

February 26, 2007

Proposition 1B Implementation: Ensuring Project Delivery and Accountability

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Assembly Transportation Committee and

Assembly Budget Subcommittee No. 5

Hon. Pedro Nava, Chair

Hon. Mike Feuer, Chair





Allocation of Proposition 1B Funds

In Millions

	Amounts
Congestion Reduction, Highway and Local Road Improvements	\$11,250
Corridor mobility: reduce congestion on state highways and major access routes.	\$4,500
State Transportation Improvement Program: increase capacity on highways, roads, and transit.	2,000
Local roads: enhance capacity, safety, and operations.	2,000
Highway 99: enhance capacity, safety, and operations.	1,000
State-Local Partnership: grants to match locally funded transportation projects.	1,000
State Highway Operations and Protection Program: rehabilitate and improve operation of highways and roads.	750
Transit	\$4,000
Local transit: purchase vehicles and right of way.	\$3,600
Intercity rail: purchase railcars and locomotives for state system.	400
Goods Movement and Air Quality	\$3,200
Trade corridors: improve movement of goods on highways and rail, and in ports.	\$2,000
Air quality: reduce emissions from goods movement activities.	1,000
School bus retrofit: retrofit and replace polluting vehicles.	200
Safety and Security	\$1,475
Transit security: improve security and facilitate disaster response.	\$1,000
Grade separation: grants to improve railroad crossing safety.	250
Local bridges: grants to seismically retrofit local bridges and overpasses.	125
Port security: grants to improve security and disaster planning in publicly owned ports, harbors, and ferry facilities.	100
Total	\$19,925



Recommendations to Improve Overall Proposition 1B Implementation

- ✓ **Determining Project Eligibility**
 - Limit all Proposition 1B funds to projects with long-term benefits.
 - Decide whether to limit transit security funds to just security-oriented investments.
 - Structure state-local partnership program to spur new local investment.
- ✓ **Adopting Additional Evaluation Criteria for Project Selection**
 - Require measures of cost-effectiveness.
 - Require fund leveraging be considered.
 - Require air quality impacts be considered for new capacity projects.
- ✓ **Encouraging Timely Project Delivery**
 - Establish delivery deadlines to ensure funds do not linger.
 - Adopt provisions to remove funds from lagging projects.
- ✓ **Ensuring Oversight Measures Are in Place**
 - Require periodic reports to Legislature.
 - Hold joint legislative hearings.
 - Enhance commission's oversight capacity.
- ✓ **Identifying Personnel Resources to Deliver Projects**
 - Require annual update of multiyear personnel resource plan.
 - Authorize additional use of contracted resources, as necessary to ensure timely delivery.
- ✓ **Streamlining Measures to Improve Project Delivery**
 - Authorize design-build contracting on pilot basis.
 - Consider measures to streamline environmental review.
- ✓ **Appropriating Bond Funds**
 - Appropriate all funds through budget bill.



Proposed Appropriation of Proposition 1B Funds in Governor's Budget

In Millions

Program	Proposed Appropriations	2007-08 Estimated Expenditures
Corridor Mobility	\$2,119	\$317
Trade Corridors	680	170
State-Local Partnership	502	170
STIP ^a	1,035	340
SHOPP ^b	517	403
Transit Capital	1,300	600
Highway 99	171	28
School Bus Retrofit	97	97
Local Bridges	38	9
Grade Separations	174	55
Local Roads	1,050	600
Totals	\$7,683	\$2,789

^a State Transportation Improvement Program.
^b State Highway Operation and Protection Program.



