations, or options, for tower replacement or lease. On net, the requests indicate additional savings of \$2.4 million over the previous cost estimates.

Staff Comments

Staff has no issues with this proposal. When the original BCP was heard on May 5th, the Subcommittee approved the request to fund the CHPERS system with the 5-0 vote. This proposal would make adjustments to this proposal that would save \$2.4 million over the previous cost estimates.

Staff Recommendation: Approve as budgeted

ITEMS TO BE HEARD

ITEM 0502 OFFICE OF THE CHIEF INFORMATION OFFICER

Issue 1: OCIO Spring Fiscal Letters

BCP 1: Capital Outlay: Sacramento Public Safety Communications Decentralization project:

The Office of the Chief Information Officer (OCIO) requests a reappropriation of \$3,210,000 of working drawing funds for the Sacramento Public Safety Communications Decentralization project. The project is managed by the OCIO and was originally appropriated in the Budget Act of 2009 through a combination of funding sources. The project has been delayed in the acquisition phase while the OCIO negotiates the use of key sites for where it plans to build a telecommunications tower. The OCIO seeks to reappropriate working drawing funds for the project to ensure availability through June 2011. The project will relocate a "communications ring from the top floor of the Resources Building in Sacramento to various outlying sites in northern California. It will serve to strengthen the state's communications system in the event of an outage at any one site, and will be similar to the one currently in southern California."

FL #4: Sacramento Public Safety Communications Decentralization Project:

The Office of the Chief Information Officer (OCIO) requests a one-time increase of \$3,268,000 in budget authority for FY 2010/11 for support of the Sacramento Public Safety Communications Decentralization project. The project was designed and implemented to enhance and ensure the state's public safety communications network integrity. The allocation would be for the purchase and replacement of public safety radio equipment for existing communications towers, in which costs will be recovered through existing user rates (Office of Technology Revolving Fund). This request compliments the reappropriation request for capital outlay listed above.

Staff Recommendation: Adopt spring Fiscal Letters

ISSUE 2: BUREAU OF STATE AUDITS MONITORING OF IT CONTRACTS

The Bureau of State Audits currently monitors procurement for a handful of high-risk IT procurements. As stated in the May 5, 2010 hearing of this Committee, there is no systematic threshold for determining for the involvement of the State Auditor.

The Subcommittee may consider expanding the current role of the auditor to monitor more projects based upon criteria that considers total project costs and risk. According to a rough estimate of the auditor, it would cost between \$100,000 to \$350,000 per project to monitor additional projects, depending on the size of the project and the level of monitoring.

There are currently 13 IT projects managed by the OCIO that are currently over \$50 million in total project costs, this excludes Receiver projects, court projects and the CA-MMIS system. There are 28 projects over \$25 million in total project costs.

The costs for the auditor monitoring could be charged back to the project, as it is part of the overall costs associated with the deliverable.

Staff Recommendation: Adopt a framework to involve the Auditor in monitoring high-risk, high cost contracts. Appropriate placeholder funding to allow the auditor the resources to begin monitoring IT contracts.

Specific actions:

- **Adopt placeholder TBL to require the Bureau of State Audits to monitor high-cost and high-risk contracts. This allows discussion of how to best involve the auditor in project monitoring and which criteria should be used to determine auditor involvement.**
- **Appropriate \$1,000 for the Auditor costs. This placeholder sends this issue into conference so that more precise cost can be arrived at along with a framework for charging back auditor monitoring costs can be discussed.**

2740 DEPARTMENT OF MOTOR VEHICLES

ISSUE 1: CAPITAL OUTLAY PROPOSALS

Capital Outlay - Construction or Renovation of State-owned Facilities. The Administration requests \$34.6 million (special funds) in 2010-11 for six capital outlay projects for state-owned facilities.

According to the 2008 California Infrastructure Plan, the DMV occupies 98 state-owned facilities, 117 leased facilities, and shares an additional 12 facilities with other state agencies. The Administration generally submits three budget requests over multiple years to complete a state-owned capital outlay facilities project. The first step is preliminary plans, the second step is working drawings, and the third step is construction. The six projects and phases are as follows:

- **Oakland Field Office Reconfiguration (Working Drawings and Construction):** \$2.2 million is requested for 2010-11 (\$155,000 is requested for working drawings and \$2.1 million is requested for construction). The Legislature previously approved \$145,000 for preliminary plans from multiple transportation related special funds. This project is related to a 2008-09 BCP to consolidate the Oakland telephone service center into a new Central Valley facility. With the space opened up in the existing Oakland facility, the DMV would then reconfigure the second floor of the existing Oakland field office to house a DMV Business Service Center.
- **Fresno DMV Field Office Replacement Project (Working Drawings and Construction):** \$19.9 million is requested for 2010-11 (\$1.2 million for working drawings and \$18.7 million for construction). The Legislature previously approved \$912,000 for preliminary plans from multiple transportation related special funds. This project will replace the existing facility at 655 West Olive Avenue that is 46 years old and is deficient in size and does not comply with current safety and accessibility codes. The DMV intends to meet a Leadership in Energy & Environmental Design (LEED) silver certification.
- **Stockton Field Office Reconfiguration (Construction Phase):** \$3.5 million is requested for 2010-11. The Legislature previously approved \$309,000 for preliminary plans and \$310,000 for working drawings from multiple transportation related special funds. Separately, a new Stockton field office is being constructed, and this BCP converts the existing facility (at 710 North American Street) into a stand-alone driver-safety office.
- **Victorville Field Office Reconfiguration (Construction Phase):** \$3.7 million is requested for 2010-11 from multiple transportation related special funds. The Legislature previously approved \$331,000 for preliminary plans and \$308,000 for working drawings. DMV proposes to address physical infrastructure deficiencies by adding additional production terminals and expanding parking capacity.
- **San Bernardino Field Office Reconfiguration (Construction Phase):** \$2.2 million is requested for 2010-11 from multiple transportation related special funds. The Legislature previously approved \$217,000 for preliminary plans and \$198,000 for working drawings. This project would add capacity to the existing office by shifting

the current dealer vehicle registration workload to leased space and adding additional production terminals and lobby space.

- **Redding Field Office Reconfiguration (Working Drawings and Construction Phase):** \$3.1 million is requested for 2010-11 (\$237,000 for working drawings and \$2.9 million for construction) from multiple transportation related special funds. The Legislature previously approved \$258,000 for preliminary plans. This project would add capacity to the existing office by adding additional production terminals and lobby space.

Staff Comment:

When these proposals were initially reviewed by the LAO, the LAO was recommending approval of funding for working drawings, but recommending that approval of funding of construction be deferred until the 2011-12 budget process. The LAO did not believe that deferring the construction funding would delay the projects. The Administration has followed up and commented that deferring construction funding could slow the project down by two or three months.

Since their original review of the proposal, the Legislative Analyst has withdrawn its recommendation to defer approval of construction funding until 2011-12, and now raises no concerns with the construction requests. The Administration suggests that the projects should be ready for construction funding in the later part of 2010-11. Staff recommends that these proposals be approved as budgeted since prior concerns related to construction timelines have been resolved.

Staff Recommendation: Approve these requests.

ISSUE 2: MOTOR VEHICLE ACCOUNT GENERAL FUND SOLUTIONS

May Revision Proposal

May Revision proposes to take the following actions to provide \$322 million;

- Loan \$250 million from the Motor Vehicle Account to the GF; and,
- Transfer \$72.2 million from non article XIX revenue from the sale of documents and miscellaneous services to the public to the GF.

