

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Aisha Wahab, Chair
Senator María Elena Durazo
Senator Josh Newman
Senator Kelly Seyarto



Thursday, May 30, 2024
State Capitol – Room 112
9:30 a.m. or upon adjournment of session

Consultant: Eunice Roh
Part C- Transportation
Vote-Only Calendar

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Public Comment

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Vote-Only Calendar

**0521 CALIFORNIA STATE TRANSPORTATION AGENCY
2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION
2740 DEPARTMENT OF MOTOR VEHICLES**

Issue 1: Transportation Budget Solutions

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
1.	January Governor’s Budget and May Revision	<p>Transportation Budget Solutions. The Governor’s Budget and May Revision includes several modifications to transportation programs. More specifically, the Governor proposes the following:</p> <ul style="list-style-type: none"> • Active Transportation Program (ATP). <ul style="list-style-type: none"> ○ A reduction of \$200 million General Fund (GF) from 2021-22, \$300 million in 2025-26, and \$99 million in 2026-27. • Competitive Transit and Intercity Rail Capital Program (TIRCP). <ul style="list-style-type: none"> ○ A delay of \$2.1 billion from 2021-22 to \$512 million in 2024-25, \$564 million in 2025-26, \$438 million in 2026-27, and \$611 million in 2027-28. ○ A shift of \$507.2 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) across 2023-24, 2024-25, 2025-26, and 2026-27. ○ A cut of \$148 million GF from 2021-22. • Formula TIRCP. <ul style="list-style-type: none"> ○ A delay of \$1 billion GF from 2024-25 to 2025-26. This was approved in Early Action. ○ A shift of \$839 million from the General Fund to the GGRF across 2023-24, 2024-25, and 2025-26. 	<ul style="list-style-type: none"> • ATP: Reject the proposed reduction and shift \$600 million to State Highway Account (SHA). Approve placeholder trailer bill. • Competitive TIRCP: Approve the proposed delay and shift but reject the proposed cut.

		<ul style="list-style-type: none"> • Zero Emission Transit Capital Program (ZETCP). <ul style="list-style-type: none"> ○ A delay of \$220 million GGRF from 2023-24 to 2024-25, \$230 million from 2024-25 to 2027-28, \$230 million from 2025-26 to 2027-28. • Grade Separations. <ul style="list-style-type: none"> ○ A reduction of \$350 million GF in 2021-22. • Highways to Boulevards. <ul style="list-style-type: none"> ○ A cut of \$150 million GF from 2021-22. ○ A shift of \$75 million to the GGRF in 2025-26 and 2026-27. • Port and Freight Infrastructure Program. (Approved in Early Action.) <ul style="list-style-type: none"> ○ A delay of \$100 million GF from 2024-25 to 2026-27. • Port of Oakland. (Approved in Early Action.) <ul style="list-style-type: none"> ○ A reduction of \$96 million GF from 2021-22. • Commercial Drive Test Centers <ul style="list-style-type: none"> ○ A reduction of \$30.6 million GF across 2023-24, 2024-25, and 2025-26. <p>In addition, the administration proposes trailer bill language to reflect these delays and reductions, as well as minor technical changes—particularly for the Ports and Freight Infrastructure Program, Formula TIRCP, and Highways to Boulevards.</p>	<ul style="list-style-type: none"> • Formula TIRCP: Approve as budgeted. Delay \$500 million from 2025-26 to 2026-27. • ZETCP: Approve as budgeted. • Grade Separations: Approve as budgeted. Approve placeholder trailer bill language that requires Caltrans and CalSTA to prioritize awarded projects in existing funding programs and provides Department of Finance authority to
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			<p>fund awarded projects with General Fund and/or SHA.</p> <ul style="list-style-type: none">• Highways to Boulevards: Approve the General Fund reduction and reduce the GGRF fund shift to \$50 million.• Commercial Drive Test Centers: Approve as budgeted.
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0521 CALIFORNIA STATE TRANSPORTATION AGENCY

Issue 2: California Office of Traffic Safety Federal Fund Workload

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
2.	May Revision	California Office of Traffic Safety Federal Fund Workload. The May Revision includes \$452,000 (\$444,300 in Federal Fund and \$7,700 in various State Funds) and three permanent positions for 24-25 and ongoing to support federal workload increase. The National Highway Traffic Safety Administration (NHTSA), which makes federal funding available to the Office of Traffic Safety (OTS) and state highway safety offices, promulgated a rulemaking that requires state highway safety programs to result from meaningful public participation and engagement (PP&E). In addition, NHTSA now requires the Office of Traffic Safety (OTS) to implement new processes to track the eligible use of funds and report for each claim recipients submit for payment. To address these federal requirements, the OTS requests two Staff Services Manager I (Specialist), who will organize meetings, host town halls and other community events to have conversations with communities most impacted by traffic safety, and one Associate Government Program Analyst (AGPA) to assign and track the new required identification codes required by NHTSA for all federal grant claim items processed by OTS.	Approve as budgeted.

