


Memorandum

*Making Conservation a
California way of life*

To: Dennis T. Agar
District 10 Director

Date: July 20, 2017

File: P2505-0074

From: ALICE M. LEE 
Chief
External Audits — Contracts
Independent Office of Audits and Investigations

Subject: **AUDIT OF CALTRANS DISTRICT 10 PROPOSITION 1B PROJECTS**

Attached is the audit report pertaining to the audit performed on the following projects:

<u>Project Name</u>	<u>Project number</u>	<u>P Number</u>	<u>Amount Audited</u>
East Sonora Bypass Stage II	10-34042	P2505-0074	\$34,658,008
1-205 Auxiliary Lanes	10-0Q270	P2505-0075	\$7,836,666
State Route 4 Angels Camp Bypass	10-36250	P2505-0084	\$3,573,957
Arboleda Road Freeway	10-41570	P2510-0004	\$78,084,252
State Route 99 Widening in Manteca & San Joaquin	10-0E610	P2510-0005	\$103,467,938

The projects' implementing agency is Caltrans District 10. The projects were funded using Proposition 1 B Corridor Mobility Improvement Account funds.

As required by the Governor's Executive Order S-02-07 and SB88, the expenditures of bond proceeds and outcomes are subject to audit. The audit was performed by the Department of Finance on behalf of Caltrans. Deputy Directive 100-RI, "Departmental Responses to Audit Reports" cites responsibilities of District Director relative to audits performed. The audit disclosed the following findings:

- Improvements needed in reporting project benefits/outcomes on projects 10-0Q270, 10-0E610 and 10-36250.
- Final delivery report not submitted timely on project 10-34042.

Please provide Audits and Investigations a corrective action resolution on the audit findings within 90 days of this memorandum's date.

If you have any questions, please contact Luisa Ruvalcaba, Audit Manager, at (916) 323-7888.

Dennis T. Agar
July 20, 2017
Page 2 of 2

Attachment

cc: Stephen Maller, Deputy Director, California Transportation Commission
Rick Guevel, Associate Deputy Director, California Transportation Commission
Bruce De Terra, Division Chief, Transportation Programming, Caltrans
Doris M. Alkebulan, Prop 1 B Specialist, Transportation Programming, Caltrans
Vasan Rudrapakiam, Prop 1B Coordinator, Division of Project Management, Caltrans
Luisa Ruvalcaba, Audit Manager, Audits and Investigations, Caltrans



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

Transmitted via e-mail

June 1, 2017

Ms. Alice M. Lee, Chief
External Audits—Contracts, Audits and Investigations
California Department of Transportation
1304 O Street
Sacramento, CA 95814

Dear Ms. Lee:

Final Report—California Department of Transportation, District 10, Proposition 1B Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the California Department of Transportation District 10's (District) Proposition 1B funded projects listed below:

<u>EA Number</u>	<u>P Number</u>	<u>Project Name</u>
10-34042	P2505-0074	East Sonora Bypass Stage II
10-0Q270	P2505-0075	I-205 Auxiliary Lanes
10-36250	P2505-0084	State Route 4 Angels Camp Bypass
10-41570	P2510-0004	Arboleda Road Freeway
10-0E610	P2510-0005	State Route 99 Widening in Manteca and San Joaquin

The enclosed report is for your information and use. The District's response and our evaluation of the response are incorporated into this final report. The District agreed with our findings and we appreciate its willingness to implement corrective actions. This report will be placed on our website.

We appreciate the assistance and cooperation of the District. If you have any questions regarding this report, please contact Jon Chapple, Manager, or Nichelle Jackson, Supervisor, at (916) 322-2985.

Sincerely,

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Luisa Ruvalcaba, Audit Manager, External Audits—Contracts, Audits and Investigations,
California Department of Transportation
Mr. Dennis T. Agar, Director, California Department of Transportation, District 10
Mr. Samuel Jordan, Deputy District Director, Program and Project Management, California
Department of Transportation, District 10
Ms. Marcela Anderson, Branch Chief, Project Management Support Unit, California
Department of Transportation, District 10

California Department of Transportation District 10
Proposition 1B Bond Programs
EA Numbers 10-34042, 10-0Q270, 10-36250,
10-41570, and 10-0E610



State Route 99
Source: California Department of Transportation, District 10

Prepared By:
Office of State Audits and Evaluations
California Department of Finance

