

**Independent Office of Audits And Investigations**

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June 11, 2021

Transmitted via email

Ryan Chamberlain  
District Director  
District 12  
California Department of Transportation

Dear Mr. Chamberlain:

**Final Report: California Department of Transportation, District 12,  
Proposition 1B Audit**

The Department of Finance, Office of State Audits and Evaluations performed a Proposition 1B audit of the California Department of Transportation, District 12 (District). The audit was for the following projects with costs totaling \$85.93 million:

- 1200000078, State Route (SR) 91 Tustin Avenue to SR 55 Interchange Auxiliary Lane
- 1200000079, Connect Existing Auxiliary Lane Through Interchange on Westbound SR 91 between SR 57 and Interstate 5 (I-5)
- 1200000102, Reconstruct SR 74/I-5 Interchange
- 1200000107, Widen SR 57 from SR 91 to Yorba Linda Boulevard
- 1200000108, Widen SR 57 from Yoba Linda Boulevard to Lambert Road
- 1200000140, Widen Eastbound and Westbound SR 91
- 1200020279, I-5 High-Occupancy Vehicle Pacific Coast Highway to San Juan Creek Road

The audit was to determine whether Proposition 1B expenditures were incurred in compliance with the executed project agreements, Caltrans and California Transportation Commission's program guidelines, and applicable state and federal regulations. In addition, the audit included determining whether deliverables/outputs were consistent with the project scopes and schedules, and whether benefits/outcomes, as described in the executed project agreements or approved

amendments, were achieved and adequately reported in the Final Delivery Report. The final audit report, including the District's response, is enclosed.

The audit determined that the Final Delivery Report was not submitted timely and improvements are needed in reporting project benefit/outcomes.

Caltrans is responsible for implementing corrective action on audit recommendations and for maintaining documentation to support actions taken. Your corrective action plan is due by August 31, 2021 and should address the recommendations in the enclosed report, including timelines. If you have any questions, contact MarSue Morrill, Audit Chief, at (916) 202-7626 or [marsue.morrill@dot.ca.gov](mailto:marsue.morrill@dot.ca.gov) or Nancy Shaul, Audit Manager, at (916) 764-7891 or [nancy.shaul@dot.ca.gov](mailto:nancy.shaul@dot.ca.gov).

Sincerely,

**ORIGINAL SIGNED BY**

RHONDA L. CRAFT  
Inspector General

Enclosure

c: Adnan Maiah, Deputy District Director for Strategic Portfolio  
Management, District 12, California Department of Transportation  
Monica Benavides, Office Chief for Program/Project Management,  
District 12, California Department of Transportation  
Zilan Chen, Deputy Director, Administration and Financial Management,  
California Transportation Commission  
MarSue Morrill, Audit Chief, Planning and Modal Programs, Independent  
Office of Audits and Investigations

P2500-0007



## California Department of Transportation District 12

Proposition 1B Bond Program

Project Numbers 1200000078, 1200000079, 1200000102, 1200000107,  
1200000108, 1200000140, and 1200020279

Report No. 20-2660-079  
May 2021

### **Team Members**

Cheryl L. McCormick, CPA, Chief  
Rebecca G. McAllister, CPA, Assistant Chief  
Sherry Ma, CRP, Manager  
Fabiola Torres, Supervisor  
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Final reports are available on our website at [www.dof.ca.gov](http://www.dof.ca.gov).

You can contact our office at:

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Gavin Newsom ■ Governor

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Transmitted via e-mail

May 24, 2021

MarSue Morrill, Chief, Planning and Modal Office  
Independent Office of Audits and Investigations  
1304 O Street, Suite 200  
Sacramento, CA 95814

**Final Report—California Department of Transportation, District 12, 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 12's (District) Proposition 1B funded projects listed below:

<u>Project Number</u>	<u>P Number</u>	<u>Project Name</u>
1200000078	P2500-0007	State Route (SR) 91 Tustin Avenue to SR 55 Interchange Auxiliary Lane
1200000079	P2500-0007	Connect Existing Auxiliary Lane Through Interchange on Westbound SR 91 between SR 57 and Interstate 5 (I-5)
1200000102	P2500-0007	Reconstruct SR 74/I-5 Interchange
1200000107	P2500-0007	Widen SR 57 from SR 91 to Yorba Linda Boulevard
1200000108	P2500-0007	Widen SR 57 from Yorba Linda Boulevard to Lambert Road
1200000140	P2500-0007	Widen Eastbound and Westbound SR 91
1200020279	P2500-0007	I-5 High-Occupancy Vehicle Pacific Coast Highway to San Juan Creek Road

The enclosed report is for your information and use. The District's response to the report findings is incorporated into this final report. The District agreed with our findings. We appreciate the District's assistance and cooperation during the engagement, and its willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Sherry Ma, Manager, or Fabiola Torres, Supervisor, at (916) 322-2985.

