



MAR 30 2012

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Support and Local Assistance, Department of Housing and Community Development

It is requested that Item 2240-001-0001 be decreased by \$312,000, Item 2240-001-0890 be decreased by \$1,086,000, and Item 2240-001-0648 be amended to reflect the state operation expenditure reduction as the result of the transfer of the Housing Assistance Program (HAP) to local jurisdictions. It is also requested that Item 2240-101-0890 be decreased by \$5,543,000 to reflect the local assistance expenditure reduction as the result of this transfer, and Item 2240-101-0001 be amended.

It is requested that Item 2240-001-0890 be decreased by \$594,000 and Item 2240-001-0648 be amended to reflect the state operation expenditure reduction in the Community Development Block Grant program to reflect removal of one-time funding and lower federal grants. It is also requested that Item 2240-101-0890 be decreased by \$31.9 million to reflect the local assistance expenditure reduction to reflect the reduced grant levels.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kathryn Amann, Principal Program Budget Analyst, at (916) 322-2263.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAR 30 2012

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Felipe Fuentes, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jim Nielsen, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Gloria Negrete McLeod, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Joan Buchanan, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Brian P. Kelly, Acting Secretary, Business, Transportation and Housing Agency
Mr. Linn Warren, Director, Housing and Community Development



MAR 30 2012
Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items, Support, Local Assistance, and Capital Outlay, Department of Transportation

Proposition 1B Transportation Projects (Issue 101)

It is requested that the following capital outlay and local assistance items be added for the following amounts:

Corridor Mobility Improvement Account

- Item 2660-304-6055 in the amount of \$302,421,000
- Item 2660-104-6055 in the amount of \$1,000

Trade Corridors Improvement Fund

- Item 2660-304-6056 in the amount of \$135,797,000
- Item 2660-104-6056 in the amount of \$77,942,000

Transportation Facilities Account-STIP Augmentation

- Item 2660-304-6058 in the amount of \$26,586,000
- Item 2660-104-6058 in the amount of \$8,863,000

State-Local Partnership Program

- Item 2660-304-6060 in the amount of \$157,772,000
- Item 2660-104-6060 in the amount of \$328,112,000

Local Bridge Seismic Retrofit Account

- Item 2660-104-6062 in the amount of \$14,556,000

Highway-Railroad Crossing Safety Account

- Item 2660-104-6063 in the amount of \$42,871,000

Traffic Light Synchronization Program

- Item 2660-104-6064 in the amount of \$49,923,000

State Highway Operation and Protection Program

- Item 2660-304-6064 in the amount of \$46,500,000

State Route 99 Account

- Item 2660-304-6072 in the amount of \$70,269,000
- Item 2660-104-6072 in the amount of \$1,000

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In total, this proposal will provide an additional \$1,261,614,000 in Proposition 1B funds to enhance the state's transportation system. These projects are scheduled to be allocated by the California Transportation Commission in fiscal year 2012-13. Furthermore, this proposal is consistent with the expenditure timeframes for the Corridor Mobility Improvement Account and the State-Local Partnership Program required in Proposition 1B. It is also requested that Budget Bill language be added to ensure that expenditures do not exceed the Proposition 1B allocations and that bond funds are fully utilized within the required timeframes established under Proposition 1B (See Attachment 1).

Amtrak Funding Reduction (Issue 102)

It is requested that Item 2660-001-0046 be decreased by \$13.9 million, and Item 2600-001-0042 be amended to reflect this change, for the state's intercity rail operations agreement with Amtrak. Federal law requires states to fund 100 percent of Amtrak's operating costs by October 2013. It was anticipated that states would be required to begin a phased implementation strategy beginning in 2012-13, and funding was included in the Governor's Budget for this purpose. However, this requirement was pushed back to 2013-14 and therefore, this funding is no longer necessary.