MEMBERS OF THE TEAM

Jon G. Chapple, CPA
Frances Parmelee, CPA
Managers

Nichelle Jackson
Supervisor

Staff
Stephen Franz
Alexandria Jiral
Bryan Nguyen
Minh Nguyen
An Truong

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

California Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for \$19.925 billion. These bond proceeds finance a variety of transportation programs. Although the bond funds are made available to the California Transportation Commission (CTC) upon appropriation by the Legislature, CTC allocates these funds to the California Department of Transportation (Caltrans) to implement various programs.¹

Caltrans District 10 (District) was awarded \$27.2 million of Proposition 1B funds from the Corridor Mobility Improvement Account (CMIA), \$45.3 million from the State Transportation Improvement Program (STIP) Augmentation, and \$181.2 million from the State Route 99 (SR 99) Corridor program. The five bond-funded projects were the East Sonora Bypass Stage II (10-34042), I-205 Auxiliary Lanes (10-0Q270), State Route 4 (SR 4) Angels Camp Bypass (10-36250), Arboleda Road Freeway (10-41570), and SR 99 Widening in Manteca and San Joaquin (10-0E610). Construction for these projects is complete.

SCOPE

As requested by Caltrans, the California Department of Finance, Office of State Audits and Evaluations, audited the projects described in the Background section of this report. The audit period for each project is identified in Appendix A.

The audit objectives were to determine whether:

- Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC's program guidelines.
- Deliverables/outputs were consistent with the project scopes and schedules.

PROGRAM DESCRIPTION¹

- **CMIA:** \$4.5 billion of bond proceeds made available to CMIA to finance a variety of eligible transportation projects. CTC's general expectation is that each CMIA project will have a full funding commitment through construction, either from the CMIA alone or from a combination of CMIA and other state, local, or federal funds.
- **STIP AUGMENTATION:** \$2 billion of bond proceeds made available to STIP to augment funds otherwise available for STIP from other sources. The original STIP finances state highway improvements, intercity rail, and regional highway and transit improvements. These funds are available through the newly established Transportation Facilities Account.
- **SR 99:** \$1 billion of bond proceeds made available to SR 99 to finance safety, operational enhancements, rehabilitation, and capacity improvements necessary to improve SR 99 in the state's central valley.

¹ Excerpts were obtained from the bond accountability website <https://bondaccountability.dot.ca.gov/>

- Benefits/outcomes as described in the executed project agreements, approved amendments, or Baseline Agreements were achieved, and adequately reported in the Final Delivery Reports.

At the time of our site visit in August 2016, the construction phase for project 10-34042 was complete. However, since the District had not submitted the Final Delivery Report at the time of our audit, we did not evaluate whether project benefits/outcomes were achieved or adequately reported. Instead, we evaluated whether there was a system in place to report actual project benefits/outcomes.

We did not assess the efficiency or effectiveness of program operations.

District management is responsible for ensuring accurate financial reporting; compliance with contract provisions, state regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable expenditures. CTC and Caltrans are responsible for the state-level administration of the programs.

METHODOLOGY

To achieve the audit objectives, we performed the following procedures:

For All Projects

- Examined the project files, project agreements, amendments, program guidelines, and applicable policies and procedures.
- Reviewed procurement records to ensure compliance with applicable state procurement requirements.
- Reviewed accounting records, progress payments, cancelled checks, and electronic fund transfer documents.
- Selected a sample of expenditures to determine if they were project-related, properly incurred, authorized, and supported by accounting records.
- Reviewed a sample of contract change orders to ensure they were within the scope of the projects, properly approved, and supported.
- Evaluated whether project deliverables/outputs were met by reviewing a sample of supporting documentation and conducting site visits to verify project existence.
- Evaluated whether project deliverables/outputs were completed on schedule by reviewing project files, project agreements or amendments, Baseline Agreements, and Final Delivery Reports.

For Projects 10-0Q270, 10-36250, 10-41570, and 10-0E610

- Determined whether benefits/outcomes were achieved by comparing actual benefits/outcomes reported in the Final Delivery Reports with the expected benefits/outcomes described in the executed project agreements, approved amendments, or Baseline Agreements.

- Evaluated whether benefits/outcomes were adequately reported in the Final Delivery Reports by reviewing a sample of supporting documentation and interviewing Caltrans staff.