Sincerely,

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: Nancy Shaul, Audit Manager, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation  
Monte Laskosky, Auditor, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation

# 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.<sup>1</sup>

CTC awarded Caltrans District 12 (District) \$160.6 million of Proposition 1B funds from the Corridor Mobility Improvement Account (CMIA), \$34.4 million from the State-Local Partnership Program (SLPP), \$24.9 million from the State Transportation Improvement Program Augmentation (STIP AUG), and \$27.2 million from the Trade Corridors Improvement Fund (TCIF). The seven bond-funded projects were:

- **State Route (SR) 91 Tustin Avenue to SR 55 Interchange Auxiliary Lane (1200000078)** – Awarded \$13.6 million in SLPP funds to construct an auxiliary lane on SR 91 from northbound SR 55 to the Tustin Avenue off ramp in Anaheim.
- **Connect Existing Auxiliary Lane Through Interchange on WB SR 91 between SR 57 and Interstate 5 (I-5) (1200000079)** – Awarded \$27.2 million in TCIF funds to create a fourth mixed use lane on westbound SR 91 by connecting existing auxiliary lanes through interchanges to form a continuous fourth lane.

## PROGRAM DESCRIPTION<sup>1</sup>

**CMIA:** \$4.5 billion of bond proceeds made available to the 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.

**SLPP:** \$1 billion of bond proceeds made available to the SLPP to finance a variety of eligible transportation projects nominated by applicant transportation agencies. For an applicant transportation agency to receive bond funds, Proposition 1B requires a dollar-for-dollar match of local funds.

**STIP AUG:** \$2 billion of bond proceeds made available to the 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 Transportation Facilities Account.

**TCIF:** \$2 billion of bond proceeds made available to the TCIF to finance infrastructure improvements along corridors that have a high volume of freight movement. This program requires dollar-for-dollar match of local, federal, or private funds.

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

- **Reconstruct SR 74/I-5 Interchange (1200000102)** – Awarded \$24.1 million in CMIA funds, and \$2.8 million in STIP AUG funds to reconstruct the SR 74 and I-5 interchange on SR 74 within Orange County in San Juan Capistrano from I-5 to east of the city limit.
- **Widen SR 57 from SR 91 to Yorba Linda Boulevard (1200000107)** – Awarded \$40.9 million in CMIA funds to widen SR 57 in Placentia and Fullerton, from north of SR 91 to north of Yorba Linda Boulevard.
- **Widen SR 57 from Yorba Linda Boulevard to Lambert Road (1200000108)** – Awarded \$41.3 million in CMIA funds to widen SR 57 in Placentia and Fullerton, from Yorba Linda Boulevard to Lambert Road.
- **Widen Eastbound and Westbound SR 91 (1200000140)** – Awarded \$54.3 million in CMIA funds, and \$22.1 million in STIP AUG funds to add one general purpose lane on eastbound SR 91 between the SR 91/55 connector and east of the Weir Canyon Road interchange and on westbound SR 91 between east of the Weir Canyon Road interchange and Imperial Highway interchange and modify the westbound on-ramps from the Lakeview Avenue interchange.
- **I-5 High-Occupancy Vehicle (HOV) Pacific Coast Highway to San Juan Creek Road (1200020279)** – Awarded \$20.8 million in SLPP funds to add one HOV lane in each direction on I-5 from south of Pacific Coast Highway to San Juan Creek Road.

The District was required to provide a dollar-for-dollar match of local funds for projects 1200000078, 1200000079, and 1200020279.

Construction for all projects is complete and the projects are operational.

## 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 *Summary of Projects Reviewed*, including the audit periods and the incurred expenditures, is presented in Appendix A.

