



***Caltrans***®

# **Discussion on LAO Report “2014-15 Budget: COS Program Review”**

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June 25, 2014

# Topics

- Topic 1: COS Data
- Topic 2: Staffing Levels
- Topic 3: SHOPP Accountability and Transparency

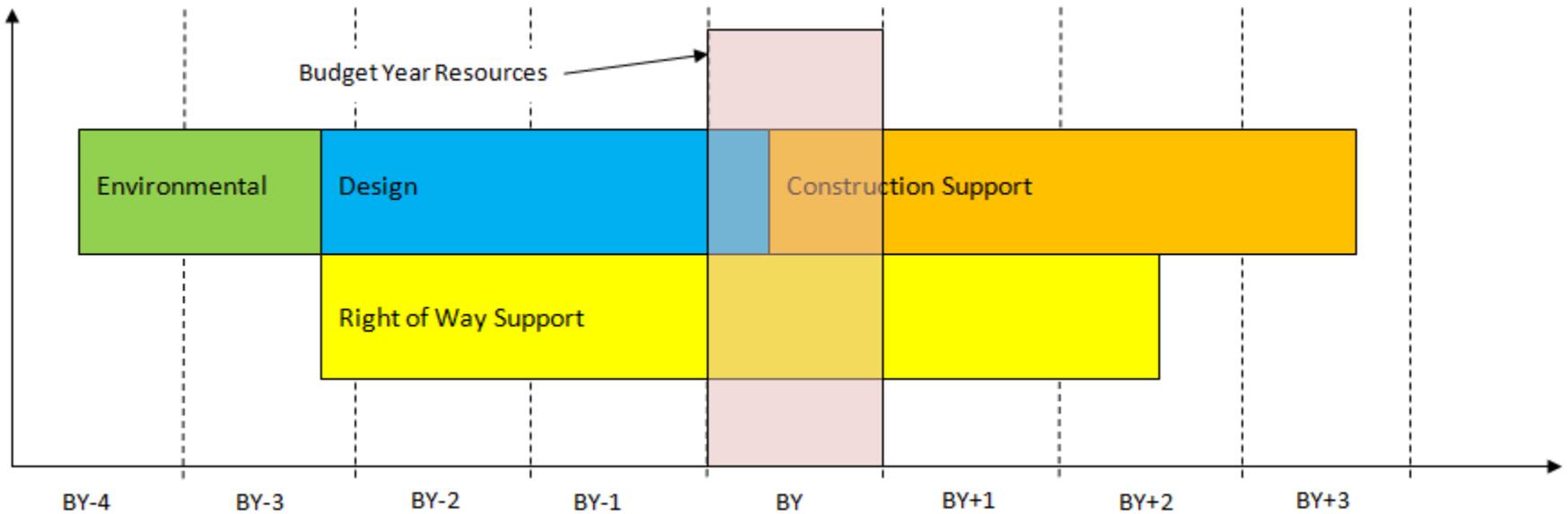
# Topic 1: COS Data

We agree that Caltrans must continue to improve:

- Implementing new project management tool (PRSM)
- Implementing new business processes with PRSM
- Implementing improvements from ZBB/Program Review
  - Predictive tool for developing a range of estimates (Budget)
  - Clarifying change control rules
  - Quality management plan for data