Staff Comments

Staff has no concerns with neither the proposed transfer nor the loan of funds from the MVA to the GF. Staff does note, however, that the proposed loan of \$250 million is dependent on each of the Governor's 5% employee related reductions (5% pay reduction, 5% staffing reduction and, 5% increase in employee contributions) and while staff recommends that the Subcommittee adopt this proposal, it should be adopted with the caveat that the loan amount be adjusted according to actions taken on these employee compensation issues outside of Subcommittee 5.

2665 HIGH-SPEED RAIL AUTHORITY

ISSUE 1: Staffing and Contracting Requests

The Subcommittee heard the High Speed Rail Authority's (HSRA) January 10th and April Finance Letter Requests at an April 28th hearing. At that hearing, the Subcommittee expressed focused concern with the following aspects of the proposals:

- The High Speed Rail's management team needed to be aligned with the KPMG staffing review;
- The HSRA's management structure did not include a high level position dedicated to risk management for the Project;
- The HSRA, instead of contractors, should be managing the contract work; and,
- A clear and concise reporting framework needs to be adopted that would give the Legislature a semiannual snapshot of anticipated and actual deliverables that program costs, schedules, funding and financing and project status. Staff envisions this report mirroring the quarterly reports for the Bay Area Toll Bridge Oversight Committee. <http://baybridgeinfo.org/tbpc/overview>

New Issues that Followed the April 28th Subcommittee Hearing

Following the April 28th hearing, the following issues and recommendations have arisen related to HSRA:

Scheduling of the HSRA in the Budget: The Senate Budget Subcommittee #2 has made recommendations to amend the way that the HSRA is scheduled out in the budget. Their recommended approach, displayed in Appendix A, would break out costs for the HSRA by contracts and phase of capital outlay for each corridor. This new scheduling would give the Legislature and public a clearer display in the annual budget of what is being budgeted for each area of the project. The Department of Finance has notified staff that they support this change.

Right of Way Acquisition: The HSRA is requesting a total of \$250 million in their capital outlay proposal for the 2010-11 cost of right-of-way acquisition in the Phase I, San Francisco to Anaheim corridor. The cost would be 50% Prop 1A funds and 50% federal stimulus funds.

While there are some corridors that do not need Environmental Impact Reports (EIR) prior to acquisition, the HSRA will need to prepare EIRs for the majority of the acquisitions. Staff understands that because most of the acquisitions will require EIRs, timing will prevent the HSRA from needing a majority of this appropriation in the budget year for actual acquisitions. Rather, the HSRA is requesting the \$250 million appropriation to give parties entering into acquisitions security that funding is budgeted for the project, allowing them to proceed with due diligence, land appraisals, and other related studies. In traditional site-specific capital outlay, negotiations with the land owners could be challenging as they may not care to enter into discussions unless the acquisition funding is already budgeted. However, because it is already known that acquisition funding would be provided over a number of years and that funding for acquisition (i.e. the GO Bonds and ARRA) exists, staff

doesn't feel that this should be an issue for HSRA. Lastly, staff notes that this appropriation is also being discussed in the policy process as part of comprehensive HSRA legislation.

When heard in the Senate, the HSRA was appropriated \$1,000 in acquisition for funding or each corridor with BBL language granting authority for up to \$250 million in the budget year through JLBC notification. Staff feels that this approach would give the HSRA additional acquisition funding security while aligning their funds with budget year needs. This approach shouldn't impact the HSRA's ability to proceed with acquisitions.

Staff Recommendations

As outlined in the original issue-write ups on the following page, staff is generally supportive of the HSRA's budget proposal with the expressed concerns. Staff recommends that the Subcommittee take the following actions to address these and other Subcommittee concerns:

- 1. Management Staffing: Approve an additional management level position responsible for risk management for the overall project that is placed in the HSRA as suggested by the KPMG report.** The HSRA has provided a clear outline of how their management staffing plan would line up with the KPMG report (displayed in Appendixes B, C,D, and E). While their staffing plan lines up with most aspects of the KPMG recommendations, they do not dedicate a position to manage project risk.
- 2. Contractors Managing Contractors: Adopt BBL and that requires the HSRA staff to be the principle manager of HSRA contracts.** Through discussions with the HSRA, it became apparent to the Subcommittee that because the HSRA had limited staffing, they were over reliant on their larger project management contractors to manage their many different project level contracts. With the approval of the management that includes regional directors and regional staff, HSRA staff should have principle responsibility for contract management.
- 3. Reporting: Adopt trailer bill language that requires the HSRA to report semiannually on anticipated and actual deliverables, including program costs, schedules, funding and financing and project status.** Staff envisions this report mirroring the quarterly reports for the Toll Bridge Oversight Committee. <http://baybridgeinfo.org/tbpoc/overview>
- 4. Budget Scheduling: Adopt recommended changes to budget scheduling outlined on appendix A.** These changes will increase transparency and understanding of how individual corridors are being funded.
- 5. Exempt Positions. Approve Trailer Bill language establishing 6 defined exempt management positions.**
- 6. Right of Way Acquisition: Approve \$1,000,000 per corridor for acquisition with BBL providing the HSRA authority to access up to \$250 million with JLBC notification.**

April 28th Write ups for High Speed Rail Proposals

BCP #8: Staff Increase/Baseline Adjustment

Currently, the HSRA has a total of 11.5 positions that are responsible for wide-ranging workload, including management of contractors, coordination with the federal government, and interaction with the state and local governments. All of the existing positions report directly to the Executive Director who reports to the Authority itself. This proposal would add 13 positions to this current HSRA staffing structure; most notably, this proposal would include new regional directors who will be managing preliminary engineering and environmental permitting contracted work at the site level. To date, the HSRA was not conducting site specific engineering and environmental workload and thus did not have contract management positions stationed locally.

This proposal would also provide two auditor positions to assist in contract management and various administrative personnel to administer federal and bond funds.

Staff Comments: In 2009, the HSRA commissioned a report from KPMG to assess the organizational structure of the Authority. The goal of the Gap analysis was to identify existing gaps in the current HSRA management structure and make recommendations for a new organizational plan by using the structures of other large infrastructure organizations as benchmarks. Their analysis made various recommendations to improve oversight and contract management by the HSRA, all of which related to the themes of: 1) the need for a strong oversight role by state officials; 2) the need for independent in house risk management functions; and, 3) the need for strong in house project management. Additionally, the analysis proposed a new executive structure that would address the areas of greatest complexity and risk.

Since the release of their budget, HSRA has informed staff that they are planning on incorporating a majority of the management structure proposed by KPMG into their management staffing structure. One recommendation, however, that the HSRA has not integrated from the Gap analysis into their baseline staffing proposal was the establishment of a Project Controls and Risk Management position who would be specifically responsible for the development and implementation of an effective quality assurance and project control program, as well as a risk management policy and plan to avoid project implementation failures. Because mega-projects tend to encounter cost increases and timing delays, a risk management function can serve as a point where an organization can take a step back and accurately survey present risks and assess the management steps necessary to mitigate that risk. Under the HSRA proposal, this position was not requested and a focused risk management function would not be a consolidated entity within the HSRA. Rather, risk management would assumingly be managed together by contractors, the executive director and management staff. Staff recommends that the Subcommittee approve a risk management position that would be placed in the HSRA management team as suggested by the KPMG report.