Special Fund Savings: Internet Advertising (Issue 103)

It is requested that Item 2660-001-0042 be decreased by \$700,000 by allowing the Department of Transportation (Caltrans) to advertise public works projects on a state-operated internet website. Existing law requires state departments to publish a notice of public works projects in newspapers of general circulation within the county of the project and in trade papers published in San Francisco or Los Angeles. This requirement was established in 1909 to disseminate information to the broadest possible number of contractors. This proposal includes trailer bill language that will modify this requirement to allow state departments the option of advertising in newspapers or on a state operated internet website and will generate cost savings of \$700,000 annually to the State Highway Account.

Special Fund Savings: Reduction of Research Funding (Issue 104)

It is requested that Item 2660-001-0042 be decreased by \$7.0 million and 4.0 positions in Caltrans' Division of Research and Innovation (DRI). The DRI is responsible for improving mobility across the state through applied research, developing innovations, and implementing solutions. The focus of Caltrans' portfolio of research projects is to enhance Caltrans' business practices and procedures, provide a safer and more efficient transportation system, and manage and preserve transportation system assets. This request will result in a program savings by focusing on federally funded research and reprioritizing research projects based on the most urgent program needs. Any projects deemed a lower priority would either be delayed or remain unfunded.

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**Project Resource and Scheduling Management System (PRSM) Information Technology
Project: Extension of Liquidation Period (Issue 105)**

It is requested that Item 2660-492 be added to extend the liquidation period for the PRSM project until June 30, 2014 to allow Caltrans to complete the project based on its estimated completion date of May 2013. The PRSM system will enable Caltrans to better manage over 9,000 employees in its \$1.9 billion Capital Outlay Support Program that funds environmental studies, design services, construction engineering and oversight, and right-of-way acquisition. The system will provide project managers and first line supervisors vital information such as the amount of dollars programmed for each project, amounts expended to date, resources estimated to complete the work, and the amount remaining in the project budget. This information will be tied to Caltrans' timekeeping system to ensure that employees who are not assigned to work on a project cannot charge costs to that project. A two-year extension of the liquidation period for the project will provide Caltrans the flexibility to pay contractor invoices that may be received beyond the end of fiscal year 2012-13 (See Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Matt Almy, Principal Program Budget Analyst, at (916) 322-2263.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
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Honorable Richard Gordon, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Bill Davidson, Deputy Secretary, Administration and Finance, Business, Transportation and Housing Agency
Ms. Norma Ortega, Chief Financial Officer, Department of Transportation
Mr. Steven Keck, Chief, Budgets, Department of Transportation

Attachment 1

Corridor Mobility Improvement Account:

2660-104-6055— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....1,000

Schedule:

(1) 20.30-Highway Transportation--
Local Assistance.....1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until December 31, 2012, and available for liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6055. These transfers shall require the prior approval of the Department of Finance.
3. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6055 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.
4. The amount appropriated in this item may be adjusted up to an amount that would either (1) allow full utilization of the funds authorized under Government Code section 8897.23 (a)(1) for this program, or (2) ensure that expenditures do not exceed the amount authorized under Government Code section 8897.23 (a)(1) for this program.

2660-304-6055— For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....302,421,000

Schedule:

(1) 20-Highway Transportation.....302,421,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until December 31, 2012, and available for liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6055. These transfers shall require the prior approval of the Department of Finance.
3. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6055 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.
4. The amount appropriated in this item may be adjusted up to an amount that would either (1) allow full utilization of the funds authorized under Government Code section 8897.23 (a)(1) for this program, or (2) ensure that expenditures do not exceed the amount authorized under Government Code section 8897.23 (a)(1) for this program.

Trade Corridors Improvement Fund:

2660-304-6056— For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Trade Corridors Improvement Fund.....135,797,000

Schedule:

- (1) 20-Highway Transportation.....80,976,000
- (2) 30-Mass Transportation.....54,821,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6056. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (c)(1)(A) for this program.

2660-104-6056— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Trade Corridors Improvement Fund.....77,942,000

Schedule:

- (1) 20.30-Highway Transportation--
Local Assistance.....77,942,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6056. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (c)(1)(A) for this program.