The audit objectives were to determine whether:

1. Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines.
2. Deliverables/outputs were consistent with the project scopes and schedules.
3. Benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the Final Delivery Reports (FDR).



Projects 1200000107, 1200000108, and 1200000140 expenditures and deliverables/outputs were previously audited in our February 2017 report.<sup>2</sup> Therefore, we did not perform procedures to address audit Objectives 1 and 2 for these projects.

For audit Objective 3, the reliability and throughput benefits/outcomes for project 1200000079 are not expected to be achieved until the years 2030 and 2035. Accordingly, we did not evaluate whether these project benefits/outcomes were achieved or adequately reported. Instead, we evaluated whether the estimated project benefits/outcomes described in the executed project agreements or approved amendments were adequately supported.

In performing our audit, we considered internal controls significant to the audit objectives. See Appendix B for a list of significant internal control components and underlying principles.

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

## **METHODOLOGY**

In planning the audit, we gained an understanding of the projects and respective programs, and identified relevant criteria, by interviewing Caltrans and District personnel, and reviewing the executed project agreements and amendments, Caltrans/CTC's bond program guidelines.

We conducted a risk assessment, including evaluating whether the District's key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key internal controls evaluated focused on procurement, progress payment preparation, review and approval processes for expenditures, project deliverables/outputs completion, and project benefits/outcomes reporting. Our assessment included conducting interviews with District personnel, and testing transactions related to construction phase expenditures, contract procurement, project deliverables/outputs, and project benefits/outcomes. 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.

Additionally, we assessed the reliability of data from Caltrans' Basic Engineering Estimate System and Bids Opening System, and AMS Advantage financial management system. To assess the reliability of data generated by these systems, we interviewed personnel, reviewed information process flows and policies and procedures, examined existing reports, and traced data to and from source documents. We determined the data was sufficiently reliable to address the audit objectives.

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<sup>2</sup> California Department of Transportation District 12 Proposition 1B Bond Programs, EA Numbers 12-07163, 12-0G330, 12-0F031, and 12-0F032, audit report issued February 2, 2017.



Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

**Table of Methodologies**

Audit Objective	Methods
<p><b>Objective 1 (applicable to all projects except 1200000107, 1200000108, and 1200000140):</b> To determine whether the District's Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines.</p>	<ul style="list-style-type: none"> <li>• Selected project 1200000102 and the prime contractor based on quantitative significance. We determined whether the project was appropriately advertised, evaluated, and awarded to the lowest, responsible bidder by reviewing construction contractor procurement records, such as the project advertisement, bidding documents, and contract agreements, and comparing to the Caltrans Construction Manual.</li> <li>• Determined whether selected construction expenditures were allowable, authorized, project-related, incurred within the allowable time frame, and supported by reviewing accounting records, executed contracts, progress payments, contract transactions input sheets, assistant resident engineer daily report logs, quantity calculations, and comparing to relevant criteria. <ul style="list-style-type: none"> <li>○ For projects 1200000078 and 1200020279, four progress payments were selected based on quantitative significance. Further, two bid items from those progress payments were selected based on quantitative and qualitative significance such as the expenditure description.</li> <li>○ For projects 1200000079 and 1200000102, four progress payments were selected based on quantitative significance. Further, four bid items from those progress payments were selected based on quantitative significance.</li> <li>○ For projects 1200000078, 1200000079, and 1200020279, evaluated whether match requirements were met by reviewing executed project agreements and accounting records, and comparing total local funded project expenditures with project expenditure reports.</li> </ul> </li> <li>• Selected ten contract change orders (CCO) based on quantitative significance and qualitative factors such as CCO descriptions. Determined if selected CCOs were within the scope of work, not a contract duplication, completed, supported, and authorized, by reviewing the CCO logs and memorandums, contracts, extra work daily reports, cost analyses, plans/drawings, contractor correspondence, progress payments, and other supporting documents.</li> <li>• For projects 1200000078, 1200000102, and 1200020279, evaluated whether other funding sources were used for expenditures and identified whether duplicate payments occurred by performing analytical procedures such as comparing expenditure reports and reviewing progress payments.</li> </ul>

