



APR 01 2014

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, 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 Capital Needs: Program Savings (Issue 101)—It is requested that the items listed below be increased for the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) Program by \$242,997,000 to reflect the updated administrative and project cost savings available to support additional transportation projects.

This request proposes the following changes:

- Addition of Item 2660-104-6055 in the amount of \$1,000
- Addition of Item 2660-304-6055 in the amount of \$101,999,000
- Increase Item 2660-104-6056 by \$12,499,000
- Increase Item 2660-304-6056 by \$12,499,000
- Increase Item 2660-304-6058 by \$101,999,000
- Increase Item 2660-304-6072 by \$13,999,000

These changes, along with funding requested in the Governor's Budget, provide a total of \$1,206,502,000 in Proposition 1B funds for fiscal year 2014-15.

It is also requested that provisional language be added and revised to reflect this change (see Attachment 1). The requested language will provide flexibility to fully utilize the funding authorized by Proposition 1B. Furthermore, this language will allow additional projects to be funded if additional administrative and project savings materialize above the estimates in this request.

Amtrak Operating Costs (Issue 104)—It is requested that Item 2660-001-0046 be increased by \$10,540,000 and Item 2660-001-0042 be amended to reflect this change to support increased operating expenses for intercity passenger rail service operated by Amtrak. This request conforms to the federal Passenger Rail Investment and Improvement Act of 2008, which required all short distance Amtrak corridor services to be 100 percent state-supported.

Decreased Rental Costs (Issue 106)—It is requested that Item 2660-001-0042 be decreased by \$40,000 in 2014-15 and \$119,000 beginning in 2015-16 due to rent avoidance from exercising a lease-purchase option on modular buildings.

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 Jonathan Wunderlich, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Jim Beall, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, 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
Ms. Norma Ortega, Chief Financial Officer, Department of Transportation
Mr. Steven Keck, Chief, Budgets, Department of Transportation

ATTACHMENT 1
PROPOSED BUDGET LANGUAGE

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This Finance Letter includes the addition of language to facilitate the use of Proposition 1B savings, including adding line items for the Corridor Mobility Improvement Account program, to the budget language requested in Caltrans' BCP #2—Proposition 1B Capital Needs.

Proposed New Budget Language

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 June 30, 2016, and available for encumbrance and liquidation until June 30, 2020.
2. Notwithstanding any other provision of law, funds appropriated to 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 to an amount that would either (a) allow full utilization of the funds authorized under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code for this program, or (b) ensure that expenditures do not exceed the amount authorized under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code 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..... 101,999,000

Schedule:

(1) 20.20-Highway Transportation..... 101,999,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2016, and available for encumbrance and liquidation until June 30, 2020.
2. Notwithstanding any other provision of law, funds appropriated to 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 to an amount that would either (a) allow full utilization of the funds authorized under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code for this program, or (b) ensure that expenditures do not exceed the amount authorized under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code for this program.

ATTACHMENT 1
PROPOSED BUDGET LANGUAGE

APR 01 2014

Item 2660-104-6056

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6056 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-304-6056

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6056 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-104-6058

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6058 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-304-6058

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6058 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-104-6059

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6059 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-304-6059

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6059 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-104-6062

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6062 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-104-6064

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6064 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-304-6064

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6064 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-104-6072

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6072 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Item 2660-304-6072

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6072 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.

Proposed Amendments to Provisions in Various Items

Item 2660-104-6063

2. The amount appropriated in this item may be adjusted to an amount that would either (1) allow full utilization of the funds authorized under subdivision (j) of Section 8879.23 of the Government Code for this program, or (2) ensure that expenditures do not exceed the amount authorized under subdivision (i) of Section 8879.23 of the Government Code for this program.

X. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6063 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.