# Topic 1: COS Data

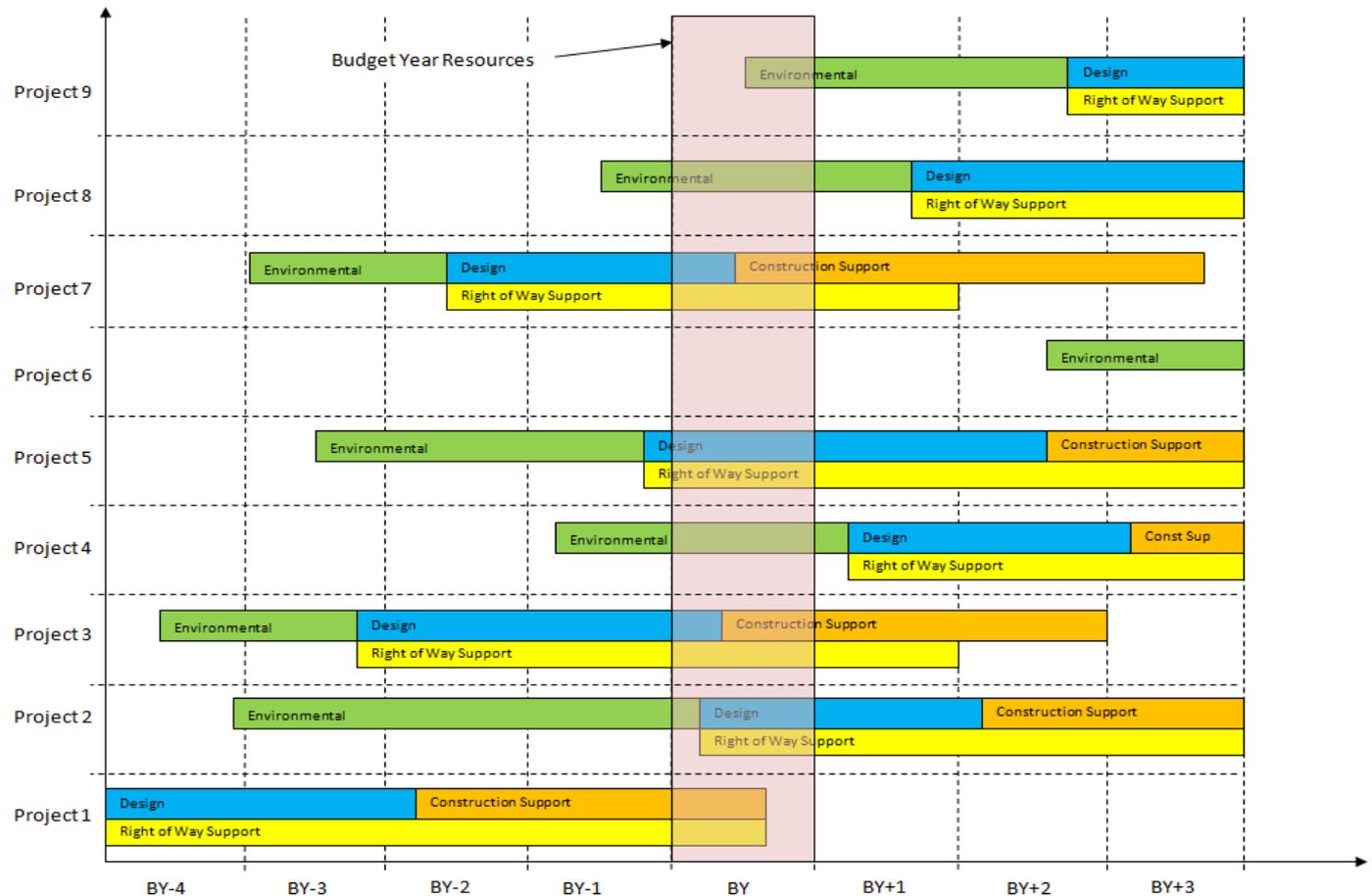
Budget Year Resources for One Project



# Topic 1: COS Data

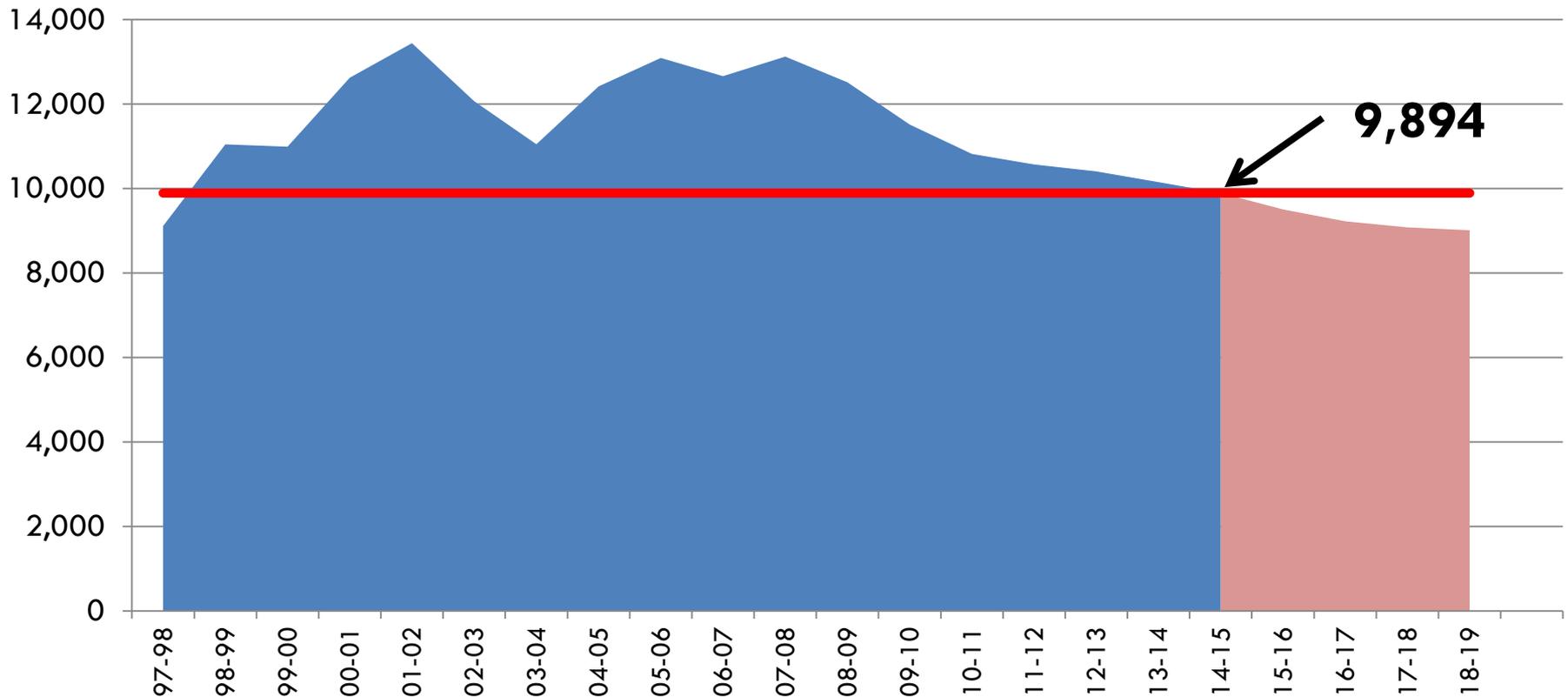
COS annual budget request is based on a fiscal year slice of 2,500 projects.

### Budget Year Resources for Many Projects



# Topic 2: Staffing Levels

Project Delivery Staff (FTE's)



