

SUBCOMMITTEE NO. 2

Agenda

Senator Jim Beall, Chair
Senator Hannah-Beth Jackson
Senator Jim Nielsen



Thursday, March 27, 2014
9:30 a.m. or Upon Adjournment of Session
Room: 112

Consultant: Farra Bracht

Agenda

Part A: Transportation

PROPOSED VOTE-ONLY

2600	California Transportation Commission	2
Item 1	Two Positions to Implement the Active Transportation Program	2
2720	California Highway Patrol	3
Item 1	Radio/Microwave Program Funding	3
Item 2	Radio Console Replacement Project	4
Item 3	Integrated Database Management Systems Funding.....	5
2740	Department of Motor Vehicles.....	6
Item 1	Funding to Implement AB 60	6

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

ITEMS PROPOSED FOR VOTE-ONLY**(ALL VOTE-ONLY ITEMS WERE PREVIOUSLY HEARD ON MARCH 13, 2014)****2600 California Transportation Commission**

Agency Overview: The California Transportation Commission (CTC) is responsible for the programming and allocating of funds for the construction and improvements of highway, and passenger rail and transit systems throughout California. The CTC also advises and assists the Secretary of the Transportation Agency and the Legislature in formulating and evaluating policies and plans for California's transportation programs.

Budget Overview: The January Governor's Budget proposes expenditures of \$3.6 million and 19.0 positions for the administration of the CTC (special funds), which is similar to the revised current-year level. Additionally, the budget includes \$25.0 million in Clean Air and Transportation Improvement Bond Act funds (Proposition 116 of 1990) that are budgeted in the CTC and allocated to local governments.

Item 1: Two Positions to Implement ATP (BCP #1)

Background. The CTC requests a net-zero change of two positions to implement ATP. This would be accomplished by increasing the number of positions working on ATP implementation by two and decreasing the number of positions working on the implementation of Proposition 1B by two. The workload associated with Proposition 1B is decreasing as the funding available for this program comes to an end. The proposal would also shift funding for these two positions from various Proposition 1B funds to the State Highway Account (\$107,000) and the Public Transportation Account (\$178,000).

Staff Comment. The CTC currently has no resources dedicated to ATP. Approximately \$74.5 million, or 60 percent, of the funds available for ATP will be distributed through a statewide competitive program. The CTC does not know how many applications it will receive, but as many as 700 applications may need to be reviewed for each funding cycle. Staff must also review the guidelines used by organizations to provide the remaining 40 percent of the funds available for this program. In addition to other tasks, staff will track and monitor the program.

Staff Recommendation: Approve the two positions.

Vote:

2720 Department of California Highway Patrol

Department Overview: The mission of the California Highway Patrol (CHP) is to ensure the safe and efficient flow of traffic and goods on the state's highway system and county roads in unincorporated areas. The department also promotes traffic safety by inspecting commercial vehicles, as well as inspecting and certifying school buses, ambulances, and other specialized vehicles. The CHP carries out a variety of other mandated tasks related to law enforcement, including investigating vehicular theft and providing backup to local law enforcement in criminal matters.

Budget Overview: The Governor's Budget proposes total expenditures of \$2.0 billion (no General Fund) and 11,051 funded positions, an increase of roughly \$13 million from the adjusted current-year level. Since departmental programs drive the need for infrastructure investment, the department has a related capital outlay program to support this requirement.

Item 1: Radio/Microwave Program Funding (BCP #2)

The CHP requests a one-time budget augmentation of \$5.0 million (MVA) for escalating costs of services provided by the California Office of Emergency Services, Public Safety Communications Office (PSCO) to support the CHP's radio/microwave program.

Background. The CHP's radio/microwave program encompasses the entire infrastructure associated with CHP's radio communications. State law requires CHP to contract with PSCO for services relating to the design, engineering, installation, and maintenance of CHP's statewide public safety communications system. The PSCO then charges CHP for this work.

With the implementation of the California Highway Patrol Enhanced Radio System (CHPERS), which was completed in 2011-12, the PSCO costs for the radio/microwave program have increased. The primary objective of CHPERS was to address CHP's deteriorating radio communications infrastructure, meet future operational needs, and meet the goal of providing interoperability at the local, state, and federal levels.

For at least the last couple of years, CHP has been able to absorb the increased PSCO costs and under this proposal CHP would continue to absorb \$7 million of what it estimates is a \$12 million shortfall.