Authority to Transfer Proposition 1B Funds Proposed

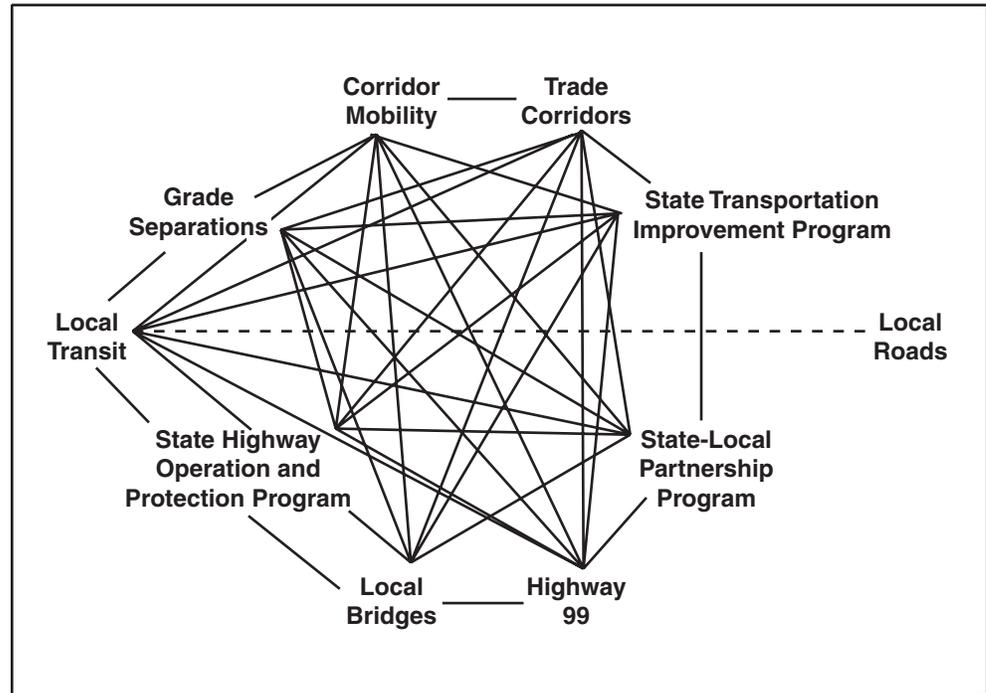
- Administration proposes the following budget bill language:

Notwithstanding any other provision of law, the funds appropriated in this item may be transferred at the request of the California Transportation Commission to Items 2660-104-6053, 2660-104-6055, 2660-104-6056, 2660-104-6058, 2660-104-6060, 2660-104-6062, 2660-104-6063, 2660-104-6064, 2660-304-6053, 2660-304-6055, 2660-304-6056, 2660-304-6058, 2660-304-6063, 2660-304-6064, or 9350-104-6065, provided that no more than 90 percent of total program funding authorized in the bond act may be appropriated by this means for any one program, and providing that findings are made by the California Transportation Commission both that there are a shortage of projects ready to bid that would be funded in this item during 2007-08, and a surplus of projects ready to bid in another item or program listed in this provision, pursuant to the program guidelines developed by the California Transportation Commission or the Department, as applicable. Any transfer of authority between items requires the approval of the Department of Finance and may be made no sooner than after a 30-day written notification has been provided to the Joint Legislative Budget Committee and the budget committees of the Legislature.

- Similar language would apply to almost all Proposition 1B funds appropriated in the Governor's budget.



Effect of Proposed Budget Bill Language



- ☑ Language would allow administration to transfer Proposition 1B funds among various programs with only legislative notification.
- ☑ Language would render legislative appropriations meaningless.



Recommendations for 2007-08 Proposition 1B Proposals

- ***Administration Should Substantiate Appropriations Request.*** Recommend that the administration identify for the Legislature, by May 1, a list of potential projects that would be ready for funding in each Proposition 1B program during 2007-08 to substantiate appropriations requests.
- ***Appropriate Bond Funds Annually to Enhance Legislative Oversight.*** In order to maintain oversight of expenditures, the Legislature should appropriate funds annually, based on estimated allocations for the year.
- ***Delete Budget Bill Language Permitting Fund Transfers.*** Allowing administrative fund transfers from one bond program to another would circumvent the Legislature's appropriation authority and program accountability.