9,894

Seismic Prop 192 - 1996

TCRP Program - 2000

Prop 1B Bond Program - 2007

Toll Bridges - 1997

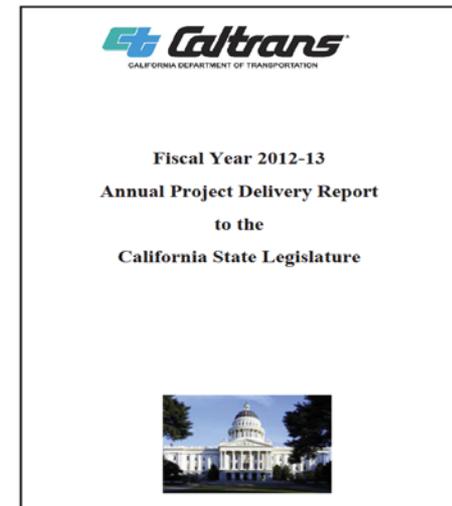
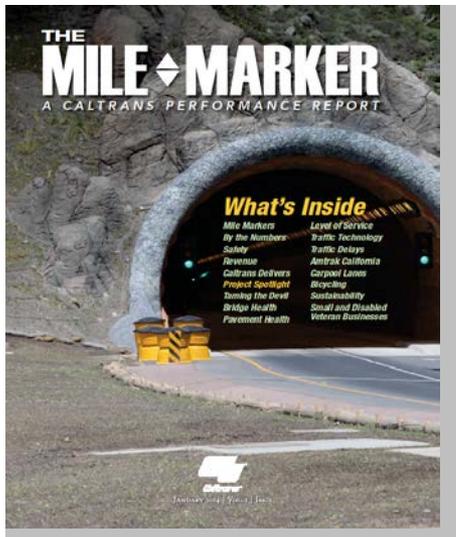
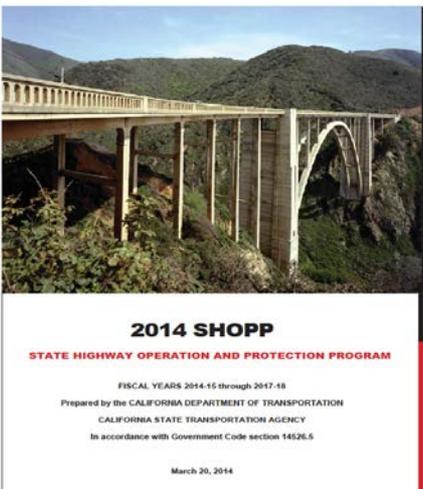
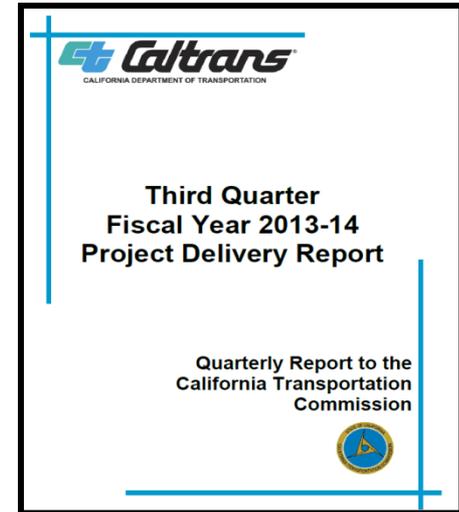
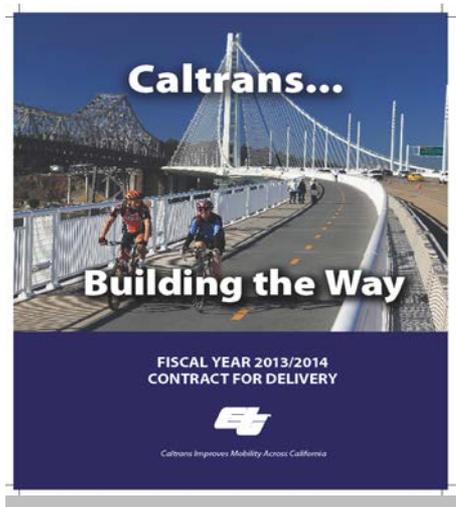
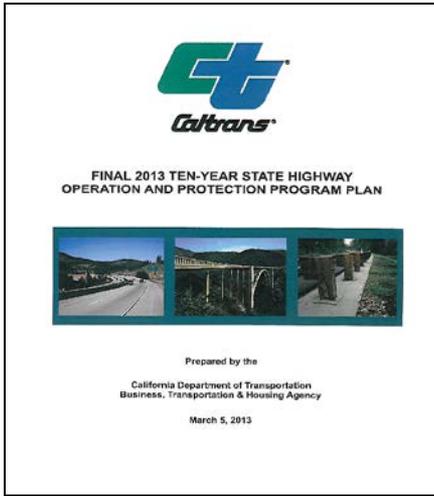
ARRA Program - 2008