Audit Objective	Methods
<p><b>Objective 2 (applicable to all projects except 1200000107, 1200000108, and 1200000140):</b> To determine whether deliverables/outputs were consistent with the project scopes and schedules.</p>	<ul style="list-style-type: none"> <li>• Determined whether project deliverables/outputs were consistent with the project scopes by reviewing the Project Programming Requests, Contract Acceptance reports, construction photographs, and Google earth images to verify project existence.</li> <li>• Evaluated whether project deliverables/outputs were completed on schedule as described in the Project Programming Requests by reviewing the Contract Acceptance reports, FDRs and Caltrans quarterly progress reports.</li> </ul>
<p><b>Objective 3:</b> To determine whether benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the FDRs.</p>	<ul style="list-style-type: none"> <li>• For all projects, determined whether project benefits/outcomes were achieved by comparing actual project benefits/outcomes in the FDRs with the expected project benefits/outcomes described in the executed project agreements or approved amendments.</li> <li>• For all projects, evaluated whether project benefits/outcomes were adequately reported in the FDRs by reviewing Contract Acceptance reports and relevant project studies.</li> <li>• For project 1200000079, evaluated whether the estimated projected benefits to be realized in 2030 and 2035, respectively, for reliability and throughput described in the executed project agreements or approved amendments were supported with methodology reports and project studies.</li> </ul>

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.

## CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the Proposition 1B expenditures for projects 1200000078, 1200000079, 1200000102, and 1200020279, were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines.

We also obtained reasonable assurance projects 1200000078, 1200000079, 1200000102, and 1200020279 deliverables/outputs were consistent with the project scopes and schedules, except as noted in Finding 1. Although these projects were behind schedule, the District appropriately informed Caltrans and CTC of the delay.

Further, not all project benefits/outcomes were adequately reported in the FDRs and the District did not achieve all the expected project benefits/outcomes as described in the executed project agreements or approved amendments, as noted in Finding 2. This issue was previously identified in our 2017 audit report. If left unaddressed, there is an increased risk the District's project benefits/outcomes will continue to be inadequately reported in the FDRs and hinder CTC's ability to determine whether project benefits were met.

Finally, project 1200000079 estimated project benefits/outcomes to be achieved in 2035 were not adequately supported, as noted in Finding 2.

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Final Delivery Reports Not Submitted Timely

The FDRs for projects 1200000078, 1200000079, and 1200000102 were not submitted to Caltrans/CTC within six months of the projects becoming operable (Contract Acceptance report date). Specifically:

- Project 1200000078 - FDR was due April 29, 2017 but was submitted on October 5, 2018, approximately 17 months late.
- Project 1200000079 - FDR was due December 20, 2016 but was submitted on July 25, 2018, approximately 19 months late.
- Project 1200000102 - FDR was due May 21, 2017 but was submitted on July 24, 2018, approximately 14 months late.

According to the District, the FDRs were delayed due to unfinalized project costs, settlement negotiations, staff changes, and/or delays in gathering project benefits/outcomes data. Although the District may have valid reasons for the delays, communication of those delays should have been documented. Further, Caltrans' reporting process allow for Supplemental Final Delivery Reports (SFDR) to be submitted, in which updates to FDRs can be included.

The CMIA Accountability Implementation Plan, section IV; STIP AUG Accountability Implementation Plan, Follow-Up Accountability, section A; TCIF guidelines, section 17; and SLPP program guidelines, section 14, require FDRs to be submitted within six months after a project has become operable. Additionally, the 2016 Proposition 1B Close-Out Process Update guidelines states a project becomes operable at the end of the construction phase when the construction contract is accepted, and updates to the FDR and reporting of final project expenditures at the conclusion of all project activities would be contained in the SFDR.

Late submission of the FDR decreases transparency of the status of a project and prevents Caltrans/CTC's ability to timely review the completed project's scope, final costs, project schedule, and performance outcomes.

#### **Recommendations:**

- A. Review program guidelines to ensure a clear understanding of the reporting requirements.
- B. Submit FDRs and SFDRs for future completed projects to Caltrans/CTC within the specified time frames as required, or communicate submittal delays appropriately.