BCP #6: Preliminary Engineering and design/Project Environmental Review.

The Authority is requesting a baseline augmentation of \$1.37 million in Proposition 1A bond funds and 12 positions for project level preliminary engineering and design/project

environmental review. These requested positions would provide needed expertise in engineering and environmental planning to manage the private consultants doing this workload. In addition, these positions would work with requested contracted staff to conduct public participation programs.

Staff Comments

Staff does not have any issues with this proposal.

BCP #6: Right of Way Preservation and Acquisition

The Authority is requesting 2 right-of-way preservation and acquisition specialists. These positions would be responsible for organizing and directing all of the HSRA's right-of-way acquisition activities.

In their capital outlay proposal, the HSRA is requesting a total of \$250 million for the 2010-11 cost of right-of-way acquisition in the Phase I, San Francisco to Anaheim corridor. The cost would be 50 percent Prop 1A funds and 50 percent federal stimulus funds.

LAO Comments: The LAO indicates that the authority has procured a contractor, with experience in right-of-way assessment and the state process for land acquisition, to develop a plan for the Authority to proceed with the purchase of right-of-way for the proposed high speed rail system. Without this plan, the Authority's staffing needs for this function are unknown. It is expected the plans will be completed in time for budget review.

Staff Comments: Staff understands that the HSRA feels that this appropriation is necessary to allow the HSRA to proceed with technical project specific work and to conduct negotiations on right of way acquisitions.

April Finance Letter (April FL) Proposal #1 – Accounting Positions

The Administration requests \$217,000 and two accounting positions to implement the California State Accounting and Reporting System (CALSTARS) at the HSRA. The HSRA accounting functions are currently performed through an interagency agreement by the Department of General Services (DGS). CALSTARS is the accounting system used by most state departments.

LAO Comments: The LAO indicates the funding need is overstated because it does not recognize the base funding that HSRA has currently to pay DGS.

April FL #6 – Pay Increase for Executive Director

The Administration requests \$392,000 to augment the compensation of the existing Executive Director position. Of this amount, \$150,000 would be one-time for recruitment incentives and moving expenses, the remainder would be ongoing. According to the Administration's *Salaries and Wages*, the base pay for the Executive Director is \$140,000. Current statute allows the HSRA Board to set the salary for the Executive Director and the Board has set a salary range of \$250,000 to \$375,000.

Staff Recommendation: Staff feels that an increase in staffing is warranted for the HSRA considering the project level workload that will be required to encumber HSRA's ARRA grant funds. Staff recommends that all of the staffing requests remain open at this time to allow the HSRA to work with the LAO on addressing their concerns with workload justification.

Specialty Contracts

BCP #1 – Program Management Services

The Administration requests \$37 million to continue funding for the program management team that is hired to assist the HSRA in the implementation of the High-Speed Train System. The BCP breaks the services into eight tasks as outlined in the table below (in whole dollars).

Program Management Team	Total
Task 1 Project Mgmt. & Controls	3,154,706
Task 2 Public Education & Comms	216,000
Task 3 Eng. Criteria & Design Mgmt.	17,500,000
Task 4 Environmental Review	1,948,421
Task 5 Reg'l Consultant Oversight	
A) LA - Palmdale	1,228,444
B) LA-Orange Co.	1,098,067
C) LA-San Diego	1,232,377
D) Palmdale- Fresno	1,000,420
E) Fresno - Sacramento	976,603
F) Altamont Pass	814,666
G) Merced - San Jose	1,052,354
H) San Jose - San Francisco	1,172,068
Task 6 ROW Assm't & Acquisit'n	1,000,000
Task 7 Operations Mgt & Revenue	2,692,720
Task 8 Construction / Procurement	1,913,156
Total Authority Cost	37,000,000

BCP #7 – Program Management Oversight

The Administration requests \$2 million to continue funding for the program management oversight team that is hired to assist the HSRA in the oversight and review of the program management team's work products and schedule.

Program Management Oversight	Total
Task 1 Implementation Plan	-
Task 2 Project/Program Monitoring	1,398,765
Task 3 Technical Review	601,235
Total Authority Cost	2,000,000

LAO Recommendation: The LAO withholds recommendation on these contract requests because there is no basis for the Legislature to determine the appropriate level of contract funding that should be provided to the HSRA for 2010-11. The LAO believes supplemental information is needed for each request that would describe the amount of work to be

accomplished in the budget year and describe how each contract fits into the overall development of the system.

Contracts with other Governmental Agencies

The Administration requests a total of \$5 million from Prop 1A bond funds for the 2010-11 cost of workload performed by other state departments, local governments, and the federal government. The three requests are as follows:

BCP #12 – Resource Agency Staffing Agreements

The Administration requests \$1.8 million to fund the environmental review workload of five resource agencies who must approve the HSRA environmental documents. The agencies are: the U.S. Army Corps of Engineers; the U.S. Fish and Wildlife Service; the U.S. Environmental Protection Agency; the California Department of Fish and Game; and, the State Historic Preservation Office. Caltrans has similarly funded staff at resource agencies to ensure a timely review of environmental documents.

Staff Comments: Most other large state transportation agencies fund a portion of environmental review workload in order to expedite the review of their projects. This proposal would be consistent with those practices.

April FL #2 – Peninsula Corridor Joint Powers Board (Caltrain) Coordination

The Administration requests \$1.6 million in consulting contracts to fund the provisions of a Memorandum of Understanding (MOU) with Caltrain, whereby the HSRA will fund the Caltrain cost of cooperative planning activities on the HSRA/Caltrans corridor.

The Authority has entered into a MOU with the Peninsula Corridor Joint Powers Board (Caltrain) for the sharing of the rail corridor between the city of San Jose and the county of San Francisco. This corridor is owned by Caltrain and the Authority and Caltrain will be partners in planning, designing, and construction of improvements in the Caltrain Rail Corridor that will accommodate and serve both the near and long term needs of the high-speed rail and commuter rail service in that corridor.

April FL #3 – California Department of Transportation (Caltrans) Coordination

The Administration requests \$1.6 million to fund the provisions of a MOU with Caltrans, whereby Caltrans will perform new workload related to project coordination and oversight where the high-speed rail project interfaces with state highways.

Staff Comment: Staff doesn't have any issues with this contract.

LAO Recommendation: The LAO withholds recommendation on these contract requests because there is no basis for the Legislature to determine the appropriate level of contract funding that should be provided to the HSRA for 2010-11. The LAO believes supplemental information is needed for each request. The LAO notes for the Caltrain request that most of the workload should be accomplished in 2010-11 so the Authority should be one-time.

Specialty Contracts

The Administration requests a total of \$4.2 million from Prop 1A bond funds for the 2010-11 cost of specialty contracts with private vendors in the areas of communications and ridership/revenue and fiscal studies. The three requests are as follows:

BCP #3 – Visual Simulation Plan Development

The Administration requests \$375,000 to continue funding for the development of visual simulation programs. The HSRA indicates these simulations would be used to educate the public on the potential impacts high-speed trains may have in their communities.

Staff Comment: Visual simulations have been funded in the prior 3 budget years to assist the HSRA with public outreach. Visual simulations include 3-D video and photo models of project designs and their proposed alternatives. Because of the level of public outreach that is necessary for this type of project and the benefit that these simulations can provide to this process, staff doesn't have any concerns with the continuation of this activity.