Staff Comments. At this time, it is uncertain what the ongoing level of expenditures will be for PSCO services. It is a reasonable approach that CHP absorb the costs that it can, and request funding for the remainder.

Staff Recommendation: Approve, on a one-time basis, a budget augmentation of \$5.0 million from the Motor Vehicle Account for PSCO costs.

Vote:

Item 2: Radio Console Replacement Project (BCP #3)

Radio Console Replacement Project (BCP #3). The Governor’s budget requests a one-time augmentation of \$4.9 million from the MVA to replace twelve dispatch radio consoles at the Public Safety Communications Office and the CHP’s Sacramento Communications Center. This would be the first year of a five-year project.

Background. The CHP operates 25 call centers statewide which are equipped with dispatch radio console systems to facilitate mission critical voice communications between dispatchers, CHP patrol personnel, and allied agencies. Dispatch radio consoles control, receive, and transmit radio communications with field units.

Public safety communications equipment lasts approximately 8 to 10 years and must be upgraded in its entirety to ensure compatibility. As equipment surpasses its useful life, reliability deteriorates, outages become more frequent, maintenance costs increase, and replacement parts become difficult or impossible to procure. Currently, 17 of the 25 call centers operate equipment purchased in 1993-94 and use Windows 3.11. Three centers operate equipment purchased in 1997-98 and use Windows 2000. None of these are supported by the manufacturer and are considered obsolete.

This project would ultimately replace the radio console systems at all 25 centers over a five-year period at an estimated cost of \$52.7 million, as shown in the table below. The CHP is replacing 177 existing consoles plus acquiring an additional 22. This proposal would update all 25 call centers and allow for the installation of the new consoles at CHP’s dispatch training facility and at the PSCO for testing, evaluation, and trouble-shooting of issues that may arise. Resources from PSCO would be needed to complete the project.

**Radio Console Project Costs
(Dollars in Millions)**

Year	Equipment Cost	# of Radio Consoles	PSCO Costs	Total Cost
2014-15	\$2.9	12	\$2.0	\$4.9
2015-16	10.2	42	2.1	12.3
2016-17	9.1	37	2.1	11.2
2017-18	10.2	64	2.2	12.3
2018-19	9.6	44	2.3	11.9
Grand Total	\$42.1	199	\$10.6	\$52.7

Totals may not add due to rounding.

Staff Comment. Staff has no concerns with this proposal.

Staff Recommendation. Approve a one-time augmentation of \$4.9 million from the Motor Vehicle Account to replace dispatch radio consoles.

Vote.

Item 3: Integrated Database Management Systems Funding (BCP #6)

The CHP requests a permanent budget augmentation of \$894,000 from the Motor Vehicle Account for a cost increase to support the Integrated Database Management System (IDMS) which CHP uses to support several legacy applications that support key CHP business processes.

Background and Detail: Costs for the California of Department of Technology (CDT) to manage IDMS used to be distributed across multiple departments. However, over time, many departments have upgraded their IT systems to more current platforms leaving only two departments—CHP and the State Controller’s Office—to bear the cost to maintain the platform.

Currently, CHP is in the process of acquiring a commercial, off-the-shelf solution for one component on the IDMS—the Biennial Inspection of Terminals/Management Information System Terminal Evaluation Records. This component must be off IDMS, and on a new system, by January 2015, per federal requirements. However, this will have a minimal impact on IDMS costs as historical data will still need to be maintained on the IDMS.

The CHP is working with CDT to find a solution for its data storage needs and completely migrate off the IDMS in the future. CHP should submit to CDT a business analysis by October 2014; approval is expected from CDT by January 2015. Once approved, the project will enter the Feasibility Study Report (FSR) phase with CDT. With the final approval of the FSR, CHP will seek funding for the complete replacement system; this will probably be no sooner than fiscal year 2015-16. If successful, the target date for a complete migration off the IDMS is January 2017.

Staff Comment: The CHP is migrating a component of its legacy systems off IDMS sooner than anticipated. This may result in small savings for CHPs’ total IDMS costs as proposed in the Governor’s January Budget. The DOF and CHP are re-evaluating the amount requested as a permanent augmentation and, if necessary, will provide an updated cost at the May Revision. The CHP is working with CDT to completely migrate off IDMS by January 2017.

Staff Recommendation: Approve, on a one-time basis, a budget augmentation of \$894,000 from the Motor Vehicle Account for IDMS costs.

