

Capital Outlay Support Program
Use of Resources Update
(March 2019)

Caltrans...



Fix It First, Make it Last



Report to the Legislature

Fiscal Year 2018-19

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Executive Summary

The Caltrans Capital Outlay Support (COS) Program budget is specified by Provisions 26, 27.5, 28, 28.5, and 29 within Item 2660-001-0042 in the Budget Act of 2018 (Senate Bill 840, Mitchell, Chapter 29, Statutes of 2018). Those provisions include requirements for Caltrans to provide an update regarding hiring, attrition, use of resources and progress delivering the annual project workload.

With the passage of Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, almost two years ago, project delivery workload has increased dramatically as has the need for resources to meet the project delivery demands. For the current fiscal year, the COS Program is budgeted 10,319 full-time equivalents (FTEs) for project delivery purposes statewide, which may be augmented by the Director of Finance and the Joint Legislative Budget Committee up to 10,509 FTEs, per Provisions 28 and 28.5 of the Budget Act of 2018. The COS Program continues to diligently and aggressively hire as many qualified individuals as quickly as possible and is authorized to use Architectural and Engineering (A&E) consultants to meet project delivery workload needs.

Through the third quarter (through the end of March 2019) of fiscal year (FY) 2018-19, the COS Program successfully hired 1,211 staff to perform project delivery functions throughout the State and lost 341 staff through attrition. The COS Program is on track to hire almost 1,500 staff this year while attrition is expected to be slightly below 5 percent. This hiring trend will equate to over 9,000 staff on board (by the end of the fiscal year). The COS Program approximates 82 percent of the budgeted \$266.2 million for A&E consultants has been incurred and COS is projecting to use almost 100 percent of the budgeted 1,032 A&E FTEs for project delivery.

Overall, the COS Program is on track to spend almost 9,800 FTEs (95 percent of budgeted 10,319 FTEs), and did not request additional resources through Provisions 28 and 28.5. Based on project delivery efforts through March 2019, Caltrans is on track to deliver its planned project commitments, as indicated in Tables 4 and 5.

Background

Statutory Reference & Purpose

The Caltrans COS Program budget is specified by Provisions 26, 27.5, 28, 28.5, and 29 within Item 2660-001-0042 in the Budget Act of 2018 (Senate Bill 840, Mitchell, Chapter 29, Statutes of 2018). Those provisions include requirements for Caltrans to provide an update regarding hiring, attrition, use of resources and progress delivering the annual project workload. A summary of the reporting requirements within each Provision is below:

- Provision 26—report progress in hiring the identified staff, attrition of existing staff, and use of professional services contract funding.
- Provision 27.5—develop a written hiring plan outlining the steps being taken to fill the state staff positions.
- Provision 28—flexibility to request an augmentation of up to \$36 million to meet project delivery needs.
- Provision 28.5—report COS hiring and attrition levels, and the utilization rate of direct external consultant and professional services in the first six months of the fiscal year, and if necessary, the Director of Finance shall recommend an augmentation or reduction of funding in accordance with project delivery needs.
- Provision 29—report progress in meeting hiring goals, delivering on the annual project workload, and appropriateness of the department's level of resources for the delivery of that workload.

The budget acknowledges Caltrans identified a need to hire 872 additional FTEs for project implementation in FY 2018-19 and this report provides a status of Caltrans meeting its use of resources and project delivery commitments.

Program Background

The State and its partners have strategically invested in the State Highway System (SHS) for more than a century to develop the backbone of California's complex, multi-modal transportation system. Hundreds of billions of dollars have been applied to construct, maintain, and operate more than 50,000 lane miles that include more than 13,000 bridges and other structures. Delivery of transportation capital programs is one of the most essential functions that Caltrans does to preserve, protect, and enhance system performance of the SHS.

- Operational improvement projects help the existing highway system function more efficiently.
- System preservation projects (such as bridge rehabilitation and pavement rehabilitation) help the highway system last longer and decrease maintenance costs.
- Safety projects reduce traffic accident fatalities and serious injuries.

- System expansion projects add capacity by adding lanes or constructing highways to reduce congestion.

The passage of SB 1 in 2017 represents the State's ongoing commitment to fulfilling infrastructure needs on the SHS. The SHS is the foundation of the State's economy, enabling efficient movement of people, goods, and services.

Capital Outlay is the funding mechanism for construction contracts and right-of-way acquisition on projects that preserve and improve the SHS. In managing construction capital budgets, Caltrans balances risk in project budgeting with the need to ensure that an appropriate mix of projects are brought forward in sufficient quantities to use our annual federal obligation authority. Complete and reasonable estimates are necessary to avoid undesired consequences, including loss of federal or local funds. The COS Program is responsible for developing capital projects on the SHS and preparing the construction contract documents for these projects. COS functions include the activities necessary to deliver construction projects such as engineering and design work; environmental analysis and studies; right-of-way acquisition support; and construction administration and inspection activities.

The current COS Program budget supports more than 3,200 active projects and over \$48 billion in the multi-year Capital Outlay project pipeline. Caltrans has robust project workplans that are thoroughly reviewed and updated annually. Caltrans has kept its promises by delivering almost 99 percent of its project commitments to construction since FY 2005-06.

It is important to note that Caltrans does not necessarily manage projects based upon the workload estimated for each project in each fiscal year. Instead, Caltrans manages projects by component (Environmental, Design, Right of Way, and Construction) based upon the programmed budget. Project progress is reported to the California Transportation Commission (CTC). Components commonly span two or more fiscal years and it is possible to exceed a component's fiscal year allocation but still stay within the component's multi-year budget that was programmed by the CTC. Conversely, it is also possible to underspend a component's fiscal year allocation but still stay within the component's multi-year budget that was programmed by the CTC. Caltrans manages its COS Program budget in Personal Services, Operating Expenses, Cash Overtime, and A&E consultant contracts across multiple fund types throughout the 12 regional districts, the Division of Engineering Services, as well as the Headquarter Divisions.

The COS Program's annual budget is developed using workload identified in project workplans from January of the previous fiscal year. The project workplans are developed by the staff assigned to each project and estimate the necessary resources to complete project delivery. The workplans consider risks and uncertainty since the workplans are estimated 6-18 months in advance of the actual work being performed and covers the multi-year span of a project. Given the dynamics of project delivery, workload shifts across months, as well as moving into or out of fiscal years for a variety of

reasons. Due to these dynamics, Caltrans actively manages projects by component based upon the budget programmed and approved by the CTC.

Prior to the passage of SB 1, transportation funding and workload was declining from historic highs and the COS Program staffing levels also decreased based on workload needs. Since its peak in FY 2007-08, the COS Program had reduced its staffing by almost 30 percent aligning with project workload at that time.

With the passage of SB 1 and actions taken by the CTC to program projects, workload increased dramatically for the COS Program. With the immediate increase in workload, having sufficient resources (both State staff and consultants) is critical to deliver projects. For FY 2018-19, the COS Program is budgeted 10,319 full-time equivalents for project delivery purposes statewide, which may be augmented by the Director of Finance and the Joint Legislative Budget Committee to as many as 10,509 full-time equivalents, per Provisions 28 and 28.5 of the Budget Act of 2018.

Program Status Through the Third Quarter of FY 2018-19 (Resources and Hiring)

Resource Utilization

To meet workload demands, the COS Program's primary objective was to fill all vacancies as early in the fiscal year as possible to ensure sufficient staff were on board to perform planned project delivery workload in addition to utilizing A&E consultants to augment workload needs to insure project delivery was not impacted by the unavailability of resources.

Through the third quarter (through the end of March 2019) of FY 2018-19, the COS Program successfully hired 1,211 staff to perform project delivery functions throughout the State and lost 341 staff through attrition. The COS Program approximates 82 percent of the budgeted \$266.2 million for A&E consultants has been incurred.

The COS Program is on track to hire almost 1,500 staff this year while attrition is expected to be slightly below 5 percent. This hiring trend will equate to over 9,000 staff on board (by the end of the fiscal year). In addition, the COS Program is projecting to use almost 100 percent of the budgeted 1,032 A&E FTEs to meet workload needs.

