

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/06/2012
POSITION: Oppose
SPONSOR: Santa Clara Valley Transportation Authority

BILL NUMBER: AB 2382
AUTHOR: Gordon, Richard

BILL SUMMARY: Department of Transportation: Innovative Delivery Team Demonstration Program

This bill would require the Department of Transportation (Caltrans) and the Santa Clara Valley Transportation Authority (Authority) to enter into a memorandum of understanding (MOU), by July 1, 2013, for the establishment of an Innovative Delivery Team Demonstration Program to develop new approaches for project delivery and identify innovative, cost-effective ways to complete transportation projects. This pilot program would serve the County of Santa Clara (Santa Clara).

FISCAL SUMMARY

This bill would result in additional costs to Caltrans because it would effectively require a higher level of service to Santa Clara. Currently, Santa Clara is served under Caltrans' Regional District four, which also includes other Bay Area counties. While no estimates are currently available regarding the cost of implementing this pilot program, any request for additional funding would be evaluated as part of the annual budget development process.

This bill would also impose additional requirements on the Authority. However, any costs to a local entity which result from legislation specifically requested by the affected local entity are not a reimbursable state mandate. We note that the bill does not contain a "local sponsor" state-mandated cost disclaimer.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill is unnecessary because the Administration is already exploring innovative ways to make state government more efficient. Executive Order B 13-11 directs departments, including Caltrans, to implement methods such as performance measures, program reviews, and cost-benefit analysis to improve operational efficiency. We believe these efficiency measures should be implemented statewide, rather than focused in one county.
This bill does not specify which entity would be responsible for the financial support provision for implementing the demonstration program. Instead the financial responsibility would be determined through the MOU process.
The bill would result in additional costs to Caltrans.

Existing law provides that Caltrans is the sole operator and owner of the state highway system. Existing law establishes the Authority with various transportation responsibilities within Santa Clara.

This bill would require the creation of an innovative delivery team with the ability to realign roles and responsibilities between Caltrans and the Authority. At a minimum, the MOU shall contain provisions that address: roles, responsibilities, conflict resolution, delegation of authority, empowerment, performance metrics, and financial support for the purpose of implementing the demonstration program. In addition, this

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Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
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**COMMENTS** (continued)

bill would require Caltrans to dedicate existing staff to an office headquartered in the City of San Jose, within provided space from the Authority. By July 1, 2015, a progress report is due to the Legislature regarding the progress of this pilot program and by July 1, 2018, the Authority shall report back to the Legislature on the overall results of the pilot program. The pilot program will remain in effect until January 1, 2020.

This bill would transfer responsibility and make the Authority the lead for projects on the state highway system in Santa Clara. Those responsibilities would include:

- Lead agency for environmental purposes.
- Acquire and certify rights-of-way.
- Advertise, award and administer construction contracts.
- Manage the local assistance process with respect to projects in Santa Clara.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
2660/Caltrans	SO	No				----- See Fiscal Summary -----	0042
<u>Fund Code</u>	<u>Title</u>						
0042	Highway Account, State, STF						