#### **Finding 2: Improvements Needed in Reporting Project Benefits/Outcomes**

The project benefits/outcomes as described in the executed project agreements or approved amendments for projects 1200000079, 1200000102, and 1200020279 were not adequately reported in the FDRs, not supported with adequate or appropriate documentation, and not all project benefits were achieved. Specifically:

- Project 1200000079:
  - Expected safety benefits/outcomes include a decrease of 0.1 percent in fatal accidents per million vehicle miles and a 0.8 percent decrease in injury accidents per million vehicle miles. Although the fatal accident metric was achieved and supported, the injury accident metric was not achieved. The project study to support injury accidents per million vehicle miles identified an increase of 38 percent. The District states the increase in injury accidents is a result of improved average speeds within project limits and the additional lane added may not have been considered during pre-project construction studies conducted when determining the expected benefits/outcomes.
  - Expected velocity benefits/outcomes include an increase in average freeway speeds by 2.7 percent. However, the supporting data identifies an overall decrease in average freeway speeds of 0.06 percent. Further, the District states the actual average freeway speed metrics were based on peak periods between 7:00 a.m. and 8:00 p.m., where demand on the corridor was at its highest. Review of supporting data identifies average speeds computed based on 24-hour increments; therefore, the data is not comparable.

- Expected throughput benefits/outcomes include an increase of annual average daily traffic from 270,000 to 297,000 by year 2035. However, this expected benefit/outcome was not supported. The District stated the methodology used to determine the expected throughput benefits/outcomes is unknown.
  - Expected congestion benefits/outcomes include a decrease of congestion hours by 1.1 percent on the arterial network and 9.9 percent on the freeway. The arterial network benefit/outcome was not reported in the FDR. The District states traffic data for the full arterial network was not available at the time of FDR submission. For the freeway congestion decrease, the support provided by the District was not comparable to the expected benefits data.
  - Expected emissions benefits/outcomes include reductions of reactive organic gases (ROG) by 30.36 kg per day, carbon monoxide (CO) by 273.22 kg per day, nitric oxide (NO<sub>x</sub>) by 6.28 kg per day, and particulate matter (PM) by 5.23 kg per day. However, these intended benefits/outcomes were not achieved. The ROG was reduced by 1.06 kg per day, CO by 12.56 kg per day, NO<sub>x</sub> by 3.08 kg per day, and PM by 0.77 kg per day. The District states emissions reductions were not achieved because the newly created fourth lane may have not been considered during the pre-project construction studies/evaluations.
- Project 1200000102:
  - The expected benefits/outcomes as described in the Project Programming Request were not reported in the FDR, such as the creation of 700 jobs and \$30 million in wages; safety improvements and reduction in congestion-related accidents; reduction in queued traffic leading to improved travel time; improved access to jobs, housing, markets, and commerce; emissions reductions; improved level of service; and improved traffic flow. Instead, the District reported on daily travel time savings and peak period time savings; therefore, information was not comparable. The District states the approved benefits/outcomes were prepared by the project sponsor, Orange County Transportation Authority (OCTA); therefore, the District does not have a methodology established to measure the expected benefits/outcomes. Additionally, the District asserts the projected benefits/outcomes were achieved by virtue of project completion.
- Project 1200020279:
  - The expected benefits/outcomes as described in the Project Programming Request were not reported in the FDR, such as the creation of 890 jobs and \$38 million in wages; safety improvements and reduction in congestion-related accidents; reduction in queued traffic leading to improved travel time; improved access to jobs, housing, markets, and commerce; and emissions reductions. Instead, the District reported that the project benefits described in the Project Programming Request have been constructed and the addition of a HOV lane added capacity, improved air quality, and reduced travel time. Therefore, data provided

to support the reported benefits/outcomes were not comparable. The District states the expected benefits/outcomes were prepared by the OCTA; therefore, the District does not have a methodology established to measure the expected benefits/outcomes.

Further, actual benefits/outcomes reported in the FDR were not supported. Post-project studies or evaluations were never performed upon project completion to determine whether air quality improved or travel time reduced. The District stated the six-month FDR submittal time frame did not allow sufficient time to gather the data to report accurate results. Further, the District asserts the project benefits/outcomes were achieved by virtue of project completion.

The CMIA Accountability Implementation Plan, section IV; STIP AUG Accountability Implementation Plan, Follow-Up Accountability, section A; TCIF guidelines, section 17; and SLPP program guidelines, section 14, require FDRs to be submitted within six months after projects become operable to report the scope of the completed project, its final costs and duration, as compared to those described in the project baseline agreement, and performance outcomes derived from the project as compared to those described in the project baseline agreement.