BCP #4 – Ridership/Revenue Forecasts

The Administration requests \$1 million to continue to refine the ridership/revenue model and test various operational and fee scenarios to develop the range of options available. According to the HSRA, the ridership and revenue data the HSRA currently has was developed by the Metropolitan Transportation Commission (MTC), in consultation with the HSRA, for the Program Level Environmental work, which is geared more towards the worst case scenario (largest number of riders, based on lower ticket costs, resulting in greater impacts to the physical environment). The HSRA indicates new forecasts are needed to provide investment grade information to private investment interests.

BCP #5 – Financial Plan and Public Private Partnership Program (P3)

The Administration requests \$1 million for continued funding of the Financing Plan consultants and the commencement of the P3 Program for the financing of the High-Speed Train Program.

LAO Recommendation:

The LAO withholds recommendation on these contract requests because there is no basis for the Legislature to determine the appropriate level of contract funding that should be provided to the HSRA for 2010-11. The LAO believes supplemental information is needed for each request that would describe the amount of work to be accomplished in the budget year and describe how each contract fits into the overall development of the system.

Issue 1: Capital Outlay Staffing

Capital Outlay Support (COS) Workload (Part of May FL # 20). The Administration requests a net budget *reduction* of \$42.3 million (various funds), a *reduction* of 750 state staff positions (by the end of 2010-11), a *reduction* of 102 Full Time Equivalents (FTEs) in overtime, and an *increase* of 66 FTEs in contract resources. This request would result in a total COS budget of \$1.6 billion and 10,943 FTEs in state and contract resources (9,363 state staff positions, 348 overtime FTEs, and 1,232 FTEs of contract staff). Due to state positions being eliminated over the course of the 2010-11 fiscal year, funding is provided for partial-year positions and the funding cut is equivalent to 498 FTEs. The request includes an assumption of a 6.2 efficiency gain in staff output, which is not included in the base estimates within the letter, but is characterized by the Administration as “achieved efficiencies.”

Non-Workload Adjustments in the May Letter: In addition to the staffing adjustments, the Administration requests other changes in the May Letter:

- Funding Shift: The Administration requests to augment federal funding for COS by \$115.6 million and decrease State Highway Account funding by \$102.9 million, as well as, make changes to various other funds. The federal shift is part of an effort to accelerate federal funds received by the state and also relates to bid savings;
- Flexibility Language: The Administration requests expanded authority to shift COS budget authority across different fund types and different project categories;
- Delete Contract Reversion Language: The Administration requests to delete longstanding reversion language to return budget authority for contract staff that is not spent within the fiscal year; and,
- Direction to Achieve 15 percent Contract Staff Cost Savings and Direct to Maintenance: The Administration requests budget language to direct Caltrans, to the extent possible, to negotiate or renegotiate contracts for staff resources to achieve a 15-percent savings level. No savings is budgeted. Proposed budget bill language would allow the Administration to direct any savings to pavement maintenance.

Background on Annual COS Budget Request: Each year, Caltrans zero-bases its project workload based on the program of projects adopted by the California Transportation Commission. Relative to other areas of the budget, COS staffing sees large fluctuations in staffing as transportation funds ebb and flow – Proposition 1B and American Recovery and Reinvestment Funds being recent examples of new revenues that could not have been anticipated in the years prior to their enactment. The COS workload is addressed primarily by state staff (in regular time and overtime), who historically have performed 90 percent of the project work. The remainder of the workload is addressed by contract staff, which historically has performed 10 percent of the workload. While state staff is less expensive than contract staff (\$113,000 for state staff versus \$226,000 for contract staff in the Finance Letter), a contingent of contract staff has been seen as beneficial to perform specialty work, such as the Bay Bridge Replacement, and to provide more flexible staffing across districts and at times of large workload adjustments.

LAO March Report: In March, the LAO released a report critical of Caltrans' COS program. The report was discussed at the May 5th hearing. The LAO comments from that report include the following:

- The workload that is assumed in the department's annual COS budget request has not been justified;
- Although comparisons are difficult, Caltrans appears to be incurring significantly higher costs for COS activities than similar agencies;
- Comparisons of one Caltrans region to another suggest that COS staffing in at least some regions is excessive. There appears to be little relationship between the number of positions in a region and the size of its capital program; and,
- Caltrans lacks systems and processes to manage and control COS costs.

LAO Recommendations from March Report: The LAO made the following recommendations:

- Adopt statutory language to require Caltrans to provide additional COS workload information beginning with the 2011-12 budget;
- Caltrans should adopt cost controls for COS and report at the hearing the steps the department is taking to control costs;
- The Bureau of State Audits (BSA) should audit Caltrans staff charging of work hours to projects to determine if these records are accurately kept; and,
- Reduce COS by 1,500 position equivalents (state positions and contract resources). This LAO recommendation is subject to change if the Administration is able to provide workload justification for additional staff resources.

LAO Comments on the May FL Request: The LAO indicates that the Administration has provided substantially more data to support the COS budget request than in prior years. Furthermore, Caltrans staff indicates that the data compiled to support the budget request will be useful to the COS program managers, who are now also reviewing the data. While Caltrans has provided substantially more information to support its COS budget request for 2010-11, the information is incomplete and does not allow for a comprehensive review of the request. Thus, it is impossible to evaluate how the budget-year expenditures on these projects fit into the project's approved spending plan. The incomplete data also hinders the use of program performance measures, such as evaluating the support to capital ratio.

LAO Recommendations on May FL Request: The LAO made the following recommendations:

- Approve the May Revision request, but adopt budget bill language allowing Caltrans to spend three-fourths of the funding and requiring additional information be provided to the Legislature (through the JLBC process) before the remaining one-fourth of funds could be spent. The information in the report would depend on what information the Legislature has requested, but is still outstanding as of the close-out of this issue;
- Adopt trailer bill language requiring Caltrans to provide, on an ongoing basis, the supplemental information to support the annual COS budget request; and,
- Request that the Bureau of State Audits (BSA) perform an audit of the performance, management, and budgeting of the COS program.

Staff Comment: Table A on the following page highlights the base Administration proposal and an alternative suggested by Senate staff. The key changes to the Governor's proposal are to (1) reject the augmentation in contract staff; (2) budget half the Administration's assumption of bid savings for staffing services; (3) restore 230 state staff resources to work on SHOPP shelf projects consistent with revised 2010 SHOPP and restore 66 state staff resources to backfill for rejections of contract augmentation; and, (4) shift 50 workload units from contract resources to state staff to maintain the longstanding 90/10 split in workload. Overall, the staff adjustments would result in both an additional budget savings \$9.2 million and an additional 230 FTE's worth of workload accomplished to build a shelf of SHOPP projects. The FTE reduction is 304 instead of 534 and the number of positions eliminated is 212 instead of 750. The May Revision staffing does not include workload related to the April 2010 CTC adoption of the revised 2010 SHOPP, which incorporates \$1.7 billion in additional resources due to bid savings. So the 230 FTEs for SHOPP "shelf" will likely be used and needed to advance the new SHOPP projects.

