



May 14, 2021

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support, Local Assistance, Capital Outlay, Department of Transportation

Transportation Infrastructure Package—It is requested that various items be added and increased by a total of \$1,784,079,000 one-time to improve statewide transportation connectivity and help California achieve an equitable recovery from the COVID-19 Pandemic. The request includes the following changes:

- Item 2660-101-0890 be increased by \$182,400,000
- Item 2660-102-0890 be increased by \$238,579,000
- Item 2660-108-0001 be added in the amount of \$499,999,000 (see Attachment 3)
- Item 2660-308-0001 be added in the amount of \$1,000 (see Attachment 5)
- Item 2660-301-0890 be increased by \$60.8 million
- Item 2660-302-0890 be increased by \$486.3 million
- Item 2660-331-0042 be added in the amount of \$225 million (see Attachment 7)
- Item 2660-331-3290 be added in the amount of \$73 million (see Attachment 8)
- Item 2660-331-3291 be added in the amount of \$18 million (see Attachment 9)

Clean California—It is requested that various items be added for a total of \$500 million annually for three years, for a total of \$1.5 billion over that time to provide resources for the Clean California Initiative. These resources will allow the California Department of Transportation (Caltrans) to partner with state and local entities in a statewide effort to clean and beautify California's streets and highways. The request includes the following changes:

- Item 2660-030-0001 be added in the amount of \$399,997,000, (see Attachment 2)
- Item 2660-130-0001 be added in the amount of \$100,001,000 (see Attachment 4)
- Item 2660-330-0001 be added in the amount of \$2,000 (see Attachment 6)

Encampment Relocation Coordinators and Homeless Service Liaisons—It is requested that Item 2660-001-0001 be added in the amount of \$2,721,000 and 20 positions for two years to provide resources for Homeless Encampment Liaisons. These resources will help Caltrans coordinate with local service providers and other state agencies so that people experiencing homelessness and living near state highways are receiving proper treatment and have a safe place to go (see Attachment 1).

Information Technology (IT) Infrastructure Refresh—It is requested that Item 2660-001-0042 be increased by \$10.6 million ongoing to provide resources for an IT Infrastructure Refresh. These resources will be used by Caltrans to replace end-of-life IT equipment which will stabilize the network and enhance cyber-security.

Transportation System Network Replacement—It is requested that Item 2660-001-0042 be increased by \$5,540,000 and 10 positions one-time to provide resources for the Transportation System Network (TSN) Replacement IT project. The new TSN will include more detailed roadway, safety, and geospatial data to meet federal requirements and aid Caltrans in creating a safer and more sustainable roadway system in California.

California High Speed Rail Authority (Authority) Reimbursement—It is requested that Item 2660-001-0042 be amended by increasing reimbursements by \$3,397,000 and 14 positions for two years. These resources will provide legal services to the Authority for real property acquisition and other right-of-way activities.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
Toks Omishakin, Director, California Department of Transportation
KC Handren, Division of Budgets, California Department of Transportation
David Kim, Secretary, California State Transportation Agency
Elissa Konove, Undersecretary, California State Transportation Agency
Carlos Quant, Deputy Secretary, California State Transportation Agency

2660-001-0001—For support of Department of Transportation.....2,721,000

Schedule:

(1) 1835056-Maintenance..... 2,721,000

2660-030-0001—For support of Department of Transportation..... 399,997,000

Schedule:

(1)	1835010-Capital Outlay Support.....	4,414,000
(2)	1835020-Local Assistance.....	4,238,000
(3)	1835029-Program Development.....	219,000
(4)	1835038-Legal.....	1,663,000
(5)	1835047-Operations.....	4,383,000
(6)	1835056-Maintenance.....	381,511,000
(7)	1840019-State and Federal Mass Transit.....	773,000
(8)	1845013-Statewide Planning.....	2,796,000
(9)	1850010-Equipment Service Program.....	5,678,000
(10)	1850019-Equipment Service Program-Distributed.....	5,678,000
(11)	9900100 Administration.....	6,577,000
(12)	9900100 Administration-Distributed.....	-6,577,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.
2. Notwithstanding any other law, funds appropriated in this item may be transferred intraschedule or to Item 2660-130-0001 or Item 2660-330-0001. These transfers shall require the prior approval of the Department of Finance.

2660-108-0001—For local assistance, Department of Transportation.....499,999,000

Schedule:

(1) 1835020-Local Assistance499,999,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.
2. Notwithstanding any other law, funds appropriated in this item may be transferred to Item 2660-308-0001. These transfers shall require the prior approval of the Department of Finance.

2660-130-0001—For local assistance, Department of Transportation.....100,001,000

Schedule:

- (1) 1835020-Local Assistance..... 100,000,000
- (2) 1840019-State and Federal Mass Transit..... 1,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.
2. Notwithstanding any other law, funds appropriated in this item may be transferred intraschedule or to tem 2660-030-0001 or Item 2660-330-0001. These transfers shall require the prior approval of the Department of Finance.

2660-308-0001—For capital outlay, Department of Transportation.....1,000

Schedule:

(1) 1835019-Capital Outlay Projects.....1,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.
2. Notwithstanding any other law, funds appropriated in this item may be transferred to Item 2660-108-0001. These transfers shall require the prior approval of the Department of Finance.

2660-330-0001—For capital outlay, Department of Transportation..... 2,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 1,000

(2) 1840028-Intercity Rail Passenger Program..... 1,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.
2. Notwithstanding any other law, funds appropriated in this item may be transferred intraschedule or to Item 2660-030-0001 or Item 2660-130-0001. These transfers shall require the prior approval of the Department of Finance.

2660-331-0042—For capital outlay, Department of Transportation, payable from the State Highway Account, State Transportation Fund..... 225,000,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 225,000,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.

2660-331-3290—For capital outlay, Department of Transportation, payable from the Road Maintenance and Rehabilitation Account, State Transportation Fund.....73,000,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 73,000,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.

2660-331-3291—For capital outlay, Department of Transportation payable from the Trade Corridor Enhancement Account, State Transportation Fund.....18,000,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 18,000,000

Provisions:

1. Funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2027.



May 14, 2021

Honorable Nancy Skinner, Chair
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Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 2665-004-6043, Support, High-Speed Rail Authority

It is requested that Item 2665-004-6043 be increased by \$10,710,000 and 56 positions in fiscal year 2021-22 and ongoing for pre-construction and pre-procurement activities on the Merced and Bakersfield extensions of the High-Speed Rail project. Implementing pre-construction activities such as utility relocation, addressing right-of-way issues, and early contract engagement for the Merced to Bakersfield extensions will likely prevent many of the delays and complications the Project experienced on the initial 119 mile segment between Madera and Shafter. This request reflects the High-Speed Rail Authority's strategy to deliver an interim operating service identified in the 2020 Business Plan using prudent project methodologies developed through lessons learned delivering current construction projects.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
David Kim, Secretary, California State Transportation Agency
Brian Kelly, Chief Executive Officer, High-Speed Rail Authority
Brian Annis, Chief Financial Officer, High-Speed Rail Authority



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Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Items 2665-301-6043, 2665-306-6043, and 2665-492, Capital Outlay, High-Speed Rail Authority

Phase 1 System Planning—It is requested that Item 2665-301-6043 be added in the amount of \$100 million one-time to provide Proposition 1A General Obligation Bonds (Prop 1A) for the performance criteria phase to support planning, project development, and environmental review for the Phase 1 system (San Francisco to Los Angeles/Anaheim) as noted in the California High-Speed Rail Authority's Draft 2020 Business Plan (see Attachment 1).

It is also requested that provisional language be included in this item to ensure that these funds are expended in a manner specified in the Streets and Highways Code section 2704.08, subdivisions (b) and (g) and to extend the encumbrance period (see Attachment 1). While performance criteria is typically available for encumbrance for one year, it is requested that three years be provided due to the complicated nature of completing the environmental review process across the full 500 mile Phase 1 system.

Central Valley Segment—It is further requested that Item 2665-306-6043 be added in the amount of \$4.1 billion one-time Prop 1A for additional design-build phase costs for the Central Valley Segment consisting of 119 miles of high speed rail infrastructure from Madera to Poplar Avenue north of Bakersfield (see Attachment 2). As noted in the Authority's Draft 2020 Business Plan and the 2021 Proposition 1A Funding Plan, overall costs of the Central Valley Segment total \$13,776,000,000. The supplemental Prop 1A will ensure sufficient cash for the project, as remaining federal funds cannot be expended yet, and cap and trade proceeds are received over time.

Provisional language is included to: (1) indicate that Streets and Highways Code section 2704.78 applies to this appropriation, (2) clarify that this project, and the project funded previously as the Initial Operating Segment, Section 1 are the same, and (3) extend the encumbrance period from the typical three years provided for the design-build phase to five years, consistent with the current schedule for this project (see Attachment 2).

Reappropriate Federal Funds—It is also requested that Item 2665-492 be added to reappropriate existing federal authority for the acquisition and design-build phases of the Initial Operating Segment, Section 1 (i.e. Central Valley Segment) (see Attachment 3). Existing authority expires June 30, 2022, and it is anticipated that additional time is needed to encumber these funds, consistent with the timeline for the expenditure of Prop 1A for the Central Valley Segment.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Barbara F. Taylor, Principal Program Budget Analyst, at (916) 445-9694.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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No. 5
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Christopher W. Woods, Senate President pro Tempore's Office
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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
Chad Edison, Chief Deputy Secretary, Rail and Transit, California State Transportation
Agency
Brian Annis, Chief Financial Officer, California High-Speed Rail Authority
Natalie Daniel, Assistant Chief Financial Officer, California High-Speed Rail Authority

2665-301-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund100,000,000

Schedule:

(1) 0000131-California High Speed Train System Planning.....100,000,000
 (a) Performance criteria100,000,000

Provisions:

1. Funds appropriated in Schedule (1) shall be used for purposes consistent with subdivisions (b) and (g) of Section 2704.08 of the Streets and Highways Code.
2. Notwithstanding Section 1.80 of this act, the amount appropriated in this item shall be available for encumbrance or expenditure until June 30, 2024.

2665-306-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund4,100,000,000

Schedule:

(1) 0008897-Central Valley Segment4,100,000,000

(a) Design-build.....4,100,000,000

Provisions:

1. No funds appropriated in this item shall be encumbered prior to the High-Speed Rail Authority submitting a detailed funding plan for the project or projects in accordance with subdivision (d) of Section 2704.08 of the Streets and Highways Code to: (a) the Department of Finance, (b) the Chairperson of the Joint Legislative Budget Committee, and (c) the peer review group established pursuant to Section 185035 of the Public Utilities Code. For purposes of this funding plan, a corridor or usable segment thereof is "suitable and ready for high-speed train operation" as specified in Section 2704.78 of the Streets and Highways Code, with respect to the bond proceeds appropriated by this item.
2. The project in Schedule (1) shall be the same project as funded in Item 2665-306-0890 and Item 2665-306-6043 of the Budget Act of 2012 and Item 2665-306-3228 of the Budget Act of 2014.
3. Notwithstanding Section 1.80 of this act, the amount appropriated in this item shall be available for encumbrance or expenditure until June 30, 2026.

2665-492— Reappropriation, High-Speed Rail Authority. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2026:

0890—Federal Trust Fund

(1) Item 2665-306-0890, Budget Act of 2012, as added by Chapter 152 of the Statutes of 2012, as reappropriated by Item 2665-492, Budget Act of 2018

(1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Build



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Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 2720-001-0001 and 2720-001-0044, Support, California Highway Patrol

It is requested that Item 2720-001-0001 be increased by \$10 million for deferred maintenance projects and provisional language be added to conform to this action as follows:

3. Of the amount appropriated in this item, \$10,000,000 shall be expended to address deferred maintenance projects that represent critical infrastructure deficiencies. The amount allocated shall be available for encumbrance or expenditure until June 30, 2024.

It is requested that provisional language be added to Item 2720-001-0044 as follows allowing the Department of Finance to augment the item by up to \$1,442,000 for costs related to the installation and operation of the Department of General Services telematics system:

4. The Department of Finance may augment this item by up to \$1,442,000 for costs related to the installation and operation of the Department of General Services telematics system.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Damien Mimnaugh, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Cristina Garcia, Chair, Assembly Budget Subcommittee No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
David Kim, Secretary, California State Transportation Agency
Catrina Jones, Commander, Fiscal Management Section, California Highway Patrol
Michelle Fojas, Budget Supervisor, Budget and Disbursements, California Highway Patrol



May 14, 2021

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Items 2720-301-0001, 2720-301-0044, and 2720-496, Capital Outlay, California Highway Patrol

Various California Highway Patrol Capital Outlay Projects—It is requested that Item 2720-301-0001 be added in the amount of \$154,797,000 one-time for five projects; the reactivation of four projects presently suspended due to a lack of available funds within the Motor Vehicle Account, State Transportation Fund (MVA), and the initiation of one new project. The projects are as follows:

1. Quincy Replacement Facility: \$43,934,000 for the design-build phase
2. Baldwin Park Area Office Replacement: \$54,285,000 for the design-build phase
3. Santa Fe Springs Area Office Replacement: \$53,522,000 for the design-build phase
4. Gold Run Area Office Replacement: \$1,463,000 for the acquisition phase
5. Humboldt Area Office Replacement: \$1,593,000 for the acquisition and performance criteria phases

The existing office at each location is over 50-years old, at significant risk of major damage in a severe earthquake and roughly one-quarter of the size necessary to meet the current programmatic needs.

It is further requested that Item 2720-301-0044 be added in the amount of \$2,635,000 MVA to provide new authority for the Keller Peak: Tower Replacement project and Item 2720-496 be added to revert \$1,819,000 MVA (see Attachment 1). Increased costs are due to United States Forest Service road maintenance requirements, a required larger tower foundation, tower fabrication costs, and the funding of both communication equipment purchase and installation from project funds.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Barbara F. Taylor, Principal Program Budget Analyst, at (916) 445-9694.

KEELY MARTIN BOSLER
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/s/ Erika Li

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Chief Deputy Director

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Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
David S. Kim, Secretary, California State Transportation Agency
Amanda Ray, Commissioner, California Highway Patrol
Chuck King, Division Commander, Administrative Services Division, California Highway
Patrol

2720-496—Reversion, Department of the California Highway Patrol. As of June 30, 2021, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0044—Motor Vehicle Account, State Transportation Fund

(1) Item 2720-301-0044, Budget Act of 2019, as reappropriated by Item 2720-491, Budget Act of 2020

(1) 0001489-Keller Peak: Tower Replacement

(a) Construction



May 14, 2021

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 2740-001-0001, 2740-001-0044, and Reimbursements, and Addition of Items 2740-001-0115 and 2740-490, and Statutory Changes, Support, Department of Motor Vehicles

Extension of REAL ID and Operational Improvements—It is requested that Item 2740-001-0001 be increased by \$186,331,000 and 257.7 positions in fiscal year 2021-22, \$105,740,000 in 2022-23, \$86,324,000 in 2023-24, and \$30,822,000 in 2024-25 for a total of \$409,217,000 to shift the costs of processing federally-compliant REAL IDs and associated improvements to the Department of Motor Vehicles (DMV) operations from the Motor Vehicle Account (MVA) to the General Fund. This request provides funding for DMV to process REAL IDs through the federal enforcement deadline. The ongoing costs of providing original applications for REAL IDs and improvements will be funded by the MVA. To provide DMV with the flexibility to meet changes in demand for REAL ID, the May Revision proposes provisional language that allows DMV to encumber and liquidate the full requested amount for four years (see Attachment 1). To effectuate this cost shift, it is also requested that Item 2740-001-0044 be decreased by \$186,331,000 and 257.7 positions in 2021-22, \$105,740,000 in 2022-23, \$86,324,000 in 2023-24, and \$30,822,000 in 2024-25 for a total of \$409,217,000 over four years.

In addition, it is requested that statutory changes on the items below be added to further improve DMV operations:

- **Driver License Renewal Alternatives:** Allows DMV to permit certain drivers and identification card applicants to renew via the virtual field office that otherwise would have to visit a field office.
- **Driver License and Identification Card Application Signature and Thumb/Fingerprint Requirements:** Allows an applicant for a duplicate identification card to renew online, and allows customers to convert their driver licenses to identification cards online.
- **Electronic Reporting of Commercial and Fleet Insurance:** Requires that commercial and fleet liability insurance policies be reported to the DMV electronically instead of by mail.

- Publication of the California Vehicle Code: Repeals the requirement that the DMV publish, print, and distribute hard copies of the California Vehicle Code.

Digital Acceleration, Facility Improvements, and Talent Acquisition—It is requested that Item 2740-001-0001 be increased by \$103,050,000, one-time, in 2021-22 for the following:

- Digital Acceleration: The May Revision includes \$50.2 million for 30 projects that are intended to enhance the overall customer experience of DMV customers.
- Facilities Improvements: The May Revision includes \$39.9 million for 12 facility projects, including updating DMV's headquarters to begin steps to reduce the total field office footprint.
- Mobile Driver Licenses: The May Revision includes \$10 million for DMV to create electronic driver licenses and identification cards.
- Talent Acquisition and Training: The May Revision includes \$3 million for seven training and recruitment projects.

Deferred Maintenance—It is requested that Item 2740-001-0001 be increased by \$10 million one-time in 2021-22 to fund deferred maintenance projects at DMV headquarters and field offices. Funding these projects will help avoid future costs.

Digital Experience Platform (DXP) Project—It is requested that Item 2740-001-0044 be increased by \$54,360,000 in 2021-22, \$69,295,000 in 2022-23, and \$69,850,000 in 2023-24 for the DXP project, a comprehensive, multi-year project for DMV to replace its aging legacy core system to provide a more modern customer experience, prevent outages, and adapt to future changes and demands. To fund a portion of the DXP project, it is requested that statutory changes be added to extend the current incremental \$1 Business Partner Automation Fee, originally established to fund 20 percent of the Front-End Sustainability project, from the current December 31, 2023, sunset date to December 31, 2025.

Reappropriation of Front-End Sustainability Funding—It is requested that Item 2740-490 be added to reappropriate \$6,914,000 of previously approved funds for the Front-End Sustainability Project, which has been divided into two projects: the Legacy System Stabilization Project and the DXP Project referenced above (see Attachment 4). The two projects are being conducted concurrently because the legacy system must be stabilized so that DMV services can continue to be provided to the public while a replacement is built.

State-to-State Verification System Project—It is requested that Item 2740-001-0044 be increased by \$3,586,000 in 2021-22 for DMV to complete Stage 4 of the Project Approval Lifecycle (PAL) process to build an IT system that will communicate with a federally-mandated database required under the REAL ID Act for sharing driver data with other states. To comply with the federal requirements, DMV must send driver license and commercial driver license information to the federal database. Communication with the database is required by October 2022. It is also requested that provisional language be amended that provides an additional \$5,977,000 in 2021-22 once DMV completes the PAL process to begin building the project. In 2022-23,

\$21,625,000 is requested to fund the project and 111 temporary positions to analyze driver data (see Attachment 2).

Heavy-Duty Vehicle Inspections and Maintenance Program (SB 210)—It is requested that Item 2740-001-0115 be added in the amount of \$1,170,000 in 2021-22 to complete the PAL process for an IT project that builds a system for DMV to receive truck smog emission data from the California Air Resources Board. This system will allow DMV to place holds on the registration renewals of non-compliant trucks. Provisional language is requested that provides an additional \$523,000 once DMV completes Stage 4 of the PAL process (see Attachment 3).

Used Motor Vehicle Sales Tax Gap—It is requested that Item 2740-001-0044 be amended by increasing reimbursements by \$5,889,000 in 2021-22, one-time, to provide for reimbursement from the California Department of Tax and Fee Administration (CDTFA) to continue the process of collecting sales and use tax from used car dealers and continue the PAL process to build an IT system to automate the process. Chapters 8 and 14, Statutes of 2020 (AB 85 and 82) require DMV to collect sales tax upon sale of a used vehicle instead of requiring used car dealers to remit sales tax quarterly to CDTFA. Given that collecting sales tax from all used car dealers requires a manual process, it is requested that statutory changes be added to allow DMV to implement in phases while it builds the automated IT system. After January 1, 2023, all dealers must report and remit sales taxes to DMV.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Damien Mimnaugh, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER
Director
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/s/ Erika Li

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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
David Kim, Secretary, California State Transportation Agency
Elissa Konove, Undersecretary, California State Transportation Agency
Steve Gordon, Director, Department of Motor Vehicles
Robert Crockett, Deputy Director, Administrative Services Division, Department of Motor Vehicles
Lee Scott, Budget Officer, Department of Motor Vehicles

Add provisional language to Item 2740-001-0001 as follows:

1. If additional resources are needed to meet REAL ID workload demands beyond the level provided for in this appropriation, the Director of Finance may augment the amount appropriated in this item by submitting a request by the Director of the Department of Motor Vehicles for additional resources. The request must justify the additional resources requested and demonstrate how and by what amount of time the level of resources requested will reduce or prevent wait times or will increase the amount of REAL ID transactions that can be processed statewide. The request must also provide an update on the status of the resources provided pursuant to this appropriation and their impact on statewide field office wait times or REAL ID transactions. The requested augmentation is intended to reduce or prevent long wait times or increase REAL ID transactions at impacted field offices and shall be limited to that purpose, including, but not limited to, additional field office staff, business process redesign, and expanded service hours. The request will also provide an updated forecast of the Motor Vehicle Account fund condition that reflects the impact of this request. The Director of Finance may not approve any augmentation unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser date of approval, or prior to whatever lesser time the chairperson of the joint committee, or the chairperson's designee, may determine.
2. Of the amount appropriated in this item, \$186,331,000 shall be expended to meet REAL ID workload demands. The amount allocated shall be available for encumbrance and liquidation until June 30, 2025.
3. Of the amount provided in this item, \$103,050,000 shall be expended for projects related to digital acceleration, facility improvements, and talent acquisition or training. The amount allocated shall be available for encumbrance or expenditure until June 30, 2023 and for liquidation of encumbrances until June 30, 2024.
4. Of the amount appropriated in this item, \$10,000,000 shall be expended to address deferred maintenance projects that represent critical infrastructure deficiencies. The amount allocated shall be available for encumbrance or expenditure until June 30, 2024.
5. Of the amount appropriated in this item, \$1,138,000 shall be expended for leased space necessary for the Oxnard and Inglewood field office projects.

Amend Provision 1 of Item 2740-001-0044 as follows:

~~“1. If additional resources are needed to meet REAL ID workload demands beyond the level provided for in this appropriation, the Director of Finance may augment the amount appropriated in this item by submitting a request by the Director of the Department of Motor Vehicles for additional resources. The request must justify the additional resources requested and demonstrate how and by what amount of time the level of resources requested will reduce or prevent wait times or will increase the amount of REAL ID transactions that can be processed statewide. The request must also provide an update on the status of the resources provided pursuant to this appropriation and their impact on statewide field office wait times or REAL ID transactions. The requested augmentation is intended to reduce or prevent long wait times or increase REAL ID transactions at impacted field offices and shall be limited to that purpose, including, but not limited to, additional field office staff, business process redesign, and expanded service hours. The request will also provide an updated forecast of the Motor Vehicle Account fund condition that reflects the impact of this request. The Director of Finance may not approve any augmentation unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser date of approval, or prior to whatever lesser time the chairperson of the joint committee, or the chairperson's designee, may determine. The Department of Finance may augment this item up to a maximum of \$5,977,000 for the State-to-State Project. This augmentation shall not occur until the Department of Technology approves the appropriate Project Approval Lifecycle documents.”~~

2740-001-0115—For support of Department of Motor Vehicles1,170,000

Schedule:

(1) 2130-Vehicle/Vessel Identification and Compliance.....1,170,000

Provisions:

1. The Department of Finance may augment this item up to a maximum of \$523,000 for the Heavy-Duty Vehicle Inspections and Maintenance Project. This augmentation shall not occur until the Department of Technology approves the appropriate Project Approval Lifecycle documents.

2740-490—Reappropriation, Department of Motor Vehicles. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2022:

0044—Motor Vehicle Account, State Transportation Fund

(1) Up to \$6,914,000 in Item 2740-001-0044, Budget Act of 2018



May 14, 2021

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 2740-001-0001, Support, and Addition of Item 2740-301-0001, Capital Outlay, California Department of Motor Vehicles

Swing Space Needs—It is requested that Item 2740-001-0001 be increased by \$1,138,000 one-time to cover costs for swing space needed to sustain Department of Motor Vehicles functions at the Inglewood and Oxnard sites. Both of these projects are on-site replacements, and therefore will require closure of those offices to proceed.

It is further requested provisional language be added to Item 2740-001-0001 as follows to extend the encumbrance period for the construction phase of the Inglewood and Oxnard projects. Swing space must be secured, and working drawings either completed or updated before construction can begin.

5. Of the amount appropriated in this item, \$1,138,000 shall be expended for swing space necessary for the Oxnard and Inglewood field office projects.

Various Department of Motor Vehicle Projects—It is requested that Item 2740-301-0001 be added in the amount of \$88,392,000 for the reactivation of five projects presently suspended due to a lack of available funds within the Motor Vehicle Account, and the initiation of one new project (see Attachment 1). The projects are as follows:

- Delano Field Office Replacement: \$16,982,000 for the construction phase
- Santa Maria Field Office Replacement: \$18,127,000 for the construction phase
- Inglewood Field Office Replacement: \$18,814,000 for the construction phase
- Oxnard Field Office Reconfiguration: \$13,462,000 for the working drawings and construction phases
- Reedley Field Office Replacement: \$18,435,000 for the construction phase
- San Francisco Field Office Replacement: \$2,572,000 for the performance criteria phase

The existing office at each location is between 43 and 67 years old, with significant structural and functional deficiencies, resulting in a facility that is out of compliance with code requirements for accessibility and seismic safety.

It is also requested that provisional language be included in this item to extend the encumbrance period for the construction phase of the Inglewood and Oxnard projects (see Attachment 1). Swing space must be secured, and working drawings either completed or updated before construction can begin.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Barbara F. Taylor, Principal Program Budget Analyst, at (916) 445-9694.

KEELY MARTIN BOSLER

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
Carlos Quant, Deputy Secretary, Budget and Administration California State Transportation Agency
Lee Scott, Chief Budget Officer/Branch Chief, Budget and Fiscal Analysis Branch, California Department of Motor Vehicles
Tammy Hayward, Assistant Branch Chief, Budget and Fiscal Analysis Branch, California Department of Motor Vehicles

2740-301-0001—For capital outlay, Department of Motor Vehicles 88,392,000

Schedule:

- (1) 0000707-Delano: Field Office Replacement 16,982,000
 - (a) Construction 16,982,000
- (2) 0000708-Santa Maria: Field Office Replacement 18,127,000
 - (a) Construction 18,127,000
- (3) 0000709-Inglewood: Field Office Replacement 18,814,000
 - (a) Construction 18,814,000
- (4) 0001491-Oxnard: Field Office Reconfiguration..... 13,462,000
 - (a) Working Drawings ... 1,266,000
 - (b) Construction 12,196,000
- (5) 0001492-Reedley: Field Office Replacement 18,435,000
 - (a) Construction 18,435,000
- (6) 0006796-San Francisco: Field Office Replacement ... 2,572,000
 - (a) Performance Criteria ... 2,572,000

Provisions:

1. Notwithstanding Section 1.80 of this act, the amounts available in Schedules (3) and (4) for construction are available for encumbrance or expenditure until June 30, 2025, if allocated through fund transfer or approval to proceed to bid by the Department of Finance by June 30, 2023.