Inaccurate, incomplete, or unsupported information in the FDR decreases the transparency of the project outcomes and prevents CTC from reviewing the success of the project based on the agreed upon projected benefits/outcomes. Further, CTC cannot determine whether project benefits/outcomes were met.

**Recommendations:**

- A. Ensure future FDRs and SFDRs address all project benefits/outcomes and maintain adequate and appropriate documentation to support project benefits/outcomes reported.
- B. Ensure expected and actual benefits/outcomes reported are comparable.



# APPENDIX A

The following acronyms are used throughout Appendix A.

- Annual Average Daily Traffic: AADT
- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- Caltrans District 12: District
- Carbon Monoxide: CO
- Corridor Mobility Improvement Account: CMIA
- Final Delivery Report: FDR
- High-Occupancy Vehicle: HOV
- Level of Service: LOS
- Nitric Oxide: NO<sub>x</sub>
- Particulate Matter: PM
- Reactive Organic Gas: ROG
- State-Local Partnership Program: SLPP
- State Route: SR
- State Transportation Improvement Program Augmentation: STIP AUG
- Supplemental Final Delivery Report: SFDR
- Trade Corridors Improvement Fund: TCIF

## Summary of Projects Reviewed

Project Number	Expenditures Incurred	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
1200000078	\$ 12,985,199	C	Y	Y	Y	Y	A-1
1200000079	\$ 25,438,000	C	Y	Y	P	P	A-2
1200000102	\$ 26,692,611	C	Y	Y	N	N	A-3
1200000107	N/A	C	N/A	N/A	Y	Y	A-4
1200000108	N/A	C	N/A	N/A	Y	Y	A-5
1200000140	N/A	C	N/A	N/A	Y	Y	A-6
1200020279	\$ 20,810,933	C	Y	Y	N	N	A-7

### Legend

C = Construction is complete and the project is operational.

N = No

N/A = Not Applicable, project costs and deliverables/outputs were audited in our February 2017 audit report.

P = Partial

Y = Yes

**Project Number:** 1200000078

**Project Name:** SR 91 Tustin Avenue to SR 55 Interchange Auxiliary Lane

**Program Name:** SLPP

**Project Description:** Construct an auxiliary lane on SR 91 from northbound SR 55 to the Tustin Avenue off-ramp in Anaheim.

**Audit Period:** June 20, 2011 through January 29, 2019 for audit objective 1<sup>3</sup>  
June 20, 2011 through October 5, 2018 for audit objectives 2 and 3<sup>4</sup>

**Project Status:** Construction is complete and the project is operational.

#### Schedule of Proposition 1B Expenditures

Category	Incurred
Construction Engineering	\$ 2,450,000
Construction	10,535,199
<b>Total Proposition 1B Expenditures</b>	<b>\$ 12,985,199</b>

#### Results:

##### Compliance-Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines. Additionally, the match requirement was met.

##### Deliverables/Outputs

The construction phase of the project was completed in October 2016. At the time of fieldwork in January 2021, project deliverables/outputs were consistent with the project scope. However, the FDR was not submitted timely, as noted in Finding 1. Additionally, the project was behind schedule and completed six months late. Although the project was behind schedule, the District appropriately informed Caltrans and CTC of the delay.

##### Benefits/Outcomes

Actual project benefits/outcomes were adequately reported in the FDR. Additionally, the District achieved the expected project benefits/outcomes as described in the executed project agreement and approved amendments.

<sup>3</sup> The audit period end date is the last date project costs were posted in Caltrans' general ledger.

<sup>4</sup> The audit period end date reflects the FDR submission date.