Transportation Facilities Account-STIP Augmentation:

2660-304-6058— For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....26,586,000

Schedule:

- (1) 20-Highway Transportation.....26,586,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6058. These transfers shall require the prior approval of the Department of Finance.

- 3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (e) for this program.

2660-104-6058— For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....8,863,000

Schedule:

- (1) 20.30-Highway Transportation--
 - Local Assistance.....1,000
- (2) 30.10-Mass Transportation.....8,862,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6058. These transfers shall require the prior approval of the Department of Finance.
- 3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (e) for this program.

State and Local Partnership Program:

2660-304-6060— For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....157,772,000

Schedule:

- (1) 20-Highway Transportation..... 157,772,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2013, and available for encumbrance and liquidation until June 30, 2018.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6060. These transfers shall require the prior approval of the Department of Finance.
- 3. The amount appropriated in this item may be adjusted up to an amount that would either (1) allow full utilization of the funds authorized under Government Code section 8897.23 (g) for this program, or (2) ensure that expenditures do not exceed the amount authorized under Government Code section 8897.23 (g) for this program.

2660-104-6060— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....328,112,000

Schedule:

- (1) 20.30-Highway Transportation--
 - Local Assistance..... 54,712,000
- (2) 30.10-Mass Transportation.....273,400,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2013, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6060. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be adjusted up to an amount that would either (1) allow full utilization of the funds authorized under Government Code section 8897.23 (g) for this program, or (2) ensure that expenditures do not exceed the amount authorized under Government Code section 8897.23 (g) for this program.

Local Bridge Seismic Retrofit Account:

2660-104-6062— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....
14,556,000

Schedule:

(1) 20.30-Highway Transportation--
 Local Assistance.....14,556,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (i) for this program.

Highway-Railroad Crossing Safety Account:

2660-104-6063— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....
42,871,000

Schedule:

(1) 20.30-Highway Transportation-
 Local Assistance.....42,871,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (j) for this program.

Traffic Light Synchronization Program:

2660-104-6064— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....
49,923,000

Schedule:

(1) 20.30-Highway Transportation-
Local Assistance.....49,923,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6064. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (k) (2) for this program.

State Highway Operation and Protection Program:

2660-304-6064— For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....46,500,000

Schedule:

(1) 20-Highway Transportation.....46,500,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6064. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (k)(1) for this program.

State Route 99 Account:

2660-304-6072— For capital outlay, Department of Transportation, non-State Transportation Improvement Program(STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 200670,269,000

Schedule:

(1) 20-Highway Transportation.....70,269,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6072. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (b) for this program.

2660-104-6072— For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....1,000

Schedule:

(1) 20.30-Highway Transportation—
Local Assistance.....1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6072. These transfers shall require the prior approval of the Department of Finance.
3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized under Government Code section 8879.23 (b) for this program.

Attachment 2

2660-492—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citations is extended to June 30, 2014. The unencumbered balance shall not be available for encumbrance.

0042—State Highway Account

- (1) Item 2660-001-0042, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 2660-492, Budget Act of 2002 (Ch. 379, Stats. 2002), Budget Act of 2003 (Ch. 157, Stats. 2003), Budget Act of 2004 (Ch. 208, Stats. 2004), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), Budget Act of 2008 (Chs. 268 and 269, Stats. 2008), and Item 2660-491, Budget Act of 2011 (Ch. 33, Stats. 2011), 20.10-Highway Transportation—Capital Outlay Support, up to \$1,497,444 for the Project Resourcing and Schedule Management System.
- (2) Item 2660-001-0042, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), as reappropriated by Item 2660-492, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), Budget Act of 2008 (Chs. 268 and 269, Stats. 2008), and Item 2660-491, Budget Act of 2011 (Ch. 33, Stats. 2011), 20.10-Highway Transportation—Capital Outlay Support, up to \$4,515,000 for the Project Resourcing and Schedule Management System.



