

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 19-20, 2011

Reference No.: 3.13
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Project Management

Subject: **FY 2010-2011 – FIRST QUARTER PROJECT DELIVERY REPORT**

SUMMARY:

At the end of the first quarter for FY 2010-11, the California Department of Transportation (Department) did not have any signed delivery commitments in place. This is due to the fact the budget was more than three months late and contained a last minute reduction of resources. (A detailed explanation is provided below.)

Recently, during the month of December, the Department finalized its delivery commitments outlined in the Director's Contract for Delivery and Delivery Plan Milestones; both of which are contained in the quarterly Project Delivery Report. Consequently, the first Project Delivery Report for the year will reflect these commitments as signed by District Director's in the second quarter report ending December 31, 2010 and will be on the agenda for the Commission's March 2011 meeting.

BACKGROUND:

The State budget, including Capital Outlay Support (COS) resources, was finally passed on October 7, 2010. Contrary to past budgets and in an unusual move before signing the Budget Bill, the Governor vetoed the recommended funding levels for COS. This action further reduced the Department's COS resource levels. In the end, COS resources have been reduced by 7.3 percent overall from the amount requested by the Department in the original budget request outlined in the January Finance Letter, which included reductions in State staff, overtime and consultant resources. In response to the COS budget reductions enacted by the State budget; the Department has had to re-evaluate all of its delivery commitments. There are four critical issues to evaluating delivery commitments:

- A shortage of staff in critical functional areas for environmental and right of way; staff has been impacted by budget related hiring restrictions for the past two years.
- A substantial reduction in consultant resources; limiting the use of consultant resources to administer construction contracts' and requiring the shift of more staff out to construction sites.
- The continuation of three furlough days a month for Bargaining Unit 9 (PECG – Professional Engineers in California).
- The continuation of severe restrictions on the use of overtime.

Despite the unanticipated reduction in staff resources, the Department is working hard to deliver its programs and has prioritized its workload. The first priority is to staff ongoing construction contracts. Our second priority is to meet current year programmed delivery commitments and the delivery of other programs including Proposition 1B and Toll Bridge Seismic Retrofit. The impact of the reduction of resources is resulting in deferred work effort for the preliminary engineering phase work on projects due three and four years from now, and final engineering work on some projects due next year.