In terms of the non-workload adjustments requested, the federal funds shift is an appropriate mechanism to accelerate the receipt of federal funds. The ability to shift COS authority amount fund types also seem appropriate given the May Letter is not fully adjusted to reflect the Administration's efficiency gains. The proposed revisions to budget bill language would appear to allow the Administration to encumber contract funds across fiscal years, which does not seem appropriate when each year's request is zero-based. Lastly, the budget bill that directs Caltrans to renegotiate its architectural and engineering consultant contracts is appropriate but staff recommends that the savings be directed instead, to getting projects ready for construction.

Overall, the data presented by the Administration with the May revision represent a positive step forward. As the LAO notes, the analysis and refinement of the information should continue beyond the budget actions for 2010-11. The Department should fully sunshine its workload estimates and its performance measures for achieving project work on time and on budget.

Table A

	Personal Services Regular Staff	Personal Service Cash Overtime	A&E Contract Staff	Dollar Adjustment
Governor's May Revision Proposal				
Full Time Equivalents (FTEs)	-498	-102	66	
Resulting Overall FTEs	9363	348	1232	
Percent FTEs by category	85.6%	3.2%	11.3%	
Dollar Adjustment				(\$42,276)
Staff Recommended Adjustments to May Revision				
Reject New Contract Staff			-66	(\$14,900
Budget half of Administration Contract Savings Assumption (i.e a reduction of 7.5 percent in costs)				(\$20,317)
Retain 230 State Staff for additional "shelf" project work consistent with revised SHOPP	246	50		\$31,628
Adjustment to maintain 90/10 split	50		-50	(\$5,650)
Dollar Adjustment Staff Recos				(\$9,239)
Staff Recommended COS Budget (May Revision Plus Leg Adjustments)				
Total FTEs Post Leg Adjustments	-202	-52	-50	
Resulting Overall FTEs	9659	398	1116	11,173
Percent FTE	86.4%	3.6%	10.0%	
Overall Dollar Adjustment to January Budget				(\$51,515)

Staff Recommendation:

On Workload:

- Adopt the staffing adjustments recommended by staff and displayed in Table A with any necessary and conforming technical adjustments; and,
- Adopt the LAO recommendations with regard to budget bill language, trailer bill language, and a request for a BSA audit to insure that performance management is fully incorporated into the COS program and budget (BSA audit request shall include that the Auditor be involved moving forward with the project to ensure that it meets major milestones).
- Adopt separate action to request BSA audit on whether PRISM will be able to incorporate the project management inputs outlined by the LAO in order to meet the business needs of the department.

On Non Workload:

- Approve the requested fund shifts to accelerate the receipt of federal funds;
- Approve the requested flexibility language on a one-time basis to allow shifts between fund times based on workload;
- Reject deletion of reversion language for staffing contracts; and,
- Approve bid savings target of 15 percent, but reject language to direct savings to pavement maintenance.

Issue 2: American Recovery and Reinvestment Act

Governor's May Revision

The Department is requesting an increase in federal authority of \$100.2 million (\$99.5 million in capital outlay dollars and \$349,000 for four 2 year limited term positions) to implement High Speed Intercity Rail Passenger Program ARRA grants.

Funding from this ARRA grant will be used for projects on the Capitol, San Joaquin, and Pacific Surfliner intercity rail corridors. Funded projects will be intended to improve travel time, increase on-time performance, enhance multi-modalism, and improve air quality on the corridors.

Corridor	Type	Project	Funding (\$000)
Capital Corridor	Final Design/Construction	South Terminal Station Improvement	20,000
Capital Corridor	Final Design/Construction	Yolo Crossover	5,000
Capital Corridor	FY09 Appropriation - Track 4	Track Relocation	6,200
Pacific Surfliner	Final Design/Construction	RR Crossover Program	9,400
Pacific Surfliner	Final Design/Construction	Oceanside Stub Project 1	3,700
Pacific Surfliner	Final Design/Construction	Maintenance-of-Way Spurs	6,200
Pacific Surfliner	Final Design/Construction	LA to Fullerton Triple Track	38,300
Pacific Surfliner	PE/NEPA	Ortega Extension	1,200
Pacific Surfliner	Planning	Strategic Corridor Assessment	200
Rolling Stock	Construction	Locomotive Emissions Upgrade	13,930
Rolling Stock	Construction	Cab Car Bicycle Storage	8,230
Source: LAO			

Staff Comment

ARRA funds appropriated by this proposal were specifically granted to the different corridors outlined by the chart above. Staff has no issues with this proposal as the Department does not have latitude to change the allocations of these grants.

Staff Recommendation: Approve as budgeted

Issue 3: Proposition 1B Appropriations (Senate Issue)

Governor's Budget

The January Governor's Budget requests a total of \$4.0 billion for Proposition 1B in all categories for 2010-11. In Senate Subcommittee 2, the following changes to the Governors budget for Proposition 1B as displayed below were approved:

Prop 1B Tracking Spreadsheet					
Proposition 1B Category	Total 1B Amount	2010-11 Gov Jan10 Requested Amount	2010-11 Suggested Adjustment	2010-11 Legislature Suggested Amount	Budget Entity
Transportation Categories appropriated within the Caltrans Budget:					
Corridor Mobility Improvement Account (CMIA)	\$4,500	\$1,148	(\$570)	\$578	Caltrans
State Transportation Improvement Program (STIP)	\$2,000	\$525	\$0	\$525	Caltrans
State Highway Operations and Preservation Program (SHOPP)	\$500	\$178	(\$159)	\$19	Caltrans
State Route 99 Improvements	\$1,000	\$311	(\$237)	\$74	Caltrans
Local Bridge Seismic Retrofit	\$125	\$23	(\$15)	\$8	Caltrans
Intercity Rail	\$400	\$72	(\$72)	(\$0)	Caltrans
Grade Separations	\$250	\$76	\$141	\$217	Caltrans
Traffic-Light Synchronization	\$250	\$80	\$102	\$182	Caltrans
Trade Infrastructure	\$2,000	\$674	(\$380)	\$294	Caltrans
State/Local Partnership	\$1,000	\$201	\$40	\$241	Caltrans
Transportation Categories appropriated in other Departments:					
Local Streets & Roads	\$2,000	\$0	\$0	\$0	Shared Revenues
Transit	\$3,600	\$350	\$1,150	\$1,500	State Transit Assistance
Air Quality and Transportation Security Categories appropriated in other Departments:					
School Bus Retrofit	\$200	\$0	\$0	\$0	Air Res. Board
Trade Infrastructure Air Quality	\$1,000	\$230	\$0	\$230	Air Res. Board
Port Security*	\$100	\$0	\$0	\$0	Emerg Mgt Agency
Transit Security*	\$1,000	\$103	\$0	\$103	Emerg Mgt Agency
TOTAL	\$19,925	\$3,971	(\$0)	\$3,971	
Additional JLBC authority if projects are delivered early				\$285	

Prop 1B Budget Request Detail

While the Administration is requesting new appropriations totaling \$4.0 billion, the budget also reverts \$1.9 billion in unallocated Prop 1B appropriations from 2007-08 and 2008-09. None of the 2009-10 appropriation is proposed for reversion, but about \$800 million would be unallocated and carried over into 2010-11. The Administration also requests to extend 75 limited-term positions approved for Prop 1B workload in prior budgets. These positions are fully funded with Prop 1B funds. April Finance Letter 12 requests various net-zero shifts across items of appropriation to tie to the CTC's adopted program and project delivery.

Funding Adjustments to Reconcile to Project Delivery: The LAO has indicated that the requested appropriation may exceed the number of projects ready-to-go in 2010-11, and recommended Caltrans reconcile the funding request to the corresponding project lists. Caltrans has since provided that reconciliation and it indicates that, with the 2009-10 carryover considered, the January Budget request exceeds the project need for several categories. The adjustments indicated on the table on the prior page show the budget adjustments necessary to conform funding to the updated project delivery plan – staff understands that the Administration supports the funding adjustments to conform the budget to the project plan.

Funding Adjustment for State Local Partnership (SLP): The staff recommendation for SLP funding is higher than the Administration's numbers due to the unique nature of the program. SLP is intended as a five-year program with \$200 million allocated per year. The Administration proposes to revert \$40 million in unallocated SLP funding – staff recommends that \$40 million be added to the 2009-10 appropriation to keep pace with the five-year plan.

Funding Adjustment for Transit: When this issue was discussed in the Senate, the Senate acted to approve a higher level of transit funding (as represented in the chart) than the Administration's numbers due to the unique nature of the program. Transit is allocated on a formulaic basis using the State Transit Assistance program in statute. Locals may swap allocations across years when mutually agreeable. The Administration proposes to fund at the level of \$350 million, although Caltrans indicates about \$700 million in projects are ready to go. Because of the formulaic nature of the program and limited ability of the locals to swap allocations, a higher level of appropriation – even higher than \$700 million – would be needed to move that level of projects. Staff recommends that the Legislature consider appropriating three years of expenditures (\$1.5 billion) for this Prop 1B program. Actual bond expenditures will likely be about \$700 million, more projects would get to advance, and the unallocated portion would carry-over to 2011-12.

Prop 1B Reappropriation - Transit and Local Streets and Roads (April Finance Letter Issues, Budget Items 2640-490 and 9350-490): The Administration requests to reappropriate 2007-08 and 2009-10 Prop 1B funds for transit and 2007-08 and 2009-10 funds for Local Streets and Roads. Due to the unique nature of these programs – these are formulaic grants – the reappropriation may be more appropriate than a reversion with a new appropriation.

Staff Comment: The Subcommittee may want the LAO to summarize all these Prop 1B issues and provide recommendations. While the level of Prop 1B appropriation in the Senate's actions matches that of the January Governor's Budget overall, the shifts across

categories will result in more projects and more jobs because the funding is better directed to categories where projects are ready to go to construction.

Staff Recommendation: Conform to Senate action to:

- Approve the funding level for each Prop 1B category as indicated in the summary table – including conforming changes to budget bill language and technical adjustments as required;
- Approve the reappropriations for Transit and Local Streets and Roads as requested in April Finance Letters; and,
- Approve the continuation of limited-term Prop 1B staff resources as requested in BCP # 5.

Issue 4: Air Quality Mandates

Governor's Budget

The Governor's budget is requesting a one time appropriation of \$57.3 million (State Highway Account) to replace or retrofit 435 vehicles and pieces of equipment (As shown in the below chart). This includes both on-road and off-road vehicles. Caltrans indicates this budget augmentation is necessary to comply with State Air Resources Board (ARB) and South Coast Air Quality Management District (SCAQMD) regulations. This request represents the second year of a five year air quality retrofit that will cost a total of about \$260 million.

Summary of Equipment Compliance Costs for 2010-11				
Mandate		Compliance Requirement	# of Equipment	Cost (in thousands)
ARB In-Use Off-Road Diesel Vehicles		Replace Vehicles	101	\$15,482
		Retrofit Vehicles	53	1,014
ARB Large Spark Ignition		Replace Vehicles	28	1,263
ARB On-Road Heavy-Duty Diesel Vehicles		Replace Vehicles	127	15,482
		Retrofit Vehicles	94	1,014
SCAQMD Fleet Rule for Alternative –Fueled Heavy Duty Vehicles		Replace Vehicles	32	10,021
Federal EPA Diesel Emission		Incremental Costs		1,062
TOTAL			435	\$57,330

Staff Comments

The Department reports that it will need a total of \$159 million in funds for the 5-year plan to bring equipment into compliance. At the hearing, the Department should be prepared to discuss whether they are meeting the compliance targets set out by their plan.

When this issue was heard on May 19th, the Department reported that the Air Resources Board had been working with the Department to provide some flexibility in their compliance schedules. At the hearing, the Department should update the Subcommittee on this review process. If there hasn't been any movement on regulatory relief for the Department, staff recommends that the Subcommittee approve the request with budget bill language to require the Department of Finance to reduce this appropriation to the appropriate level if the ARB approves regulatory relief for the Department.

Staff Recommendation: Approve as budgeted with the following budget bill language:

Funding appropriated in this item for compliance actions for Air Resources Board on-road and off-road diesel regulations shall be reduced accordingly by the Department of Finance to meet the compliance needs of the Department of Transportation if the Air Resources Board takes an action to change on and off road diesel regulatory requirements.

Issue 5: April Finance Letter: Transportation Planning Workload

April Finance Letter

The Department is required by statute to zero base their Transportation Planning Budget each year to their budget year workload. In total, the Department is requesting a baseline budget of 712 positions. This proposal includes the following actions:

Project Initiation Documents (PID): A transfer of 67 positions from the Project Initiation Document (PID) Program from baseline funding to reimbursement funding from local governments (the issue of funding PIDs was heard on April 14th). This proposal will shift the responsibility for funding PID workload from the state to local counties.

Technical Adjustments: Transfer 2 positions and \$148,000 from Intelligent Transportation System activities from the Transportation Planning Program to the Traffic Operations Program. The Department feels this is a more appropriate location for this staff because this activity evolves from the planning stage to the implementation stage of traffic operations.

High Speed Transportation System: 13 limited term positions and \$1.57 million in reimbursement (funded from Proposition 1A and Federal ARRA Funds) authority to perform oversight on all work performed by the High Speed Rail Authority for locating any portion of the High Speed Rail within the Department's right-of-ways. Three of these positions will be used for local development and environmental review while 10 will be used for Project Initiation Documentation requests for the HSRA. This proposal will fulfill workload outlined by the Master Agreement between the HSRA and Caltrans.

Proposition 84 Management: In 2009-10 the Strategic Growth council (SGC) allocated \$12 million in Proposition 84 planning funds to the Department to provide financial assistance for implementing the new planning and data requirements from SB 375 (Steinberg). In the current year, \$9.4 million of this funding was allocated to local Metropolitan Planning Agencies for planning activities. This proposal requests 1 limited term position and \$116,000 to support the administration and oversight of these grants.

Staff Comment

In total, this proposal represents an increase of 62 positions over last year's baseline staffing. Staff understands that this change is mostly attributable to technical errors that occurred during the process of correcting their prior practice of cross-allocating positions internally.

Staff only has concerns with one part of this proposal related to the Department's transfer PID workload from the State to Local entities. Most of the PID requests come from self help counties that fund transportation projects with local gas taxes. When local gas taxes are approved by the voters, they are done so with clearly marked project construction deliverables that will be completed with the revenues. This proposal could impact the completion of these deliverables since local initiatives did not factor in PID costs at the time of approval into the accounting of local revenue. If approved, this proposal would then shift local funding away from project construction costs to pay for PIDs. As a product of last year's budget, the Department and local representatives engaged in a working group to address the issue of excessive PID requests. Staff understands that the two

groups were never able to come to a final consensus on recommendations. At the hearing, the Subcommittee may wish to discuss with the Department and stakeholders whether suggestions from the working group have improved the PID process. Until local governments and the Department can work out an agreed compromise on this issue, staff recommends that the Subcommittee approve the proposal to shift PID costs to reimbursements and approve the rest of the proposal as budgeted.