# Topic 3: SHOPP Accountability and Transparency

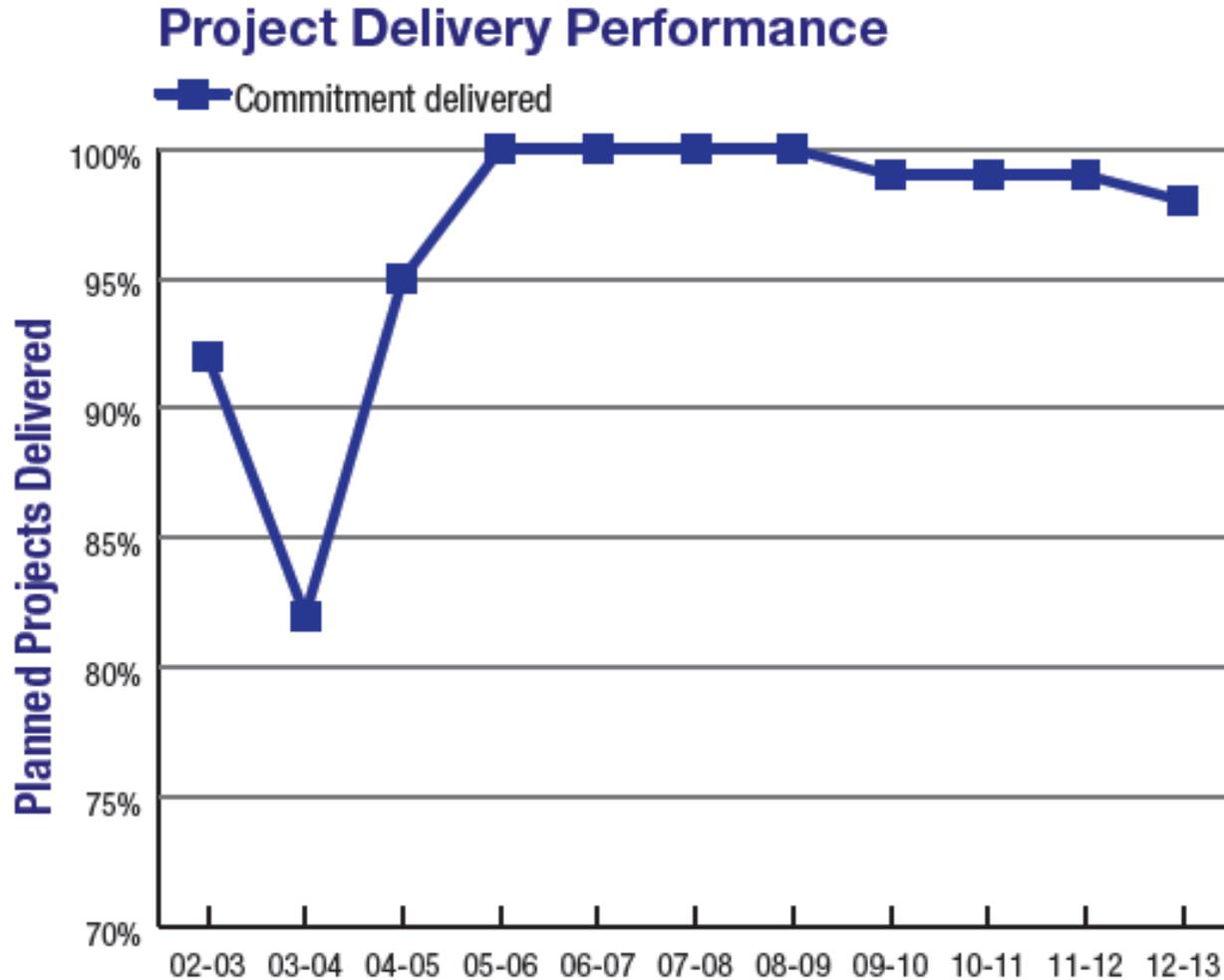
## Recent COS Continuous Improvement Efforts:

- 2008 – Programmed 4 COS components (PA&ED, PS&E, Right of Way and Construction)
- 2010 – Reported completed project costs
- 2011 – Implemented 20 BSA Recommendations
- 2013 – Implemented new project management tool (PRSM)
- 2014 – Reported construction support at allocation
- 2014 – Agreed to implement ZBB/Program Review Recommendations

# Topic 3: SHOPP Accountability and Transparency



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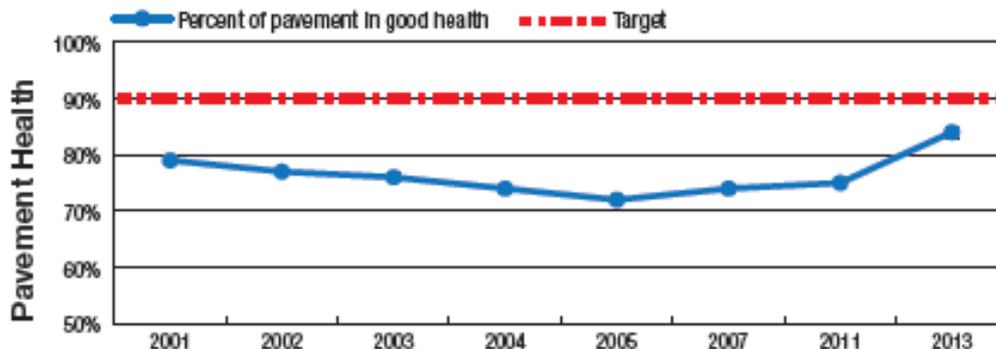