APR 01 2014

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair
Assembly Budget Committee

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

**Amendment to and Addition of Various Budget Bill Items, Support and Capital Outlay,
Department of the California Highway Patrol**

Santa Fe Springs Project (Issue 610)—It is requested that Item 2720-496 be added to revert remaining capital outlay authority for the Department of the California Highway Patrol (CHP) Santa Fe Springs Replacement Facility project and that language be added to Item 2720-001-0044 to authorize the option of a lease-purchase agreement for a potential build-to-suit project to replace the existing Santa Fe Springs Area Office (see Attachment 1). This action reflects a shift in the procurement method for this necessary project to replace an outdated and undersized facility. By providing the additional flexibility through the Budget Bill language, the state is authorized to enter into a lease that is more beneficial than a straight lease or a lease with a purchase option.

Office Replacement Projects (Issues 613, 614, 615, 616 and 617)—It is requested that Item 2720-301-0044 be increased by \$32,411,000 to provide acquisition and design authority for office replacement projects in Truckee (\$5,878,000), Santa Barbara (\$9,876,000), San Diego (\$12,100,000), Crescent City (\$2,369,000), and Quincy (\$2,188,000) (see Attachment 2). The 2013 Budget Act provided funding to identify up to five sites where capital outlay would be feasible based on the likelihood of finding replacement property. Of the multiple office replacement locations examined, the five communities above all have suitable sites identified at this time. Furthermore, each of the offices at these locations has a calculated or extrapolated seismic rating of six on a seven point scale, has exceeded its useful life, and is 30 percent or less of the size needed for a modern CHP office. As such, each project would replace an outdated and seismically deficient area office. It is further requested that Budget Bill language be added to allow these five projects to move forward using the design-build procurement methodology. Use of design-build for CHP offices, in lieu of the more traditional design-bid-build, is expected to reduce the project schedule by approximately 13 months.

Reappropriations (Issues 611 and 612)—It is requested that Item 2720-491 be added to reappropriate the following projects from the 2009, 2010, and 2011 Budget Acts (see Attachment 3):

- California Highway Patrol Enhanced Radio System (CHPERS): Replace Towers and Vaults Phase 1—Preliminary Plans, Working Drawings, and Construction
- CHPERS: Replace Towers and Vaults Phase 2—Preliminary Plans, Working Drawings, and Construction

The CHPERS Phase 1 and Phase 2 projects were for Tower and Vault replacements at 21 sites. Of these 21 sites, five have had delays for the following reasons:

- Required United States Forest Service (USFS) development of a new site lease agreement. In order to start construction, the state needs long-term access to a site by means of a ground lease. For sites on USFS land, the USFS will need to complete a National Environmental Protection Act review.
- Extended lease negotiations with some current property owners are more challenging than anticipated. To the extent that these negotiations fail, it may be necessary to relocate to a nearby location.
- Extended California Environmental Quality Act investigations, including three-dimensional modeling of the final project, in order to address community concerns.
- Pursuit of an interagency agreement that, had it been successful, would have eliminated the need for capital improvements at one of the sites. As a result, one site was scoped out of the CHPERS Phase 1 project at the April 2011 State Public Works Board meeting and added back to the project through the 2013 Budget Act.

In addition to the reasons affecting the five sites above, two additional sites are nearing the completion of design and are undergoing final Division of State Architect review. While it is expected that these projects will proceed to bid within the current year, a reappropriation is necessary to ensure these sites can move forward in the event that final approval doesn't occur until after June 30, 2014.

It is anticipated that preliminary plans will be completed in fiscal year 2014-15 for all CHPERS sites that are requested for reappropriation. These reappropriations allow CHP to move forward with all of these tower and vault replacements that will address deteriorating radio communications infrastructure and will improve radio operability among various public safety agencies.