2600 CALIFORNIA TRANSPORTATION COMMISSION**Issue 3-4: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
3.	May Revision	Sustainable Data Procurement (AB 744). The May Revision includes \$190,000 (\$89,000 State Highway Account, \$101,000 Public Transportation Account) to implement the provisions of AB 744 (Carrillo, Chapter 541, Statutes of 2023). AB 744 requires the Commission to convene relevant state agencies to assess the procurement and implementation of analytic software tools to support the state's sustainable transportation, housing, land use, economic, and climate change strategies and goals, and to develop a proposal to procure those types of data tools and to develop a process to either grant access or make funding for this purpose available to state and local agencies by July 1, 2025. The Commission requests one limited-term Staff Services Manager II for 1) convening the relevant state agencies and leading the assessment efforts, 2) developing the procurement proposal and implementation for data tools, 3) managing that program, and 4) preparing the required report to the Legislature regarding the implementation of this bill.	Approve as budgeted.
4.	May Revision	Vehicle Weight Safety Study (AB 251). The May Revision includes \$734,000 (\$345,000 State Highway Account, \$ 389,000 Public Transportation Account) to implement the provisions of AB 251 (Ward Chapter 320, Statutes of 2023). AB 251 requires the Commission to convene a task force to study the relationship between vehicle weight and injuries to vulnerable road users and degradation to roads, and to study the costs and benefits of imposing a passenger vehicle weight fee to include consideration of vehicle weight. The bill requires Commission to submit a report to the Legislature by January 1, 2026. The limited-term Supervising Transportation Planner would be responsible for convening the task force, managing the task force's meetings and activities, developing the consultant contract, and overseeing the technical work of the consultant in implementing the provisions of the bill. The one-time consultant services resources would support the task force's meetings and activities, review and synthesize any existing research, perform and conduct any new research and analysis required to complete the study.	Approve as budgeted.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issues 5-13: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
5.	January Governor's Budget	Fleet Replacement. The Governor's Budget includes \$279,050,00 from the State Highway Account for two years to continue replacing its aging fleet and installing zero emission vehicle (ZEV) infrastructure. Of this amount, \$250,000,000 is to replace the equipment, \$22,500,000 is for contractors to install ZEV infrastructure, and \$6,550,000 is for 50 positions to support these efforts.	Approve as budgeted with placeholder trailer bill language that requires Caltrans to report on its fleet replacement activities.
6.	January Governor's Budget	Institutionalizing the California Integrated Travel Project (Cal-ITP) and Building a Data & Digital Services Division. The Budget includes \$26,298,000 ongoing from the Public Transportation Account for the California Integrated Mobility Program and to build a Data & Digital Services Division. Caltrans requests funding to continue this work by establishing the California Integrated Mobility (CIM) Program and developing a Data & Digital Services (DDS) Division. The CIM Program would provide the scheduling software and technical assistance with GTFS as well as work on providing discounts to older adult customers paying directly with a bank card, to streamline discounts and incentives in contactless payments. CIM would do such work by building or buying software, hardware, and/or time/error-saving services for local transit agencies. Caltrans proposes to fund CIM at \$6.9 million annually, which includes 37 positions.	Approve \$6.9 million and 37 positions for the Integrated Mobility Program on a three-year limited-term basis.