For Project 10-34042

- Evaluated whether there is a system in place to report actual project benefits/outcomes by reviewing a sample of supporting documentation and interviewing Caltrans staff.

In conducting our audit, we obtained an understanding of internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed, implemented, and operating effectively. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

Except as discussed in the following paragraph, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finance and Caltrans are both part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. Under generally accepted government auditing standards, performance of these activities creates an organizational impairment with respect to independence. However, Finance has developed and implemented sufficient safeguards to mitigate the organizational impairment so reliance can be placed on the work performed.

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines. In addition, except as noted in Finding 2, the project deliverables/outputs were consistent with the project scopes and schedules. Although projects 10-41570 and 10-0E610 were behind schedule, the District appropriately informed Caltrans and CTC of the delays.

For projects 10-0Q270, 10-36250, and 10-0E610, benefits/outcomes were not adequately reported in the Final Delivery Reports, as noted in Finding 1. Additionally, for these three projects and project 10-41570, the District did not achieve the expected benefits/outcomes as described in the executed project agreements, approved amendments, or Baseline Agreements. For project 10-34042, the District has a system in place to report actual benefits/outcomes, although it is not consistently followed as demonstrated in the issues described in Finding 1. The *Summary of Projects Reviewed* is presented in Appendix A.

Finding 1: Improvements Needed in Reporting Project Benefits/Outcomes

The benefits/outcomes for projects 10-0Q270, 10-36250, and 10-0E610 were not adequately reported in the Final Delivery Reports and not supported with documentation. Specifically:

- For projects 10-0Q270 and 10-0E610, the District reported daily hours and person minutes saved in the Final Delivery Reports. However, the District was unable to provide documentation supporting the reported figures, and therefore could not demonstrate the expected benefits were achieved. The District stated post project assessments were not completed for these projects.
- The Baseline Agreement for project 10-36250 stated the project would achieve benefits relating to saved daily vehicle hours and person minutes. However, the District did not report any actual project benefits/outcomes in the Final Delivery Report, and therefore could not demonstrate the benefits were achieved. The District stated the actual project benefits were not calculated at the time the Final Delivery Report was submitted.

The CMIA and SR 99 Accountability Implementation Plan, section IV C.1, and STIP Augmentation Accountability Implementation Plan, Follow-Up Accountability, section A, state that within six months of the project becoming operable, the implementing agency will provide a Final Delivery Report to CTC on the scope of the completed project, including performance outcomes derived from the project as compared to those described in the project baseline agreement. Additionally, Government Code section 8879.50(f)(2) requires the agency receiving Proposition 1B funds to prepare and submit a final delivery report within six months of the project becoming operable. The implementing agency is held responsible for maintaining documentation of the information reported in the Final Delivery Reports. Without an accurate assessment of projected and actual project outcomes, CTC cannot determine whether project benefits were met.

Recommendations:

- A. Maintain documentation to support project benefits/outcomes reported in the Final Delivery Report.
- B. Submit Supplemental Final Delivery Reports listing the pre and post comparable benefits and outcomes. Additionally, ensure future Final Delivery Reports have comparable pre and post benefits/outcomes.

Finding 2: Final Delivery Report not Submitted Timely

The Final Delivery Report for project 10-34042 was not submitted to CTC within six months of the project becoming operable (construction contract acceptance date). The Final Delivery Report was due July 2014, and was not submitted to CTC as of our site visit in September 2016. According to the District, the report was not submitted due to staff workload. Late submission of reports decreases transparency of the status of a project and prevents CTC's ability to timely review the completed project's scope, final costs, project schedule, and performance outcomes. The CMIA Accountability Implementation Plan, section IV C.1, and STIP Augmentation Accountability Implementation Plan, Follow-Up Accountability, section A, require a Final Delivery Report within six months after the project becomes operable. The CMIA guidelines state the project becomes operable at the end of the construction phase when the construction contract is accepted.

Recommendation:

Submit all Proposition 1B project Final Delivery Reports to CTC within six months of the project becoming operable.

APPENDIX A

The following acronyms are used throughout Appendix A.

- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- Caltrans District 10: District
- Corridor Mobility Improvement Account: CMIA
- State Transportation Improvement Program Augmentation: STIP Augmentation
- State Route 99 Corridor: SR 99

Summary of Projects Reviewed

EA Number	Expenditures Incurred	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
10-34042	\$34,658,008	C	Y	Y	N/A ¹	N/A ¹	A-1
10-0Q270	\$7,836,666	C	Y	Y	N	N	A-2
10-36250	\$3,573,957	C	Y	Y	N	N	A-3
10-41570	\$78,084,252	C	Y	Y	N	Y	A-4
10-0E610	\$103,467,938	C	Y	Y	N	N	A-5

Legend

C = Complete

Y = Yes

N = No

N/A = Not Applicable

¹ Although construction was complete, the District had not submitted the Final Delivery Report as of September 2016; therefore, we did not evaluate whether project benefits/outcomes were achieved or adequately reported.

EA Number: 10-34042

Project Name: East Sonora Bypass Stage II

Program Name: CMIA and STIP Augmentation

Project Description: Construct a two lane expressway from Peaceful Oak Road to Via Este Road, an interchange at Peaceful Oak Road connecting East Sonora Bypass Stage I with Stage II, and a bridge at Mono Way for local traffic.

Audit Period: June 4, 2007 through June 8, 2016²

Project Status: Construction is complete.

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Incurred
Construction	\$26,560,000
Construction Engineering	5,295,007
Plans Specifications, and Estimates	2,803,001
Total Proposition 1B Expenditures	\$34,658,008

Audit Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines.

Deliverables/Outputs

Construction for this project was completed in January 2014. At the time of our site visit in August 2016, deliverables/outputs were consistent with the project scope and schedule.

Benefits/Outcomes

Actual benefits/outcomes have not been reported because the Final Delivery Report was not submitted to Caltrans as of September 2016. Although the District has a system in place to report actual project benefits/outcomes, it is not consistently followed as noted in Finding 1.

² The audit period end date is the last date project costs were posted to Caltrans' general ledger.

EA Number: 10-0Q270

Project Name: I-205 Auxiliary Lanes

Program Name: CMIA

Project Description: Construct auxiliary lanes, including standard outside shoulders, at four locations in the westbound and eastbound directions along I-205 in the City of Tracy.

Audit Period: June 4, 2007 through February 20, 2015³

Project Status: Construction is complete.

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Incurred
Construction	\$6,112,549
Construction Engineering	1,724,117
Total Proposition 1B Expenditures	\$7,836,666

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines.

Deliverables/Outputs

Construction for this project was completed in March 2013. At the time of our site visit in August 2016, deliverables/outputs were consistent with the project scope and schedule.

Benefits/Outcomes

The District did not adequately report actual project benefits/outcomes. Specifically, benefits/outcomes relating to daily vehicle hours and person minutes saved were reported in the Final Delivery Report; however, the District was unable to provide documentation supporting the reported amounts or demonstrate the benefits/outcomes were achieved.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
2,144 Daily Vehicle Hours of Delayed Savings	Not adequately reported	No
85,353 Daily Peak Duration Person Minutes Saved	Not adequately reported	No

³ Ibid.

EA Number: 10-36250

Project Name: SR 4 Angels Camp Bypass

Program Name: CMIA

Project Description: Construct two-lane access-controlled roadway from the north junction of SR 4 and SR 49 to a point on SR 4 approximately 0.6 miles east of Roller Bypass Road.

Audit Period: June 4, 2007 through July 11, 2016⁴

Project Status: Construction is complete.

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Incurred
Construction	\$3,573,957
Total Proposition 1B Expenditures	\$3,573,957

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines.

Deliverables/Outputs

Construction for this project was completed in September 2009. At the time of our site visit in September 2016, deliverables/outputs were consistent with the project scope and schedule.

Benefits/Outcomes

The District did not report the actual project benefits/outcomes. Specifically, the benefits/outcomes relating to daily vehicle hours and person minutes saved were not included in the Final Delivery Report.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
184 Daily Vehicle Hours of Delay Saved	Not reported	No
7,320 Daily Peak Duration Person Minutes Saved	Not reported	No

⁴ Ibid.

EA Number: 10-41570

Project Name: Arboleda Road Freeway

Program Name: SR 99

Project Description: Convert SR 99 to a six lane freeway from Buchanan Hollow Road to Miles Creek Overflow, restripe from four lanes to six lanes from Miles Creek Overflow to 0.3 miles south of Childs Avenue, and construct interchange at Arboleda Road.

Audit Period: May 30, 2007 through July 14, 2016⁵

Project Status: Construction is complete.

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Incurred
Construction	\$68,017,721
Construction Engineering	9,108,475
Plans Specifications, and Estimates	958,056
Total Proposition 1B Expenditures	\$78,084,252

Audit Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines.

Deliverables/Outputs

Construction for this project was completed in May 2015. At the time of our site visit in August 2016, deliverables/outputs were consistent with the project scope. Although the project was behind schedule and completed one month late; the District appropriately updated Caltrans and CTC of the delay.

Benefits/Outcomes

Actual benefits/outcomes were adequately reported in the Final Delivery Report. However, the District did not achieve the expected benefits/outcomes as described in the executed project agreement, approved amendments, or Baseline Agreement as shown below.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
87 Daily Travel Time Savings (hours)	85 Daily Travel Time Savings (hours)	No
6,951 Peak Period Time Savings (minutes)	6,752 Peak Period Time Savings (minutes)	No

⁵ Ibid.

EA Number: 10-0E610

Project Name: SR 99 Widening in Manteca and San Joaquin

Program Name: SR 99 and STIP

Project Description: Widen SR 99 from four to six lanes, construct auxiliary lanes, and reconstruct interchanges from 1.4 miles north of Lathrop Road to 0.4 mile north of Arch Road and 0.6 miles south of Cottage Avenue to 0.4 mile south of Arch Road.

Audit Period: May 30, 2007 through July 13, 2016⁶

Project Status: Construction is complete.

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Incurred
Construction	\$ 83,106,452
Construction Engineering	11,599,184
Right of Way Capital Outlay	7,958,721
Right of Way Support	803,581
Total Proposition 1B Expenditures	\$103,467,938

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements, state regulations, contract provisions, and Caltrans/CTC program guidelines.

Deliverables/Outputs

Construction for phases one, two, and three was completed in January, October, and December 2015, respectively. At the time of our site visit in August 2016, deliverables/outputs were consistent with the project scope. However, phase one was behind schedule and completed five months late, phase two was completed one year late, and phase three was completed two months late. The District appropriately updated Caltrans and CTC of the delays.

Benefits/Outcomes

The District did not adequately report actual project benefits/outcomes. Specifically, benefits/outcomes relating to daily travel time and peak period time savings were reported in the Final Delivery Report; however, the District was unable to provide documentation supporting the reported amounts or demonstrate the benefits/outcomes were achieved.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
12,592 Daily Travel Time Savings (hours)	Not adequately reported	No
1,002,757 Peak Period Time Savings (minutes)	Not adequately reported	No

⁶ Ibid.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DISTRICT 10 DIRECTOR

P.O. BOX 2048, STOCKTON, CA 95201

(1976 E. DR. MARTIN LUTHER KING JR. BOULEVARD 95205)

PHONE (209) 948-7943

FAX (209) 948-3670

TTY 711

www.dot.ca.gov

*Making Conservation
a California Way of Life.*

April 24, 2017

Ms. Jennifer Whitaker, Chief
California Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814

Dear Ms. Whitaker:

Thank you so much for the opportunity to review and provide formal comments on the Draft Report for the California Department of Transportation, District 10's Proposition 1B Audit. We had five projects on the list that were funded using Proposition 1B Corridor Mobility Improvement Account funds. For all of these five projects being audited, the deliverables and outputs were consistent with the project scope. However, the main challenge remains on how to provide supporting documentation that demonstrates that the benefits/outcomes were achieved after project completion.

District 10 notes the findings of this report and provides responses to the relevant recommendations in Attachment A.

Please contact Mr. Samuel Jordan, Deputy District Director, Program and Project Management at (209) 942-6192 or via email at Samuel.Jordan@dot.ca.gov, if you would like to discuss this response.