Vote:

2740 Department of Motor Vehicles

Department Overview: The Department of Motor Vehicles (DMV) serves the public by providing licensing and motor vehicle-related services, as well as various revenue collection services for various state and local government programs. The DMV also issues licenses and regulates occupations and businesses related to the instruction of drivers, as well as the manufacture, transport, sale, and disposal of vehicles.

Budget Summary: The Governor proposes total expenditures of \$1.1 billion (no General Fund) and 9,030 positions; which, is a significant increase over the level of funding and positions provided in 2013-14 largely related to the implementation of AB 60 (Alejo), Chapter 524, Statutes of 2013, discussed further below. There are no new capital outlay requests for 2014-15.

Item 1: Funding to Implement AB 60 (BCP #1)

The Governor's Budget proposes an increase of 822 positions and \$67.4 million (Motor Vehicle Account) to implement AB 60. The Governor's budget also includes provisional language to allow DOF to augment DMV's budget item if it determines that DMV requires additional resources to implement AB 60. Under the proposed language, DOF would be required to provide notification to the JLBC at least 30 days prior to authorizing the augmentation.

Background: As of January 2013, the DMV had issued 27.3 million licenses/identification cards. AB 60 expanded who DMV can issue a license to and requires DMV, by January 1, 2015, to issue a driver's license to an applicant who is unable to submit satisfactory proof that their presence in the United States is authorized under federal law, if he or she meets all other qualifications for licensure and provides satisfactory proof to the department of his or her identify and California residency. AB 60 also requires DMV to develop regulations and consult with interested parties in an effort to assist the department in identifying documents that will be acceptable for purposes of providing documentation to establish identity and residency.

AB 60 is anticipated to result in approximately **1.4 million** additional people receiving drivers' licenses (DL) over the next three years. Given the direct and indirect benefits of licensure and what has happened in other states, DMV anticipates that 38 percent (538,947) of this population will apply in the last six months of 2014-15, 50 percent (709,141) in 2015-16, and 12 percent (170,194) will apply in 2016-17. The actual number of applicants could be much greater or much smaller, given that there is limited experience in other states on which to base an estimate.

The department believes that successful implementation should involve partnering with the various stakeholders, such as community-based and immigrant-rights organizations, to help prepare and educate the individuals applying for a driver's license.

As shown in the figure below, the budget proposes \$67.4 million for 822 staff that will be hired by September 2014 and to establish five temporary offices in Santa Clara, Santa Barbara,

Los Angeles, Orange, and San Diego counties. The exact location of these temporary offices has not been determined at this time as DMV is still working with the Department of General Services and nothing has been finalized and no leases have been signed.

**Resources Requested to Implement AB 60
(Dollars in Millions)**

	2014-15		2015-16		2016-17	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Expenditures						
Personnel Services	822	\$42.8	811	\$44.0	215	\$13.3
Operating Expenses and Equipment		\$10.7		\$6.3		\$1.7
Start-up Costs for Temporary Offices		13.8		6.8		2.3
Total	822	\$67.4	811	\$57.1	215	\$17.3

The funding to implement AB 60 is proposed to come from the Motor Vehicle Account (MVA). The MVA receives revenues from a variety of sources including motor vehicle registration payments, driver’s license and identification card fees, and revenues from other services it provides. The fee currently charged for an original DL is \$33 and it costs the department a little over \$100 to process a card today. On average it takes about five renewal cycles for the department to break even on the cost of issuing a new license. This proposal assumes the fee for a new DL remains at \$33.

AB 60 additionally requires the DMV to develop regulations and consult with interested parties in an effort to assist the department in identifying documents that will be acceptable for purposes of providing documentation to establish identity and residency. The department is simultaneously developing both emergency and temporary regulations. It has held two pre-notice public workshops this year and will also provide the opportunity for public comment, after it releases the draft regulations. The DMV has also met with 32 consulates from 22 different countries, 13 law enforcement agencies and 12 community and labor organizations.

Staff Comment: It is very difficult to know if the proposed level of resources is appropriate for the potential demand. Similarly, it is difficult to know if the proposed locations of the temporary DMV field offices will be best located to adequately address the demand for licenses. However, as noted earlier, the Governor’s Budget includes provisional language allowing for augmentations necessary to implement AB 60. It would be valuable for the DMV to provide an update on implementation progress later this spring.

Staff Recommendation: Approve \$67.4 million in Motor Vehicle Account funds to implement AB 60 and the related provisional language.

Vote: