

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 9, 2019

From: STEVEN KECK, Chief Financial Officer

Reference Number: 4.7, Information Item

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SB 1 Program Manager

Subject: **CALTRANS' ANNUAL EFFICIENCIES REPORT 2018-19**

SUMMARY:

The California Department of Transportation (Department) will present to the California Transportation Commission (Commission) its "Annual Efficiencies Report 2018-19" at the October 9, 2019 meeting. This will be an informational item.

BACKGROUND:

Senate Bill 1 (SB 1) requires that the Department implement efficiency measures, with the goal of generating at least \$100 million annually in savings, to invest in the maintenance and rehabilitation of the state highway system. SB 1 also requires that the Department report these efficiency savings to the Commission. This is the second annual report to the commission outlining the efficiencies achieved for 2018-19.

DISCUSSION:

The Independent Office of Audits and Investigations conducted an audit of the Annual Efficiencies Report (Annual Report) for Fiscal Year 2017-18. The purpose of the audit was to determine whether the savings reported in the Annual Report was supported and available for reinvestment in the maintenance and rehabilitation of the state highway system, as required by SB 1. The auditors determined that \$8.7 million in savings should not have been included, and approximately \$1.5 million was not available for reinvestment in the maintenance and rehabilitation of the state highway system and offered recommendations. Therefore, approximately \$123 million out of the \$133 million reported was available for the reinvestment in the maintenance and rehabilitation of the highway system. The recommendations were incorporated into the Annual Efficiencies Report 2018-19.

*"Provide a safe, sustainable, integrated and efficient transportation system
to enhance California's economy and livability"*