Staff Recommendation: Approve proposal as budgeted

Issue 6: May Revision – Loan of Excise tax Revenues to the General Fund

May Revision Proposal

The May Revision is proposing to loan \$650 million in excise tax revenues to the General Fund (GF) with the following budget bill language:

Provisions:

The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2013 with interest calculated at the rate earned by the Pooled money Investment Account at the time of the transfer. This loan is authorized pursuant to the declaration of fiscal emergency by the Governor on January 8, 2010, and Section 6 of Article XIX of the Constitution.

Staff Comments

This proposal loans excess gas excise tax revenues that were generated on a one-time in the current year basis from the increase in fuel excise tax in February of this year. When the Gas Tax Swap was developed, revenue gains from the increase in gas taxes were held on a one-time basis from deposit into transportation funding formulas. Because these funds were reserved, this proposal will not result in the reversion of funds from anticipated transportation spending. Beyond the budget year, the Transportation Tax Swap allocates all increased revenue to existing transportation formulas and this funding will be allocated as such on an ongoing basis. Because of the GF benefit that this proposal presents and the fact that this funding was never accounted for in state or local transportation funding formulas, staff recommends that this loan be approved.

Staff Recommendation: Approve as budgeted.

Issue 7: STAFF ISSUE -- Proposition 1A Funding for Intercity Rail

Proposition 1A funding for Intercity Rail (Staff Issue): At the May 19, 2010, California Transportation Commission (CTC) meeting, the CTC adopted the Proposition 1A program of intercity rail projects for 2010-11 to 2012-13. Proposition 1A is the Safe, Reliable High-speed Passenger Train Bonds Act of 2008. Prop 1A is a \$9.95 billion bond measure that includes \$950 million for capital projects on other passenger rail lines to provide connectivity to the high-speed train system and for capacity enhancements and safety improvements to those lines. The adopted program of projects includes the intercity rail services run by Caltrans in cooperation with Amtrak, as well as regional-run rail services around the state. The Administration has not submitted any Prop 1A funding requests for the intercity rail.

Staff Comment: Staff understands the adopted program of projects is consistent with the provisions of statute and that about \$234 million in intercity rail capital projects will be ready for an allocation in 2010-11. The Administration should testify at the hearing why there is no Prop 1A funding in the Governor's Budget.

On May 24th, the Senate approved Prop 1A funding of \$234 million for 2010-11 so ready-to-go rail safety and service-improvement projects can move forward.

Staff Recommendation: Staff recommends that the subcommittee conform with the senate and approve Prop 1A funding of \$234 million for 2010-11 so ready-to-go rail safety and service-improvement projects can move forward.

Issue 5: May Revision – Extensions of Multiple Transportation Loans

May Revision – Extensions of Multiple Transportation Loans: The May Revision is proposing to delay the repayment date of \$230.7 million in special fund loans made to the GF in the 2008 Budget Act from June 30, 2011 to June 30, 2012, consistent with the loan provisions of *Article XIX* of the California Constitution.

Staff Comments

Staff understands that these loan extensions will not delay any ongoing projects funded from these various accounts. Because of the GF benefit associated with this proposal, staff recommends that the Subcommittee approve this proposal as budgeted.

The 2008-09 loan included all of the following special funds:

- State Highway Account (\$200 million)
- Bicycle Transportation Fund (\$6.0 million)
- Local Airport Loan Account (\$7.5 million)
- Motor Vehicle Fuel Account (\$8.0 million)
- Environmental Enhancement and Mitigation Fund (\$4.4 million)
- Historic Property Maintenance Fund (\$3 million)
- Pedestrian Safety Account (\$1.7 million)

Staff Recommendation: Approve as budgeted

Appendix A

Scheduling of High-Speed Rail Expenditures

2665-004-6043—For support of High-Speed Rail Authority, payable in accordance with and from the proceeds of the Safe, sReliable High-Speed Train Bond Act for the 21st Century, payable from the High-Speed Passenger Train Bond Fund..... \$ _____

Schedule:

- (1) 10-Administration..... (\$ _____)
- (2) 20-Program Management and Oversight Contracts.....(\$ _____)
- (3) 30-Public Information and Communications Contracts.....(\$ _____)
- (4) 40-Fiscal and other External Contracts.....(\$ _____)

2665-304-6043—For capital outlay, High-Speed Rail authority, payable from the High-Speed Passenger Train Bond Fund..... \$ _____

Schedule:

- (1) 20.10.010-Segment A: San Francisco to San Jose—Acquisition.....(\$ _____)
- (2) 20.20.010- Segment B: San Jose to Merced—Acquisition.....(\$ _____)
- (3) 20.30.010- Segment C: Merced to Fresno—Acquisition.....(\$ _____)
- (4) 20.40.010- Segment D: Fresno to Palmdale—Acquisition.....(\$ _____)
- (5) 20.50.010- Segment E: Palmdale to Los Angeles—Acquisition.....(\$ _____)
- (6) 20.60.010- Segment F: Los Angeles to Anaheim—Acquisition.....(\$ _____)
- (7) 20.70.010- Segment G: Los Angeles to San Diego—Acquisition.....(\$ _____)
- (8) 20.80.010- Segment H: Merced to Sacramento—Acquisition.....(\$ _____)
- (9) 20.90.010- Segment I: Altamont Pass—Acquisition.....(\$ _____)
- (10) Amount payable from the Federal Trust Fund (Item 2665-304-0890)..... (\$ _____)

Provisions:

1. In this item, \$125,000,000 in High-Speed Passenger Train Bond (Bond) proceeds for the purchase of real property or right of-way accesses may only be expended if a match, pursuant to Streets and Highways Code Section 2704.08, is received from the American Recovery and Reinvestment Act (ARRA) or other non-Bond fund sources.
2. The projects identified in this item may be managed by the High-Speed Rail Authority.
3. The projects identified in this item are subject to review by the State Public Works Board.
4. Notwithstanding any other provision of law, each project in Schedules (1) through (9) of this item shall be the same as the respectively coded project in Schedules (1) through (9) of Item 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-305-6043. These transfers shall require the prior approval of the Department of Finance.

