DEPARTMENT OF TRANSPORTATION
OFFICE OF THE DIRECTOR
P.O. BOX 942873, MS-49
SACRAMENTO, CA 94273-0001
PHONE (916) 654-5266
FAX (916) 653-5776
TTY 711
www.dot.ca.gov

Serious drought.
Help save water!

March 17, 2016

The Honorable Freddie Rodriguez
Chair, Joint Legislative Audit Committee
State Capitol, Room 6025
Sacramento, CA 95814

Dear Assemblymember Rodriguez:

Today, the California State Auditor (Auditor) released its report entitled *California Department of Transportation: Its Maintenance Division's Allocations and Spending for Field Maintenance Do Not Match Key Indicators of Maintenance Needs*. The report evaluates the methods used by the California Department of Transportation (Caltrans) to make fund allocation and spending decisions related to its Maintenance Program, and assesses the timeliness and effectiveness of the program's funding used in fiscal years 2010-11 through 2014-15. I would like to take this opportunity to address a few of the points discussed in the Auditor's report.

One of the Auditor's primary objectives was to identify whether Caltrans' funding allocation is related to socioeconomic demographics. The Auditor found no correlation between field maintenance spending and income levels or race and ethnicity. The Auditor also reviewed some of the largest expenditures for Highway Maintenance projects and found that the way Caltrans manages those projects is completely appropriate.

Additionally, the Auditor reports that Caltrans developed a sophisticated budget model for addressing field maintenance needs but abandoned the approach, thereby suggesting that our investments in maintenance are not aligned with our greatest needs. However, I am concerned that the Auditor's description of Caltrans' allocation methods does not provide a comprehensive perspective on the totality of our rehabilitation and maintenance strategy. Because field maintenance is but one component of a three-pronged approach to maintaining the State's Highway System, any examination of the system must consider the interaction of field maintenance with Highway Maintenance projects and State Highway Operation and Protection Program (SHOPP) projects. The attached chart incorporates all three programs to provide a general picture of the amounts allocated to each of Caltrans' 12 districts, but I stand ready, and would welcome the opportunity, to discuss with you our allocation methods to further explain how available funding is targeted to areas with the greatest need.

A final point I wish to address is the Auditor's finding that, in a biennial update to the Caltrans Five-Year Maintenance Plan, we mischaracterized the way we allocate funds for field maintenance. Having reviewed the language in question, I consider the criticism to be fair. For that, I apologize

and commit to providing much greater clarity in future reports. I take this matter seriously, am currently reviewing it with staff, and will take other appropriate action as warranted.

The findings and recommendations identified by the Auditor are timely, as the Governor currently has a proposal before the Legislature augmenting transportation funding to address the highway maintenance backlog. The proposal includes ongoing performance targets, reporting, and transparency that are in alignment with many of the Auditor's recommendations.

Caltrans is devoted to improvement and always welcomes input on how it can improve. We concur with the many practical recommendations in the report and have already established timelines to implement improved processes to be completed as early as July 2016. Caltrans is dedicated to transparency, accountability, and the efficient use of taxpayers' dollars in the management of California's transportation infrastructure.