# Topic 3: SHOPP Accountability and Transparency

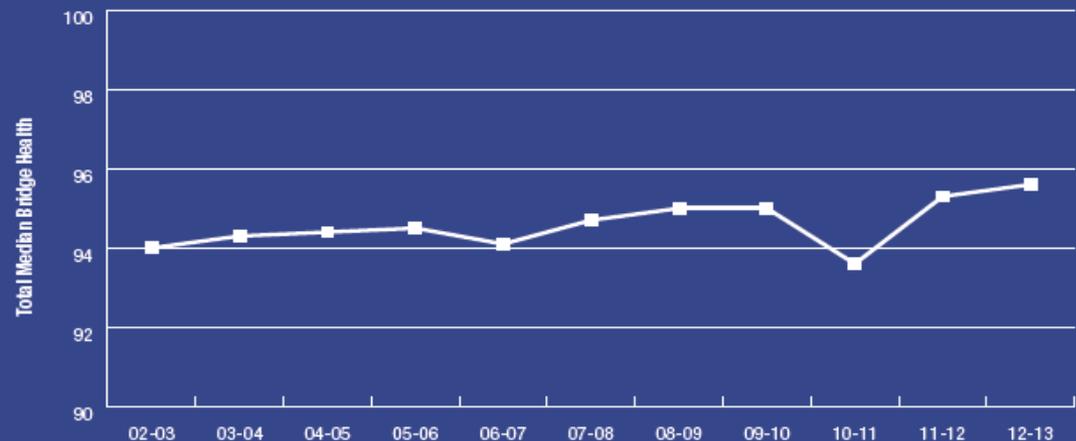
## SHOPP Outcomes (1) Pavement (2) Bridges

### Higher Overall Pavement Health

#### Statewide Pavement Condition



### Bridge Health Index (Total median bridge health)



# COS Program Budget

- Reasonable
- Adequately supported
- Adjusted staffing up and down based on available transportation funds
- Accountable and transparent
- Outcome focused
- Continually improve

# Questions



# Caltrans COS Program Review



Legislative Analyst's Office

Presented to:  
California Transportation Commission  
June 25, 2014

# Introduction

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- **The Legislature Required Our Office to Work With the Department of Finance and Caltrans to Review the Capital Outlay Support (COS) Program**
- **The Review Team Interviewed Many Stakeholders and Visited Several Caltrans Districts**

# Data Challenges Limit Ability to Evaluate Program Effectiveness

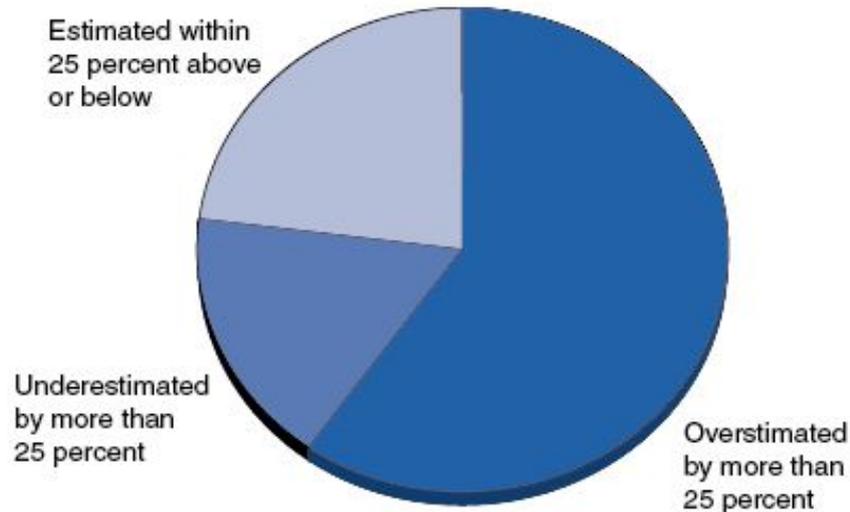
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- **COS Data Appears Largely Unreliable**
  - Data in Caltrans' system did not match with the project manager's description of the current status of the project.
- **Some Essential Information Not Collected or Maintained**
  - For example, initial and updated project estimates not maintained.