2665-305-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund..... \$ _____

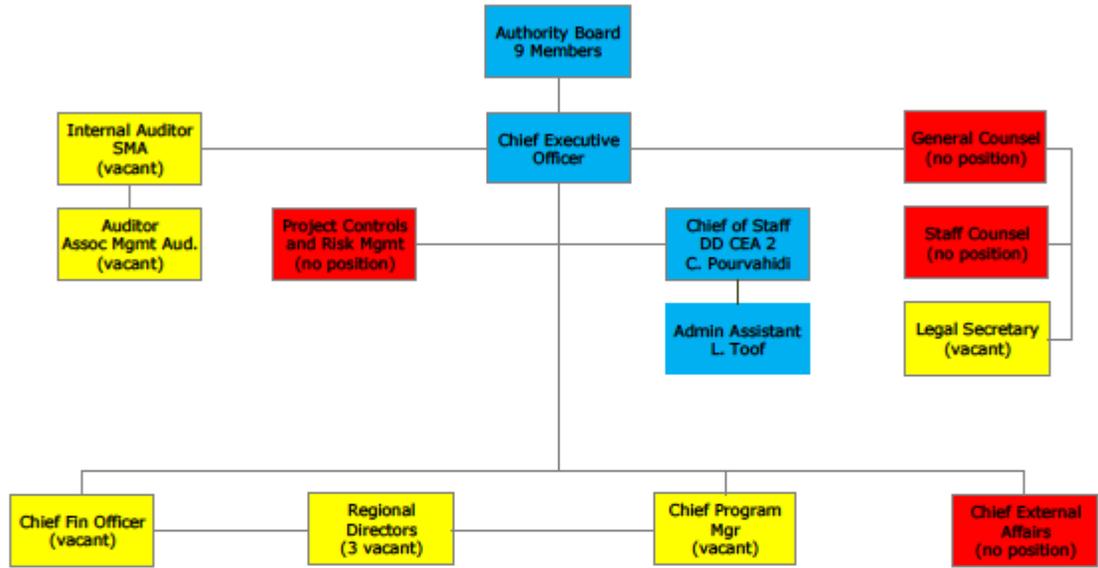
Schedule:

- (1) 20.10.010-Segment A: San Francisco to San Jose—Design.....(\$ _____)
- (2) 20.20.010- Segment B: San Jose to Merced—Design.....(\$ _____)
- (3) 20.30.010- Segment C: Merced to Fresno—Design.....(\$ _____)
- (4) 20.40.010- Segment D: Fresno to Palmdale—Design.....(\$ _____)
- (5) 20.50.010- Segment E: Palmdale to Los Angeles—Design.....(\$ _____)
- (6) 20.60.010- Segment F: Los Angeles to Anaheim—Design.....(\$ _____)
- (7) 20.70.010- Segment G: Los Angeles to San Diego—Design.....(\$ _____)
- (8) 20.80.010- Segment H: Merced to Sacramento—Design.....(\$ _____)
- (9) 20.90.010- Segment I: Altamont Pass—Design.....(\$ _____)
- (10) Amount payable from the Federal Trust Fund (Item 2665-304-0890) (\$ _____)

Provisions:

1. The projects identified in this item may be managed by the High-Speed Rail Authority.
2. The projects identified in this item are subject to review by the State Public Works Board.
3. The funds appropriated in this item shall be available for expenditure until June 30, 2013.
4. The projects identified in this item may utilize design-bid-build construction or other methods of procurement consistent with practices, policies, and procedures of the High-Speed Rail Authority.
5. Notwithstanding any other provision of law, each project in Schedules (1) through (9) of this item shall be the same as the respectively coded project in Schedules (1) through (9) of Item 2665-304-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-304-6043. These transfers shall require the prior approval of the Department of Finance.

Appendix B Executive Level Organization



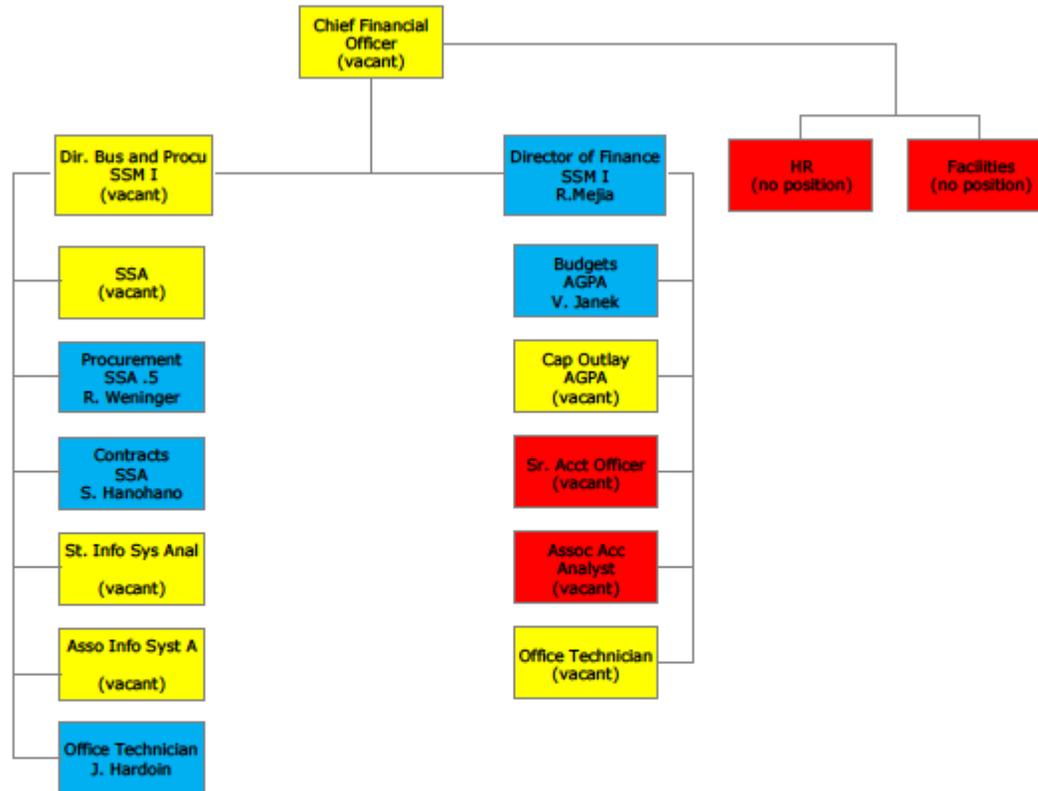
Positions Recommended in Organizational Assessment Report But Not Authorized And Not Filled

Positions Recommended in Organizational Assessment Report and Authorized But Not Filled

Positions Recommended in Organizational Assessment Report And Currently Filled

EXECUTIVE LEVEL ORGANIZATION

Appendix C Financial Office



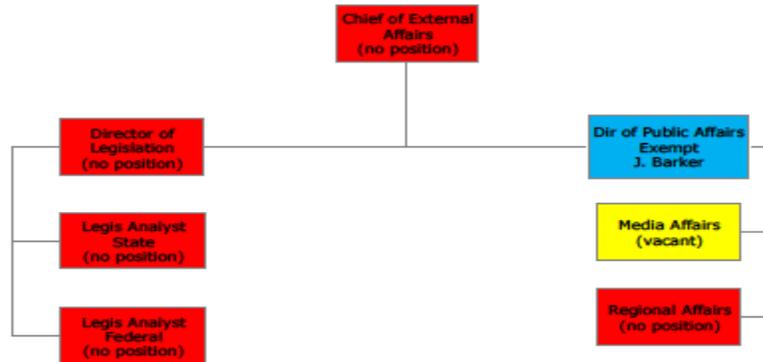
Positions Recommended in Organizational Assessment Report But Not Authorized And Not Filled

Positions Recommended in Organizational Assessment Report And Authorized But Not Filled

Positions Recommended in Organizational Assessment Report And Currently Filled

FINANCIAL OFFICE

Appendix D External Affairs Office



Positions Recommended in Organizational Assessment Report But Not Authorized and Not Filled

Position Recommended in Organizational Assessment Report and Authorized But Not Filled

Position Recommended in Organizational Assessment Report And Authorized And Filled

EXTERNAL AFFAIRS OFFICE

Appendix E Program Office