Sincerely,


DENNIS T. AGAR
District 10 Director

Enclosures

(1) Attachment A

Ms. Jennifer Whitaker
April 24, 2017
Page 2

cc: Ms. Alice M. Lee, Chief, External Audits-Contracts, Audits and Investigations, California
Department of Transportation
Ms. Luisa Ruvalcaba, Audit Manager, External Audits-Contracts, Audits and Investigations,
California Department of Transportation
Mr. Samuel Jordan, Deputy District Director, Program and Project Management, California
Department of Transportation, District 10

Attachment A

Response to Findings for the California Department of Transportation District 10 Proposition 1B Bond Programs Draft Audit Report- EA Numbers 10-34042, 10-0Q270, 10-36250, 10-41570, 10-0E610

Finding 1: Improvements Needed in Reporting Project Benefits/Outcomes

- The benefits/outcomes for project 10-0Q270 were not adequately reported in the Final Delivery Report (FDR). The District reported daily hours and person minutes saved in the FDR. However, the District was unable to provide documentation supporting the report figures, and therefore could not demonstrate the expected benefits were achieved. The District stated post project assessments were not completed for this project.
 - **District 10's Corrective Action Plan:** District 10 will submit a Supplemental FDR to assess benefits/outcomes post-project completion
 - **Expected Implementation Date:** by May 31, 2017
 - **Responsible Party:** Samuel Sherman, Project Manager, Program and Project Management, California Department of Transportation, District 10

- The benefits/outcomes for project 10-0E610 were not adequately reported in FDR. The District reported daily hours and person minutes saved in the FDR. However, the District was unable to provide documentation supporting the report figures, and therefore could not demonstrate the expected benefits were achieved. The District stated post project assessments were not completed for this project.
 - **District 10's Response:**
Attached is the Annual Average Daily Traffic (AADT) request Outlook file (Please see email labeled as **File 1 10-0E612 AADT Request**) to the District 10 Traffic Forecasting and Planning Branch that provided the AADT. This data comes from PeMS data, which are basically traffic counts (from 11/1/15 to 10/31/16) using traffic loops to count traffic at various locations along the project limits. The HQ Transportation Economics Branch used the AADT to produce the Daily Time Savings data (Please see Excel document labeled as **File 2 Copy of SR-99 Daily Time Savings**). The results were as follows:

Attachment A

1. Daily Vehicles Hours Saved was 11,321 (actual) versus 12,592 in the Baseline Agreement.
2. Daily Peak Duration Person-Minutes Saved was 901,544 (actual) versus 1,002,757 in the Baseline Agreement. Individual Daily Peak Person-Minutes Saved was 14.4 (actual) versus 16.1 in the Baseline Agreement.

Attached you will find a PDF file (please see PDF document labeled as **File 3 0E610 Baseline Agreement**) for your consideration

- **District 10's Corrective Action Plan:** District 10 will submit a Supplemental FDR to assess benefits/outcomes post-project completion
 - **Expected Implementation Date:** 6 months after Milestone M800 (End of Project) is achieved. M800 is scheduled on January 28, 2018
 - **Responsible Party:** Jes Padda, Project Manager, Program and Project Management, California Department of Transportation, District 10
- The Baseline Agreement for project 10-36250 state the project would achieve benefits relating to saved daily vehicle hours and person minutes. However, the District did not report any actual project benefits/outcome in the FDR, and therefore could not demonstrate the benefits were achieved.
 - **District 10's Corrective Action Plan:** District 10 will submit a Supplemental FDR to assess benefits/outcomes post project completion
 - **Expected Implementation Date:** 6 months after Milestone M800 (End of Project) is achieved. M800 is scheduled in March 2018
 - **Responsible Party:** Grace Magsayo, Project Manager, Program and Project Management, California Department of Transportation, District 10

Finding 2: Final Delivery Report not submitted Timely

- The FDR for project 10-34042 was not submitted to CTC within six months of the project becoming operable (Construction Contract Acceptance date). The FDR was due July 2014, and was not submitted to CTC as of our site visit in September 2016.
 - **District 10's Corrective Action Plan:** Prepare and submit the FDR
 - **Expected Implementation Date:** by May 31, 2017
 - **Responsible Party:** Arvinder Bajwa, Project Manager, Program and Project Management, California Department of Transportation, District 10

EVALUATION OF RESPONSE

The District's response to the draft audit report has been reviewed and incorporated into the final report. In the interest of brevity, the attachments referenced in the District's response were omitted. The District agrees with our findings and also provided additional documentation relating to Finding 1. Specifically, the District provided documentation relating to the benefits/outcomes for project 10-0E610, and noted this updated information would be submitted to Caltrans in a Supplemental Final Delivery Report. The results of our audit are based on benefits/outcomes as reported by the District in the Final Delivery Reports; therefore we did not review the updated information submitted by the District since it has yet to be reported to Caltrans. Our findings and recommendations remain unchanged.