Expected Benefits/Outcomes Reported in the Project Agreement <sup>5</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
<ul style="list-style-type: none"> <li>• Reduce or eliminate operational problems and deficiencies on section of westbound SR 91 including weaving and merging maneuvers.</li> <li>• Address chokepoint conditions due to extensive weaving between northbound SR 55 to westbound SR 91 connector and the westbound Tustin Avenue off-ramp.</li> </ul>	<p>Improved traffic operation by eliminating the weave by relocating westbound SR 91 Tustin Ave off-ramp upstream of the Connector from northbound SR 55 to westbound SR 91.</p> <p>Improved traffic operation by adding an additional mainline lane within the project limits.</p> <p>Improved traffic operation by eliminating the weave condition for northbound SR 55 to westbound SR 91 Connector traffic.</p> <p>Improved traffic operation by eliminating the need for lane changes for northbound SR 55 to westbound SR 91 Connector traffic.</p>	Yes

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<sup>5</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

**Project Number:** 1200000079

**Project Name:** Connect Existing Auxiliary Lane Through Interchange on WB SR 91 between SR 57 and I-5

**Program Name:** TCIF

**Project Description:** Create a fourth mixed use lane on westbound SR 91 by connecting existing auxiliary lanes through interchanges to form a continuous fourth lane.

**Audit Period:** July 1, 2008 through March 1, 2019 for audit objective 1<sup>6</sup>  
July 1, 2008 through July 25, 2018 for audit objectives 2 and 3<sup>7</sup>

**Project Status:** Construction is complete and the project is operational.

#### Schedule of Proposition 1B Expenditures

Category	Incurred
Construction	\$ 25,438,000
<b>Total Proposition 1B Expenditures</b>	<b>\$ 25,438,000</b>

#### Results:

##### Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines. Additionally, the match requirement was met.

##### Deliverables/Outputs

The construction phase of the project was completed in June 2016. At the time of fieldwork in January 2021, project deliverables/outputs were consistent with the project scope. However, the FDR was not submitted timely, as noted in Finding 1. Additionally, the project was behind schedule and completed six months late. Although the project was behind schedule, the District appropriately updated Caltrans and CTC of the delay.

##### Benefits/Outcomes

Actual project benefits/outcomes were not adequately reported in the FDR and/or supported with adequate or appropriate documentation, as noted in Finding 2. The project benefits/outcomes described in the executed project agreement and approved amendments related to reliability are expected to be achieved in 2030 and were adequately supported. However, project benefits/outcomes related to velocity, congestion reduction, and emissions reduction were not achieved and not adequately reported. Actual project benefits/outcomes related to safety were adequately reported but only partially achieved, while the throughput expected benefits/outcomes could not be supported and, therefore, are not adequately reported.

<sup>6</sup> The audit period end date is the last date project costs were posted in Caltrans' general ledger.

<sup>7</sup> The audit period end date reflects the FDR submission date.

Project Benefits/Outcomes Category	Expected Benefits/Outcomes Reported in the Project Agreement <sup>8</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
Safety	0.1 percent decrease in fatal accidents (per million vehicle miles). 0.8 percent decrease in injury accidents (per million vehicle miles).	Compared to 36 month number of accidents (01/01/14 to 12/31/2016)- 100 percent decrease in percent of fatal accidents (per million vehicle miles); 38 percent increase in percent of injury accidents (per million vehicle miles); the additional injury accidents might be expected due to higher speeds resulting from less congestion.	Partial
Velocity	Average speeds on the freeway predicted to increase by 2.7 percent.	Average freeway speeds increased by more than 2.7 percent. During peak travel times, average freeway speeds increased by as much as 6.9 percent.	No
Throughput	The AADT will increase from 270,000 to 297,000 in 20 years.	The AADT is still estimated to increase to 297,000.	Not applicable. Expected to be achieved in 2035.
Reliability	The LOS in 2030 under the Build and No Build conditions will be LOS F. Analysis indicates reduction in adjusted demand flow rates allowing for improved operations after implementation of the widening project.	Analysis confirmed a reduction in adjusted demand flow rates in 2030 and shows improvement in LOS.	Not applicable. Expected to be achieved in 2030.
Congestion Reduction	Hours of congestion decreased by 1.1 percent on the arterial network and 9.9 percent on the freeway.	Hours of congestion decreased by more than 9.9 percent on the freeway.	No

<sup>8</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

Project Benefits/Outcomes Category	Expected Benefits/Outcomes Reported in the Project Agreement <sup>8</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
Emission Reduction	ROG emissions-30.36 kg per day. CO emissions-273.22 kg per day. NOx emissions-6.28 kg per day. PM emissions-5.23 kg per day.	Based on only mainline and HOV traffic (excluding ramps), the following reductions in emissions were achieved: ROG emissions-1.06 kg per day. CO emissions-12.56 kg per day. NOx emissions-3.08 kg per day. PM emissions-0.77 kg per day. Volume of traffic in the pre and post project years remained stable, so a large reduction in emissions would not be expected.	No



**Project Number:** 1200000102

**Project Name:** Reconstruct SR 74/I-5 Interchange

**Program Name:** CMIA and STIP AUG

**Project Description:** Reconstruct the SR 74 and I-5 interchange on SR 74 within Orange County in San Juan Capistrano from I-5 to east of the city limit.