Overall, the COS Program is on track to spend almost 9,800 FTEs (95 percent of budgeted 10,319 FTEs), and did not request additional resources through Provisions 28 and 28.5. Based on project delivery efforts through March 2019, Caltrans is on track to deliver its planned project commitments, as indicated in Tables 4 and 5.

Hiring

Given the ongoing need to hire, Caltrans is continuing to utilize and explore a variety of recruitment avenues including, but not limited to, social media platforms; participation

in career fairs at colleges and universities (both intrastate and interstate); and job fairs to recruit members of our armed forces, as well as veterans. Caltrans is committed to maintaining a sustainable staffing level based on immediate and future workload, while strictly enforcing hiring practices consistent with equal employment opportunity policies and California Department of Human Resources guidelines and policies. To meet COS Program hiring goals, Caltrans implemented both hiring and recruitment strategies, as described below.

Hiring Strategies

Caltrans used both traditional and streamlined hiring processes to allow supervisors to fill positions as quickly as possible. Caltrans also identified classifications that had the highest vacancy rate and that were critical to project delivery workload and implemented statewide Hiring Centers/Events in District offices to screen, interview and issue conditional job offers over a 2 to 3 day period. The results of the four Hiring Centers/Events are shown in Table 1, below.

Table 1: Hiring Centers/Events

Dates	Location	Applications Received	Candidates Interviewed	Conditional Job Offers
August 8-10	Caltrans District 3 – Marysville	635	396	269
August 22-23	Caltrans Headquarters – Sacramento	384	380	182
August 27-28	Caltrans District 8 – San Bernardino	607	380	207
September 6-7	Caltrans District 7 – Los Angeles	380	325	105

Hiring Progress

Caltrans is currently hiring far above historical levels to meet growing COS Program needs throughout the State. Table 2, below, identifies actual hiring results since July 1, 2018, and includes new hires, reinstatement hires, and transfer hires made through traditional hiring efforts and Hiring Centers/Events, as shown on the next page.

Table 2: Hiring Progress

Job Offers Made and Accepted (as of 5-14-2019)	
Started in July	183
Started in August	242
Started in September	74
Started in October	214
Started in November	198
Started in December	68
Started in January	108
Started in February	45
Started in March	42
Started in April*	37
Total	1,211

**The hires that started in April received job offers in prior months*

Recruitment Strategies

Caltrans has developed and maintained an aggressive recruitment calendar to recruit potential candidates at hiring events and career and job fairs held within and outside the State. Attending both hiring and recruitment events not only provides information to potential candidates, it also provides an opportunity to hire the most qualified candidates as quickly as possible. The most recent recruitment calendar for the remainder of FY 2018-19 is shown in Table 3, on the next page.

Table 3: Recruitment Calendar



2019 Recruitment Events

Date/Time	Event name/location
Jun. 1, 2019 10:00 AM - 1:00 PM	Veterans Job Fair San Luis Obispo, CA
Jun. 7, 2019 3:00 PM - 6:00 PM	Career and Education Fair Elk Grove, CA
Jun. 11, 2019 1:00 PM - 3:00 PM	How to Get a State Job Workshop Rancho Cordova, CA
Jun. 12, 2019 9:00 AM - 12:00 PM	How to Get a State Job Workshop Galt, CA
Jun. 12, 2019 11:00 AM - 2:00 PM	Sacramento Works Job Center - La Familia Job Fair Sacramento, CA
Jun. 14, 2019 10:00 AM - 1:00 PM	Travis AFB Job Fair Travis, CA
Jul. 25, 2019 11:00 AM - 3:00 PM	Sajobs.com Career Fair McClellan, CA
Jul. 26, 2019 9:00 AM - 2:00 PM	LA Veterans Resource Expo Pomona, CA

Career Fairs held at schools may not be open to the public. Please check with the school in advance before attending.

The Department of Transportation (Caltrans) is an Equal Employment Opportunity employer.


 Askrecruitment@dot.ca.gov

While statewide hiring efforts are on track to hire almost 1,500 staff for the current fiscal year, moving forward the COS Program is monitoring workload and attrition going into the next fiscal year and will develop strategies (as necessary) to temper or increase hiring efforts to balance and address current and future fiscal year resource and workload needs.