		Under this request, Caltrans proposes to fund a Data and Digital Services Division, which will work on various projects, such as consolidating grant applications and simplifying grant application processes, collecting and structuring the Office of Civil Rights' DBE data for regular access via dashboards; training Caltrans District staff to work with mobility data and modern data tools; automating annual National Transit Database reporting. Caltrans proposes to fund this division at roughly \$6 million annually, which includes 31 positions.	
7.	January Governor's Budget	Transportation Infrastructure Workforce Development Program. The Governor's budget includes \$50,000,000 in authority over four fiscal years starting in 2024-25 to invest in workforce development education and training in collaboration with the California Workforce Development Board (CWDB) and other partners. SB150 (Chapter 61, Statutes of 2023), was approved by the legislature and signed by the Governor in July 2023, and the bill would require the Department of Transportation to work in partnership with the CWDB to support California's high road construction careers program. The bill would require the department to reserve a minimum aggregate total of \$50,000,000 of federal funds from the federal IIJA to be allocated over 4 years to support the program.	Approve as budgeted.
8.	May Revision	Renewable Energy Program Evaluation (Senate Bill 49). The May Revision includes \$1,287,000 ongoing for seven positions to complete the program evaluation for renewable energy created by Chapter 379, Statutes of 2023 (SB 49). SB 49 as enacted requires Caltrans, by December 31, 2025, in coordination with the California Energy Commission (Commission), the California Public Utilities Commission (CPUC), and the California Independent Systems Operator (CA ISO) to evaluate the suitability and identify the developable amount of renewable energy and energy storage capacity of the various types of Caltrans-owned rights-of-way (properties). Caltrans requests seven positions to complete this evaluation and establish a new leasing program for renewable energy generation and storage development in Caltrans-owned properties: one Staff Services Manager I, one Senior Transportation Surveyor, One Supervising Right of Way Agent, and four Senior Right of Way Agents.	Approve as budgeted.

9.	May Revision	Southern California Native American Freeway (SR 210) Partner Coordination (Assembly Bill 776). The May Revision includes \$474,000 ongoing for two positions and consultant services for coordinated efforts to recognize historical and cultural importance of California tribes along State Route 210, as stipulated by Chapter 543, Statutes of 2023 (AB 776). Caltrans will work with the Native American Heritage Commission, the California Advisory Committee on Geographic Names, the Counties of Los Angeles and San Bernardino, and California tribes local to, or historically located along, State Route 210. The two positions and consultant services will serve as a neutral mediator to help the California Native American Tribes reach agreement on a name for the freeway and what to recognize along the route.	Approve as budgeted.
10.	May Revision	Department of Transportation Chief Advisor on Bicycling and Active Transportation (SB 538). The May Revision includes \$211,000 ongoing for one position to act as the Chief Advisor on Bicycling and Active Transportation that shall serve as the department's primary advisor on all issues related to bicycle transportation, safety, and infrastructure, as required by Chapter 617, Statutes of 2023 (SB 538). Caltrans is requesting \$211,000 for one CEA (Career Executive Assignment) Range-A position to serve as the Chief Advisor on Bicycling and Active Transportation to serve as this point-on-contact to external partners on topics related to walking biking safety, infrastructure and similar, as well as coordinate internally with executive management in key Districts and Divisions throughout the department that do work related to active transportation and complete streets.	Approve as budgeted.
11.	May Revision	Asset Management State Highway System Data and Information (SB 695). The May Revision includes \$442,000 and two positions from the State Highway Account (SHA) to provide State Highway System project data and information on Caltrans' public website, as required by Chapter 629, Statutes of 2023 (SB 695). To implement the new reporting requirements in SB 695, Caltrans requests two positions: one senior engineering position and one research data specialist III position to implement new business processes; provide policy guidance; develop data structure, processes, and management practices; provide new tools; and, provide training to implement performance management in funding programs. In addition, Caltrans requests \$30,000 for permanent ongoing additional operating expenses (OE) (in addition to standard OE compliment). The costs for software and training are the tools needed to develop and continue ongoing reporting requirements.	Approve as budgeted.

12.	May Revision	<p>Intercity Passenger Rail Program. The May Revision includes a three-year increase of \$66,055,000 in 2024-25, \$72,119,000 in 2025-26, and 72,508,000 in 2026-27 in Operating Expenses from the Public Transportation Account for the operation of the Intercity Passenger Rail Program. Caltrans currently receives \$130,867,000 annually for operation of the state supported intercity rail service. Through the annual business plan approval process, Caltrans allocates the entire amount of the \$130,867,000 to the Capitol Corridor Joint Powers Authority (CCJPA), San Joaquin Joint Powers Authority (SJJPA) and Los Angeles – San Diego – San Luis Obispo Rail Corridor (LOSSAN Corridor) Agency to administer and operate their respective services. However, the California State-Supported Intercity Passenger Rail Program is facing an operating shortfall in FY 2024-25 due to COVID-induced declines in ridership and increasing costs to operate the service. Caltrans requests limited-term funding to improve service levels across CCJPA, SJJPA, and LOSSAN to help to draw back riders (and revenue) at a faster pace.</p>	Approve as budgeted.
13.	May Revision	<p>Technical Adjustments. The May Revision includes the following technical adjustments to various budget items:</p> <p>Reappropriations</p> <ul style="list-style-type: none"> Office Space Related Costs — Reappropriate up to \$1,800,000 of the encumbered balance of Item 2660-001-0042, Budget Act of 2021. This will allow Caltrans to continue paying remaining invoices that will come in after June 30, 2024. Caltrans has adopted a hybrid work environment for which these funds are essential to complete workspace modifications that are of vital importance to the department. This reappropriation is requested for the completion of workspace reconfigurations and staff box moves as Caltrans continues operating within a hybrid telework model and makes efficient use of available office building space. 	Approve as budgeted.