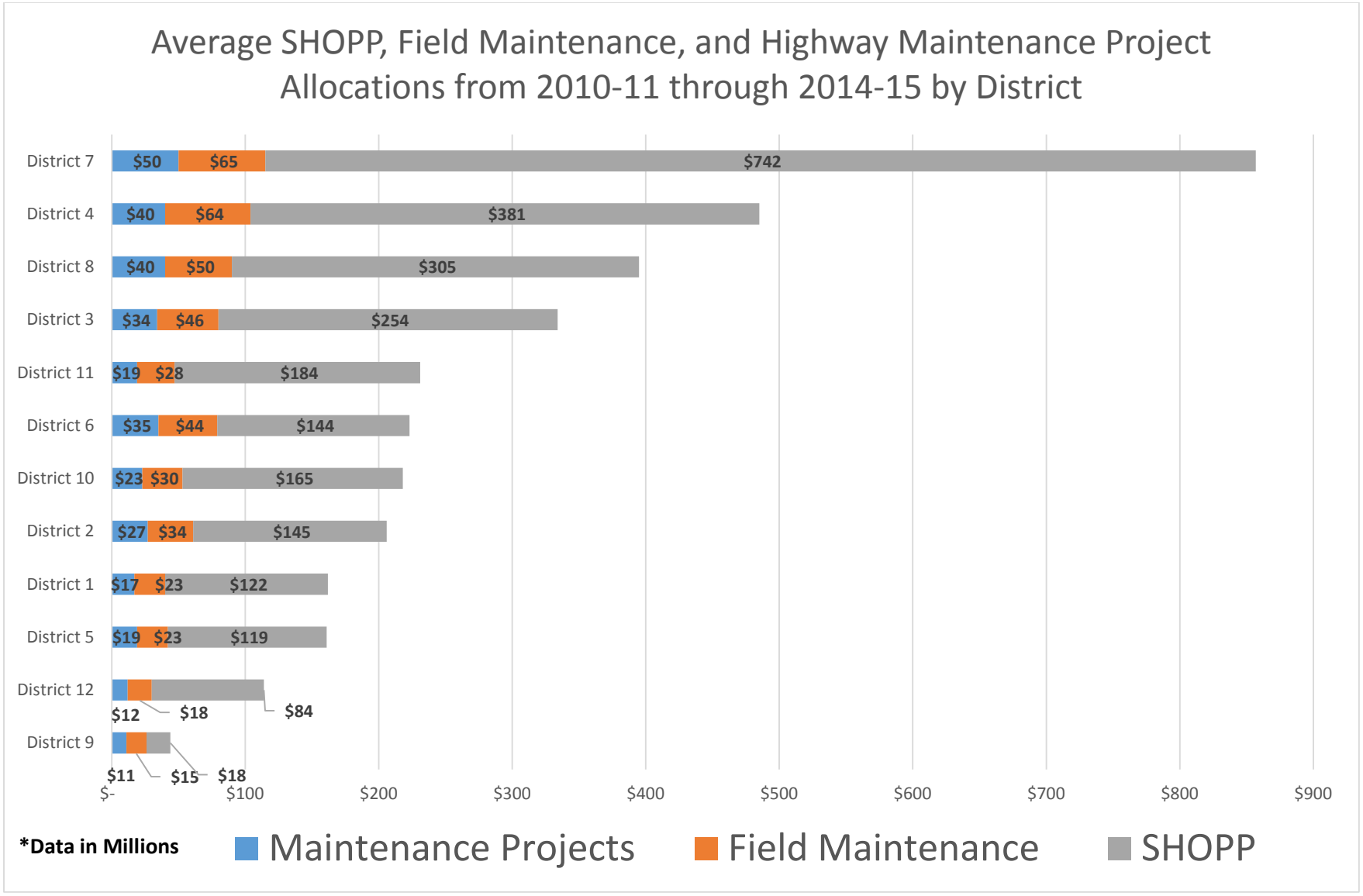
Again, I welcome the opportunity to discuss these issues further with you. Please feel free to contact me directly at (916) 654-6130.

Sincerely,

MALCOLM DOUGHERTY
Director

Attachment

c: Members of the Joint Legislative Audit Committee
Senator Jim Beall, Chair, Senate Transportation and Housing Committee
Senator Mark Leno, Chair, Senate Budget and Fiscal Review Committee
Senator Lois Wolk, Chair, Senate Budget Subcommittee #2
Assemblymember Jim Frazier, Chair, Assembly Transportation Committee
Assemblymember Phil Ting, Chair, Assembly Budget Committee
Assemblymember Richard Bloom, Chair, Assembly Budget Subcommittee #3
Assemblymember Mike Gipson
Alexandra Salgado, Policy Consultant, Senate pro Tem Kevin de León
Carrie Cornwell, Chief of Staff, Speaker Anthony Rendon
Randy Chinn, Chief Consultant, Senate Transportation and Housing Committee
Farra Bracht, Deputy Staff Director, Senate Budget Subcommittee #2
Janet Dawson, Chief Consultant, Assembly Transportation Committee
Christian Griffith, Chief Consultant, Assembly Budget Committee
Jessica Peters, Legislative Analyst's Office


Average SHOPP, Field Maintenance, and Highway Maintenance Project Allocations from 2010-11 through 2014-15 by District
District 7
$50
$65
$742
District 4
$40
$64
$381
District 8
$40
$50
$305
District 3
$34
$46
$254
District 11
$19
$28
$184
District 6
$35
$44
$144
District 10
$23
$30
$165
District 2
$27
$34
$145
District 1
$17
$23
$122
District 5
$19
$23
$119
District 12
$12
$18
$84
District 9
$11
$15
$18
$-
$100
$200
$300
$400
$500
$600
$700
$800
$900
*Data in Millions
Maintenance Projects
Field Maintenance
SHOPP