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 Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: On following page

Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Jim Beall, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Reginald Byron Jones-Sawyer, Sr., 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. Joseph Farrow, Commissioner, California Highway Patrol
Ms. Mieko Epps, Chief, Administrative Services Division, California Highway Patrol
Mr. Brent Newman, Chief, Facilities Section, California Highway Patrol

Addition of provisional language to Item 2720-001-0044

- X. The Department of General Services, with the consent of the Department of the California Highway Patrol, may enter into a lease-purchase agreement for a build-to-suit facility to replace the area office in Santa Fe Springs, subject to Department of Finance approval of the terms and conditions of the agreement. Thirty days prior to entering into any agreement, the Department of General Services shall notify the chairpersons of the committees in each house of the Legislature that consider appropriations and the Joint Legislative Budget Committee of the terms and conditions of the agreement. This provision shall be applicable through June 30, 2017.

Addition of Budget Bill Item 2720-496

- 2720-496—Reversion, Department of the California Highway Patrol. As of June 30, 2014, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made:
- 0044-Motor Vehicle Account, State Transportation Fund
- (1) Item 2720-301-0044, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), as reappropriated by Item 2720-491, Budget Act of 2010 (Ch. 712, Stats. 2010), and Item 2720-491, Budget Act of 2013 (Ch. 20, Stats. 2013)
- (1.5) 50.57.507-Santa Fe Springs: Replacement Facility—Acquisition and preliminary plans

Amend Budget Bill Item 2720-301-0044

"2720-301-0044-For capital outlay, Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund... 1,700,000 34,111,000
Schedule:

- (1) 50.90.902-Statewide: Advance Planning and Site Selection—Study and Acquisition.....1,700,000
- (2) 50.10.110-Crescent City Replacement Facility—Acquisition and Design.....2,369,000
- (3) 50.18.108-Quincy Replacement Facility—Acquisition and Design.....2,188,000
- (4) 50.63.602-San Diego Replacement Facility—Acquisition and Design.....12,100,000
- (5) 50.74.704-Santa Barbara Replacement Facility—Acquisition and Design.....9,876,000
- (6) 50.27.207-Truckee Replacement Facility—Acquisition and Design.....5,878,000

Provisions:

- X. The projects identified in Schedules (2) through (6) may utilize the design-build procurement method.
- X. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities and acquisitions under Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code). This provision does not exempt the California Highway Patrol from the requirements of the California Environmental Quality Act. This provision is declarative of existing law."

Addition of Budget Bill Item 2720-491

2720-491—Reappropriation, Department of the California Highway Patrol. The balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations in those appropriations, unless otherwise specified:

0044-Motor Vehicle Account, State Transportation Fund

- (1) Item 2720-301-0044, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.) as partially reverted by Item 2720-495, Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 2720-491, Budget Act of 2011 (Ch. 33, Stats. 2011), as reappropriated by Item 2720-491, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and 2013 (Ch. 20, Stats. 2013)
 - (1) 50.04.004-California Highway Patrol Enhanced Radio System: Replace Towers and Vaults—Preliminary plans and working drawings
 - (2) Item 2720-301-0044, Budget Act of 2010 (Ch. 712, Stats. 2010), as partially reverted by Item 2720-495, Budget Act of 2011 (Ch. 33, Stats. 2011), and as reappropriated by Item 2720-491, Budget Acts of 2012 (Chs. 21 and 29, Stats. 2012) and 2013 (Ch. 20, Stats. 2013)
 - (1) 50.04.004-California Highway Patrol Enhanced Radio System: Replace Towers and Vaults—Construction
 - (2) 50.04.005-California Highway Patrol Enhanced Radio System: Replace Towers and Vaults, Phase 2—Preliminary plans and working drawings
- (3) Item 2720-301-0044, Budget Act of 2011 (Ch. 33, Stats. 2011) as partially reverted by Item 2720-496, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and as reappropriated by Item 2720-491, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and 2013 (Ch. 20, Stats. 2013)
 - (2) 50.04.005-California Highway Patrol Enhanced Radio System: Replace Towers and Vaults, Phase 2—Acquisition and construction