		<ul style="list-style-type: none"> • Road Charge Pilots Program — Reappropriate \$3,000,000 in authority for expenditure of Federal Grant funding and \$200,000 of the unencumbered balance of Item 2660-001- 0042, Budget Act of 2023. • Bureau of Land Management Grant — Reappropriate up to \$200,000 in authority for expenditure of Bureau of Land Management Federal Grant funding. <p>Budget Act Changes</p> <ul style="list-style-type: none"> • 2660-101-0042-Add provisional language to increase the encumbrance and liquidation period for the Equipment Service Program. • 2660-001-0042- Add provisional language to allow adjustments for insurance costs for the Department of General Services Office of Risk and Insurance Management self-insurance program for Caltrans mobile fleet equipment. The Department of General Services adjusts the premiums annually. <p>Budget Authority</p> <ul style="list-style-type: none"> • An increase of \$3,815,000 in funding from the State Highway Account to fund the increase in insurance costs for the Department of General Services Office of Risk and Insurance Management self-insurance program for Caltrans mobile fleet equipment. The Department of General Services adjusts the premiums annually and Caltrans cannot absorb the increased 2024-25 rate. • An increase of \$2,200,000 in authority for two years for expenditure of Federal Grant funding for State and Federal Mass Transit Program for the Southern California Mobility Wallet Project. The grant was awarded to Caltrans in partnership with LA Metro. • An increase of \$2,000,000 in Federal authority for two years to allow usage of the remaining “Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation” (PROTECT) 2% Planning Set-Aside formula funding to solicit adaptation planning studies (feasibility studies). • An increase of \$2,350,000 in federal authority for two years for maximum utilization of allowable amounts for administration of FTA 5310 and 5311 grants. 5310 grants aim to enhance mobility of seniors and individuals with disabilities. 5311 grants are for Rural Transit and Intercity Bus improvements. 	
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		<ul style="list-style-type: none">• A one-time increase of \$2,800,000 in reimbursement authority for Caltrans to administer the Port and Freight Infrastructure Program.• An increase of \$125,000 annually for four years in federal authority for the Transportation Infrastructure Workforce Development Program Budget Change Proposal (2660-065- BCP-2024-GB) to align with the intended amount of \$50,000,000 that was included in the January 10, 2024, Governor’s Budget.• An increase of \$5,000,000 in reimbursement authority from the State Highway Account for the Administration Program to address an increase in administrative cost recoveries associated with increased departmental reimbursement work being performed to support locally and state funded projects delivered on the state highway system. <p>Net Zero Program Transfers</p> <ul style="list-style-type: none">• Net Zero Transfer of positions and \$2,143,000 expenditure authority from the Administration Program to the Statewide Planning Program.	
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2667 HIGH-SPEED RAIL AUTHORITY, OFFICE OF INSPECTOR GENERAL

Issues 14: Establishing the Office of Inspector General, High Speed Rail

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
14.	January Governor's Budget	Establishing the Office of Inspector General, High Speed Rail. The Governor's budget proposes \$2 million from the Public Transportation Account in new funding from transportation special funds (including \$1.4 million on an ongoing basis) to support ten ongoing and four limited-term positions to launch the High-Speed Rail Authority (HSRA) Office of the Inspector General (OIG).	Approve \$2,039,000 in 2024-25 and ongoing from the Public Transportation Account to support 14 permanent positions. Approve placeholder trailer bill language that provides technical cleanup of statutes concerning the Office of Inspector General, High Speed Rail.

2670 BOARD OF PILOT COMMISSIONERS

Issues 15: Board of Pilot Commissioners' Business Modernization

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
15.	May Revision	<p>Board of Pilot Commissioners' Business Modernization. The May Revision includes \$139,000 in 2024-25 and \$288,000 in 2025-26 from the Board of Pilot Commissioners' Special Fund to complete evaluation and planning efforts for business modernization to support program operation. The BOPC received approval for a BCP for 2023-24, providing expenditure authority over a two year period to modernize business processes. Since that time the California Department of Technology (CDT) raised its costs for providing information technology oversight. In addition, due to staff turnover at the BOPC and at the California Department of Highway Patrol (CHP), which provides administrative support to the BOPC, the procurement of a project approval lifecycle (PAL) project manager for the modernization project was delayed, extending the project to 2025-26. The BOPC requests a budget augmentation of \$139,000 in 2024-25, and \$288,000 in 2025-26 from the BOPC's Special Fund to complete evaluation and planning efforts for business modernization to support program operations.</p>	Approve as budgeted.