MAR 30 2012

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items, Support and Capital Outlay, as follows:

Department of Transportation (Caltrans)	2660-104-6043
	2660-304-6043
High Speed Rail Authority (Authority)	2665-004-6043
	2665-304-0890
	2665-304-6043
	2665-305-0890
	2665-305-6043
	2665-306-0890
	2665-306-6043

The California High Speed Rail Business Plan (Business Plan) consists of executing three complementary initiatives:

- Construction of an Initial Operating Segment
- Investment in Regional "Bookend" Systems that Support Future HSR
- Improvements to Existing Rail Networks that connect to these systems

Starting these initiatives now means that at their completion in 2022, California will have improved train service from San Francisco to Los Angeles. This will: (1) provide immediate benefits to millions of commuters in those regions and (2) lay the groundwork for future connections to and use by the High Speed Rail system.

Construction of Initial Operating Segment, Initial Operating Segment (IOS)—Section 1 (Issue 600)

The first critical step in implementing the California High Speed Rail System is to start the acquisition and construction of the Initial Operating Segment (IOS). The IOS is approximately 300 miles going from Merced to Sylmar. The first section to be constructed is approximately 130 miles from Madera to the northern outskirts of Bakersfield. Acquisition and construction of this section will cost \$5.850 billion with federal funds providing \$3.241 billion and the state's High Speed Passenger Train Bond Funds (HS Bond Funds) providing \$2.609 billion. Since a majority of the federal funds have a date certain by which to expend them and the grant

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agreement requires “that prior to initiation of final design, the Authority has secured firm commitments of all funding ... required to complete construction”, it is hereby requested that Items 2665-306-0890 and 2665-306-6043 be added to provide \$5.850 billion (\$3.241 billion federal funds and \$2.609 billion HS Bond Funds).

It is further requested that Budget Bill Language be added to: (1) reflect the Authority’s ability to manage the project, (2) confirm State Public Works Board (SPWB) oversight and (3) extend the encumbrance period to June 30, 2018, which is consistent with the project schedule.

The proposed Budget Bill language can be found in Attachment 1.

Improvements to Existing Rail Networks and Regional “Bookend” Systems—State and Local High-Speed Rail Connectivity Projects (Issue 108)

It is requested that Item 2660-104-6043 be increased by \$706.0 million and Item 2660-304-6043 be added in the amount of \$106.0 million for connectivity projects to the High-Speed Rail System. This proposal is consistent with the implementation of a blended system as described in the Authority’s Business Plan. The Business Plan continues to propose beginning construction of the High-Speed Rail System in the Central Valley, and also proposes complementary investments to existing rail systems that will tie to eventual high-speed rail service. These will not only benefit the “bookends” in Southern California and the Bay Area, but also in the Los Angeles-San Diego corridor, the Inland Empire, and the Sacramento region. These early investments will provide immediate benefits to existing rail service, and lay the foundation for the High-Speed Rail System as it expands to connect to these areas. In order to assure that these funds are invested in the most strategic manner to ensure interconnectivity with the High-Speed Rail System and related regional benefits, Budget Bill language is requested to require the California Transportation Commission, in consultation with the Authority, to revise its guidelines for the program, as well as develop a new program of projects, and the Department of Finance to review the list of projects and provide notification to the Joint Legislative Budget Committee prior to the funding being made available. Furthermore, the Budget Bill language will specify that no funds be available for expenditure for connectivity projects until funds necessary to begin construction on the IOS of the High-Speed Rail System are appropriated in the Budget Act.

The proposed Budget Bill language can be found in Attachment 2.

Environmental Review and Preliminary Design (Issue 602)

It is further requested that Items 2665-304-0890, 2665-304-6043, 2665-305-0890 and 2665-305-6043 be added to provide \$252,527,000 for environmental review and preliminary design as reflected, in the table on the following page.