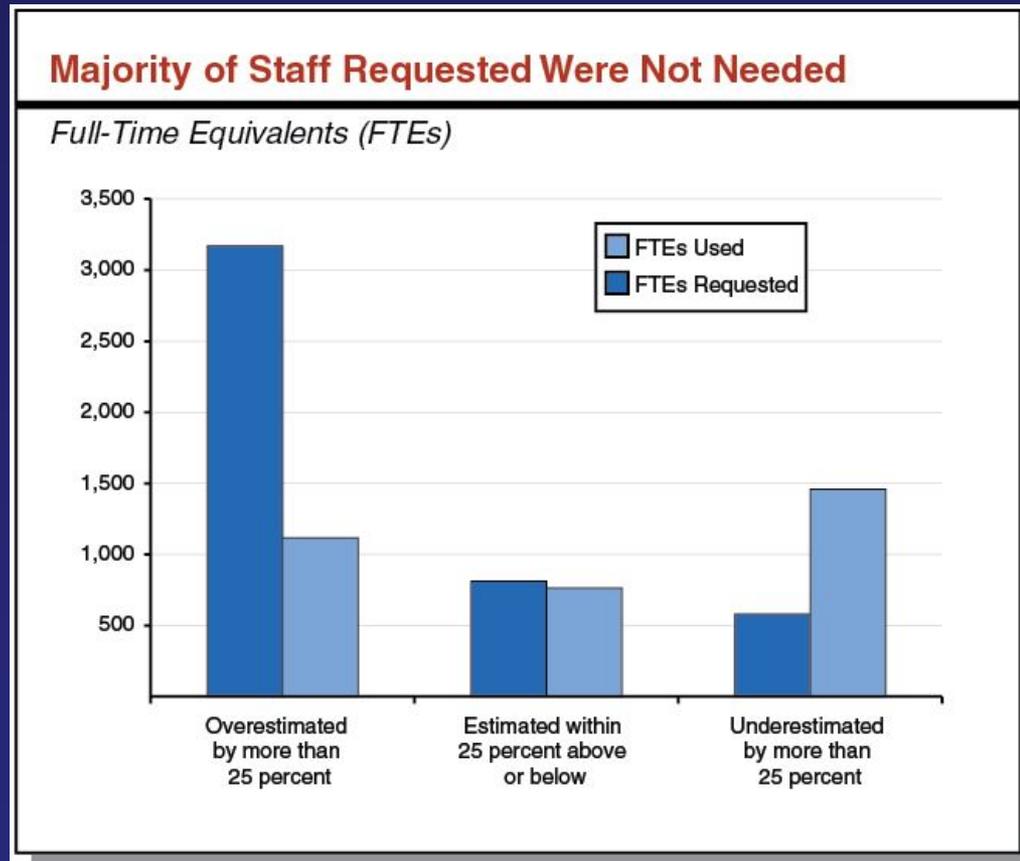
# Legislative Oversight Hampered

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## Annual Budget Request Poorly Estimates Staffing Needs for Most Projects



# Legislative Oversight Hampered



# Program Overstaffed Due to Declining Workload

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- **Significant Decline in Transportation Funding Leading to a Reduction in COS Workload**
- **Absent Corrective Actions, We Estimate That the COS Program Is Overstaffed by Roughly 3,500 FTEs and More Than \$500 Million**

# Limited Project-Level External Oversight for SHOPP

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- **Caltrans Delivery Model Lacks Internal Checks and Balances, Making External Oversight Important**
- **CTC's Oversight Role Is Limited in State Law**
- **State Highway Operation and Protection Program (SHOPP) in Particular Lacks Meaningful Oversight**

# Recommendation: Align Staffing Levels With Projected Workload

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- **Recommend Legislature Take a Multiyear Approach to Reducing the COS Program, in Order to Spend the State's Transportation Funds Efficiently**
- **Recommend Requiring Caltrans to Annually Develop a Multiyear Staffing Plan to Ensure Legislature Has Necessary Information to Budget COS Program**

# Recommendation: Increase CTC Oversight for SHOPP Projects

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- **Require CTC to Review and Approve Individual SHOPP Projects**
- **Require CTC to Allocate COS Funds for SHOPP**
- **Require Caltrans to Provide Specific Data to CTC**
- **Require CTC to Report on Caltrans' Project Delivery Performance**