2740 DEPARTMENT OF MOTOR VEHICLES**Issues 16-20: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
16.	May Revision	Budget Augmentation for California Department of Technology Fee Increases. The May Revision includes \$17.3 million from the Motor Vehicle Account (MVA) in 2024-25 and ongoing for CDT rate increases for services pertaining to technology project oversight, planning, procurement, and data center. In the last year, CDT has issued increased rates, including \$7.8 million in 2023 and \$8.6 million in 2024. In addition, CDT requires DMV to upgrade hardware and software, which costs \$930,000 to comply. In total, DMV requests \$17.3 million ongoing from the MVA to address these rate increases and requirements from CDT.	Approve as budgeted.
17.	May Revision	Chapter 314, Statutes of 2021 (AB 796) – Voter Registration: California New Motor Voter Program. The May Revision includes \$4.5 million from the General Fund in 2024-25, for one-time costs of \$4.3 million, and an ongoing amount of \$198K for one permanent position and legal workload related to AB 796. AB 796 (Berman, Chapter 314, Statutes of 2021) amends the California New Motor Voter Program, separating voter applications from DMV transactions by requiring that voter registration information is captured in certain incomplete DMV transactions and transmitted to Secretary of State. This request focuses on both the program and technology resources required for the implementation of the provisions with an effective date of July 1, 2025, or upon the completion of the Department’s enterprise modernization effort, whichever is earlier.	Approve as budgeted.

18.	May Revision	<p>Commercial Driver’s License Information System (CDLIS) Compliance. The May Revision includes \$2.4 million from the Motor Vehicle Account in 2024-25, for eleven temporary IT positions to support the planning, development, and implementation activities for updates to the CDLIS program. CDLIS is a national commercial driver program that will both send data to and receive information through the American Association of Motor Vehicle Administrators (AAMVA) to share information amongst states with the goal of increasing public safety on roads. The federal government is requiring DMV to share data regarding driving convictions by August 22, 2024, data regarding drug and alcohol convictions by November 18, 2024, and medical examinations by June 23, 2025, for commercial driver license holders. These new federally mandated changes are required for all commercial drivers and are enhancements and refinements to the current CDLIS programming in DMV’s systems. The department requests IT staffing—specifically, one IT Specialist to help support the transition and modification to the CDLIS program to meet these federal requirements.</p>	Approve as budgeted.
19.	May Revision	<p>Digital eXperience Platform (DXP) Project. The May Revision includes 90 temporary positions and \$60.3 million in 2024-25 from the Motor Vehicle Account to complete the design, development, and implementation of the vehicle registration phase and to continue the driver licensing phase of the Digital eXperience Platform (DXP) Project. The DXP Project is a multi-year comprehensive replacement of all DMV legacy systems to modernize business processes and service delivery. DXP will provide the platform and technology for Vehicle Registration (VR), Occupational Licensing (OL), and Control Cashiering/Inventory Management (CC/IM), in addition to Driver’s License (DL) and Identification (ID) card services and programs. The new technology will provide the flexibility to adapt business and technology processes to comply with changing legislations and new mandates in a timely manner. DMV received a multi-year appropriation totaling \$193.5 million over a three-year period to implement the OL and VR components of the DXP Project. To continue and modernize its VR and DL systems, DMV requests \$15.8 million for 90 positions in 2024-25, \$39.8 million for supporting contracts, and \$4.7 million for other operating expenses and equipment.</p>	Approve as budgeted.

20.	May Revision	San Francisco: Field Office Replacement – Revert Existing and Authorize Build-to-Suit Lease. The May Revision includes a reversion of existing design-build authority of \$41,654,000 from the Public Buildings Construction Fund and trailer bill language to shift the San Francisco Field Office Replacement from a capital outlay project to a build-to-suit lease project. Authority for this project was initially provided in the 2021 Budget Act. Shifting this project to a build-to-suit lease model will allow for a mixed-use facility at the site of the existing field office providing affordable housing and DMV services. In future years, this project will require approximately \$3 million one-time (General Fund or Motor Vehicle Account) funding for lease overhead costs, relocation costs, and an average \$6 million annually (General Fund or Motor Vehicle Account) over the 20-year lease for rent. Upon completion of the lease, the state will own the DMV field office.	Approve as budgeted.
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