Program Status for Fiscal Year 2018-19 (Project Delivery)

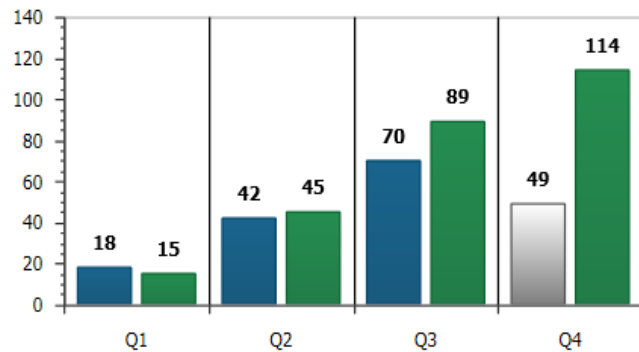
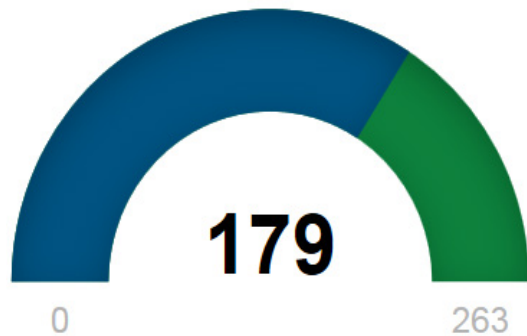
For Fiscal Year 2018-19 Caltrans is on track to deliver its planned project commitments. Each fiscal year the Caltrans Director signs a Contract for Delivery with each of the 12 District Directors committing to deliver projects ready for construction. The Contract for Delivery includes a list of major state highway projects for which Caltrans will complete project plans, specifications and estimates and secure rights-of-way and permits in that fiscal year. This allows Caltrans to advertise and award construction contracts and begin construction.

In FY 2018-19, Caltrans committed in the Contract for Delivery to deliver 263 projects ready for construction, valued at nearly \$2.757 billion. Based on project delivery efforts through March 2019 and schedule reviews for the projects remaining to be delivered, Caltrans plans to deliver the 263 projects by the end of the fiscal year. Details are included in Table 4 and Table 5 below.

Table 4: FY 2018-19 Commitment and Progress

	Number of Projects	Construction Capital Value
Total Commitment	263	\$2.757 billion
Projects Completed through March 2019	179	\$1.56 billion

Table 5: Project Delivery Dashboard



Appendix A. Statutory Reporting Reference

Budget Act of 2018 (Senate Bill 840, Mitchell, Chapter 29, Statutes of 2018),

Item 2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund

Provision 26. The department has identified a need for 872 additional full time equivalent positions for project implementation in 2018–19. The department shall report quarterly to the Legislature on its progress in hiring the identified staff, attrition of existing staff, and use of professional services contract funding.

Provision 27.5. The Department shall develop a written hiring plan outlining the steps being taken to fill the state staff positions identified in Provision 26 by November 1, 2018.

Provision 28. In response to monthly hiring results and identified workload needs, and upon notification of the Joint Legislative Budget Committee, the Director of Finance may augment this item by up to \$36,000,000 to fund additional state staff or professional service contracts to meet project delivery needs.

Provision 28.5. On or after January 1, 2019, the Department of Transportation shall provide the Joint Legislative Budget Committee with a written report detailing Capital Outlay Support hiring and attrition levels, and the utilization rate of direct external consultant and professional services in the first six months of the fiscal year. At that time, if necessary, the Director of Finance shall recommend an augmentation or reduction of funding for state staff or professional service contracts in accordance with project delivery needs. The augmentation or reduction initiated by the Director of Finance shall not exceed 5 percent of the amount authorized for Capital Outlay Support full-time equivalent staff in Provision 24.5. The Joint Legislative Budget Committee will have 30 days from the date of the receipt of the report to review, amend, and approve or reject the Director's recommendation. Following the 30-day notification period, the Department of Finance shall augment or reduce the authority in this item consistent with the direction of the Joint Legislative Budget Committee.

Provision 29. As part of the Governor's January Budget, the department shall report to the budget and fiscal committee of each house on their progress in meeting their hiring goals, their progress in delivering on the annual project workload, and on the appropriateness of the department's level of resources for the delivery of that workload.