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Segment/Item Number	Acquisition - Environmental		Preliminary Design	
	2665-304-0890	2665-304-6043	2665-305-0890	2665-305-6043
San Francisco - San Jose	\$5,135,000	\$5,135,000	\$74,000	\$74,000
San Jose - Merced	0	0	0	0
Merced - Fresno	2,297,000	2,297,000	4,987,000	4,987,000
Fresno - Bakersfield	3,119,000	3,119,000	8,246,000	8,246,000
Bakersfield - Palmdale	0	0	195,000	195,000
Palmdale - Los Angeles	2,566,000	2,566,000	0	0
Los Angeles - Anaheim	4,299,000	4,299,000	0	0
Los Angeles - San Diego	0	37,055,000	0	19,068,000
Merced - Sacramento	0	29,700,000	0	24,176,000
Altamont Pass	0	20,375,000	0	16,055,000
Project Mgt/Agency Costs	10,894,000	19,521,000	6,542,000	7,305,000
Total	28,310,000	124,067,000	20,044,000	80,106,000

The amounts requested reflect the total funds necessary to complete the Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) and determine the preferred high speed train route for all nine segments currently in process and to complete 30 percent design for the Merced to Fresno and Fresno to Bakersfield segments. Some funding for preliminary design is necessary to properly conclude the EIR/EIS process. For the Merced to Fresno segment, acquisition funding is necessary to work on the junction with the San Jose to Merced segment and to complete work necessary for certification from local agencies. While construction of some segments will be some years out, completing the EIR/EIS and selecting the preferred route in advance allows communities to incorporate the finalized high speed train route into their master plans and may provide some protection from further development.

Previous budgets for the Authority have linked appropriations with a given year's cash flow needs. This approach to budgeting capital outlay has created significant complications for managing of the project, leading to work stoppages and schedule slippage. With few exceptions, capital projects are appropriated in phases (e.g. Acquisition, Design, Construction) in order to provide the funds necessary to allow the project to move at its pace without arbitrary stoppages to complete a specific milestone within the time authorized to encumber the funds. The SPWB is tasked with on-going oversight of the projects to keep them in scope, schedule and budget.

The proposed Budget Bill language can be found in Attachment 3.

Financial Consultant Services (Issue 101)

It is requested that Item 2665-004-6043 be increased by \$1,750,000 to provide for a multi-year contract for financial services associated with the high-speed rail project. The Authority's financial consultant, KPMG, will continue and update project funding strategies as they evolve, analyze existing and future revenue sources, provide procurement support for acquisition and design-build contracts, and assist the Authority with risk management. Combined with the \$750,000 in the Governor's Budget, this proposal will provide a total of \$2,500,000 in 2012-13 for this purpose.

MAR 30 2012

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding Issues 101 and 108, please call Matt Almy, Principal Program Budget Analyst, at (916) 322-2263. For questions or additional information regarding Issues 600 and 602, please call Theresa Gunn, Principal Program Budget Analyst, at (916) 445-9694.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bill Emerson, Vice Chair, Senate Budget and Fiscal Review Committee
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Attention: Mr. Eric Swanson, Staff Director
Honorable Joe Simitian, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Gordon, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Dan Richard, Chair, High Speed Rail Authority Board
Mr. Thomas Fellenz, Acting Director, High Speed Rail Authority

Attachment 1

Proposed Budget Bill Language

2665-304-0890—For capital outlay, High Speed Rail Authority, payable from the Federal Trust Fund.....\$3,240,676,000

Schedule:

(1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Construction..... 3,240,676,000

Provisions:

1. The project identified in this item may be managed by the High-Speed Rail Authority.
2. The project identified in this item is subject to review by the State Public Works Board.
3. Notwithstanding Section 1.80 of this Act, the appropriation made in this item is available for encumbrance until June 30, 2018.

2665-304-6043—For capital outlay, High Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund.....\$2,609,076,000

Schedule:

(1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Construction..... 2,609,076,000

Provisions:

1. The project identified in this item may be managed by the High-Speed Rail Authority.
2. The project identified in this item is subject to review by the State Public Works Board.
3. Notwithstanding Section 1.80 of this Act, the appropriation made in this item is available for encumbrance until June 30, 2018.

Attachment 2*Proposed Budget Bill Language*

“2660-104-6043—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the High-Speed Passenger Train Bond Fund \$7,333,333 713,333,000

Schedule:

(1) 30.10-Mass Transportation \$7,333,333 713,333,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance or liquidation until June 30, 2018.
2. The funds appropriated in this item shall be available for capital improvement projects to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system, pursuant to Section 2704.095 of the Streets and Highways Code.
3. The funds appropriated in this item shall only be made available for expenditure upon the enactment of a \$3.2 billion appropriation in Budget Act Item 2665-306-0890 and a \$2.6 billion appropriation in Item 2665-306-6043 for the Initial Operating Segment of the High Speed Rail System.
4. Funds appropriated in this item shall be available for expenditure no sooner than 30 days after all of the following conditions are met:
 - a. The California Transportation Commission, in consultation with the California High-Speed Rail Authority, updates and adopts program guidelines to ensure eligible projects are consistent with the early investment in the Phase 1 blended system strategy identified the April 2012 California High-Speed Rail Revised 2012 Business Plan.
 - b. The Commission, in consultation with the Authority, develops a draft program of projects consistent with the guidelines developed pursuant to (a).
 - c. Commission staff presents the draft program of projects to the Authority, at a scheduled board meeting, for review and comment. Commission staff shall address and incorporate comments in the program presented to the Commission for adoption.
 - d. Upon adoption of the program of projects by the Commission, the Department of Finance shall review the program of projects and notify the Joint Legislative Budget Committee in writing of a list of projects to be funded and the amount of funds to be expended.”

2660-304-6043—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the High-Speed Passenger Train Bond Fund \$106,000,000

Schedule:

(1) 30-Mass Transportation. 106,000,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance or liquidation until June 30, 2018.

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2. The funds appropriated in this item shall be available for capital improvement projects to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system, pursuant to Section 2704.095 of the Streets and Highways Code.
3. The funds appropriated in this item shall only be made available for expenditure upon the enactment of a \$3.2 billion appropriation in Budget Act Item 2665-306-0890 and a \$2.6 billion appropriation in Item 2665-306-6043 for the Initial Operating Segment of the High Speed Rail System.
4. Funds appropriated in this item shall be available for expenditure no sooner than 30 days after all of the following conditions are met:
 - a. The California Transportation Commission, in consultation with the California High-Speed Rail Authority, updates and adopts program guidelines to ensure eligible projects are consistent with the early investment in the Phase 1 blended system strategy identified in the April 2012 California High-Speed Rail Revised 2012 Business Plan.
 - b. The Commission, in consultation with the Authority, develops a draft program of projects consistent with the guidelines developed pursuant to (a).
 - c. Commission staff presents the draft program of projects to the Authority, at a scheduled board meeting, for review and comment. Commission staff shall address and incorporate comments in the program presented to the Commission for adoption.
 - d. Upon adoption of the program of projects by the Commission, the Department of Finance shall review the program of projects and notify the Joint Legislative Budget Committee in writing of a list of projects to be funded and the amount of funds to be expended.

Attachment 3

Proposed Budget Bill Language

2665-304-0890—For capital outlay, High Speed Rail Authority, payable from the Federal Trust Fund.....\$28,310,000

Schedule:

(1) 20.15.010-San Francisco to San Jose—Acquisition.....	5,135,000
(3) 20.30.010-Merced to Fresno—Acquisition.....	2,297,000
(4) 20.40.010-Fresno to Bakersfield—Acquisition.....	3,119,000
(5) 20.45.010-Bakersfield to Palmdale—Acquisition.....	0
(6) 20.50.010-Palmdale to Los Angeles—Acquisition.....	2,566,000
(7) 20.60.010-Los Angeles to Anaheim—Acquisition.....	4,299,000
(8) 20.99.010-Project Management and Agency Costs—Acquisition	10,894,000

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. Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-305-0890, 2665-304-6043 and 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-305-0890. These transfers shall require the prior approval of the Department of Finance.
4. Notwithstanding any other provision of law, the project in Schedule (8) shall be the same as Schedule (8) of Item 2665-305-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-305-0890 upon approval of the Department of Finance.

2665-304-6043—For capital outlay, High Speed Rail Authority, payable from High-Speed Passenger Train Bond Fund.....\$124,067,000

Schedule:

(1) 20.15.010-San Francisco to San Jose—Acquisition.....	5,135,000
(3) 20.30.010-Merced to Fresno—Acquisition.....	2,297,000
(4) 20.40.010-Fresno to Bakersfield—Acquisition.....	3,119,000
(5) 20.45.010-Bakersfield to Palmdale—Acquisition.....	0
(6) 20.50.010-Palmdale to Los Angeles—Acquisition.....	2,566,000
(7) 20.60.010-Los Angeles to Anaheim—Acquisition.....	4,299,000
(8) 20.70.010-Los Angeles to San Diego—Acquisition.....	37,055,000
(9) 20.80.010-Merced to Sacramento—Acquisition.....	29,700,000
(10) 20.90.010-Altamont Pass—Acquisition.....	20,375,000
(11) 20.99.010-Project Management and Agency Costs—Acquisition	19,521,000

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. Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-305-6043, 2665-304-0890 and 2665-305-0890 and Schedules (8) to (10) of Item 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-305-6043. These transfers shall require the prior approval of the Department of Finance.
4. Notwithstanding any other provision of law, the project in Schedules (11) shall be the same as Schedule (11) of Item 2665-305-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-305-6043 upon approval of the Department of Finance.

2665-305-0890—For capital outlay, High Speed Rail Authority, payable from the Federal Trust Fund.....\$20,044,000

Schedule:

(1) 20.15.010-San Francisco to San Jose—Design.....	74,000
(3) 20.30.010-Merced to Fresno—Design.....	4,987,000
(4) 20.40.010-Fresno to Bakersfield—Design.....	8,246,000
(5) 20.45.010-Bakersfield to Palmdale—Design.....	195,000
(6) 20.50.010-Palmdale to Los Angeles—Design.....	0
(7) 20.60.010-Los Angeles to Anaheim—Design.....	0
(8) 20.99.010-Project Management and Agency Costs—Design	6,542,000

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. Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-304-6043 and 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-304-0890. These transfers shall require the prior approval of the Department of Finance.
4. Notwithstanding any other provision of law, the project in Schedule (8) shall be the same as Schedule (8) of Item 2665-304-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-304-0890 upon 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.....\$80,106,000

Schedule:

(1) 20.15.010-San Francisco to San Jose—Design.....	74,000
(3) 20.30.010-Merced to Fresno—Design.....	4,987,000
(4) 20.40.010-Fresno to Bakersfield—Design.....	8,246,000
(5) 20.45.010-Bakersfield to Palmdale—Design.....	195,000

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(6) 20.50.010-Palmdale to Los Angeles—Design.....	0
(7) 20.60.010-Los Angeles to Anaheim—Design.....	0
(8) 20.70.010-Los Angeles to San Diego—Design.....	19,068,000
(9) 20.80.010-Merced to Sacramento—Design.....	24,176,000
(10) 20.90.010-Altamont Pass—Design.....	16,055,000
(11) 20.99.010-Project Management and Agency Costs—Design	7,305,000

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. Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-6043, 2665-304-0890 and 2665-305-0890 and Schedules (8) to (10) of Item 2665-304-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-304-6043. These transfers shall require the prior approval of the Department of Finance.
4. Notwithstanding any other provision of law, the project in Schedules (11) shall be the same as Schedule (11) of Item 2665-304-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-304-6043 upon approval of the Department of Finance.



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 2720-001-0044, Support, California Highway Patrol

It is requested that Item 2720-001-0044 be increased by \$5,638,000 to provide a permanent augmentation to fund insurance premiums.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kathryn Amann, Principal Program Budget Analyst, at (916) 322-2263.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

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cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Felipe Fuentes, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jim Nielsen, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Joe Simitian, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Gilbert Cedillo, Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Brian P. Kelly, Acting Secretary, Business, Transportation and Housing Agency
Mr. J.A. Farrow, Commissioner, California Highway Patrol
Mr. Jeff Uyeda, Chief, Administrative Services, California Highway Patrol