**Audit Period:** January 25, 2012 through October 28, 2019 for audit objective 1<sup>9</sup>  
January 25, 2012 through July 24, 2018 for audit objectives 2 and 3<sup>10</sup>

**Project Status:** Construction is complete and the project is operational.

#### **Schedule of Proposition 1B Expenditures**

<b>Category</b>	<b>Incurred</b>
Construction – CMIA	\$ 23,905,215
Construction – STIP AUG	2,787,396
<b>Total Proposition 1B Expenditures</b>	<b>\$ 26,692,611</b>

#### **Results:**

##### Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines.

##### Deliverables/Outputs

The construction phase of the project was completed in November 2016. At the time of fieldwork in January 2021, project deliverables/outputs were consistent with the project scope. However, the FDR was not submitted timely, as noted in Finding 1. Additionally, the project was behind schedule and completed nine months late. Although the project was behind schedule, the District appropriately informed Caltrans and CTC of the delay.

##### Benefits/Outcomes

Actual project benefits/outcomes for creation of jobs and wages; safety improvements and reduction in congestion-related accidents; reduction in queued traffic leading to improved travel time; improved access to jobs, housing, markets, and commerce; emissions reductions; improved level of service; and improved traffic flow were not adequately reported in the FDR, as noted in Finding 2.

<sup>9</sup> The audit period end date is the last date project costs were posted in Caltrans' general ledger.

<sup>10</sup> The audit period end date reflects the FDR submission date.

Expected Benefits/Outcomes Reported in the Project Agreement <sup>11</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/ Outcomes Achieved
<ul style="list-style-type: none"> <li>• Reconfigure the interchange to better accommodate existing and future traffic volumes and alleviate the congestion within the interchange area.</li> <li>• Creates a total of 700 jobs, producing \$30 million in wages.</li> <li>• Improves safety at the interchange and significantly reduces congestion related accidents.</li> <li>• Reduces queued traffic leading to improved travel time through southern Orange County.</li> <li>• Improves access to jobs, housing, markets, and commerce.</li> <li>• Provides quantifiable emissions reductions for ROG, CO, NO<sub>x</sub>, and PM.</li> <li>• Improves LOS from 'F' to 'D'.</li> <li>• Improves southbound 1-5 traffic flow by reducing vehicle queues that spill back on the freeway.</li> </ul>	<p>Daily Travel Time Savings (hours): 2,479</p> <p>Lanes Miles Added (HOV): 0</p> <p>Lanes Miles Added (Mixed): 0</p> <p>Peak Period Time Savings (minutes): 197,411</p>	No

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<sup>11</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

**Project Number:** 1200000107

**Project Name:** Widen SR 57 from SR 91 to Yorba Linda Boulevard

**Program Name:** CMIA

**Project Description:** Widen SR 57 in Placentia and Fullerton, from north of SR 91 to north of Yorba Linda Boulevard.

**Audit Period:** June 4, 2007 through June 14, 2017 for audit objective 3<sup>12</sup>

**Project Status:** Construction is complete and the project is operational.

### Results:

#### Benefits/Outcomes

Our February 2017 audit report stated actual benefits/outcomes could not be compared to the estimated benefits/outcomes listed in the baseline agreement. We recommended the submission of a SFDR listing comparable pre and post project benefits/outcomes. The District stated projects 1200000107 and 1200000108 were initially combined when estimated benefits/outcomes were determined. As a result, the District subsequently submitted a SFDR for both projects reporting an average of benefits/outcomes. Actual project benefits/outcomes were adequately reported in the SFDR. Additionally, the District achieved the expected project benefits/outcomes as described in the executed project agreement and approved amendments.

<b>Expected Benefits/Outcomes Reported in the Project Agreement<sup>13</sup></b>	<b>Actual Benefits/Outcomes Reported in the FDR</b>	<b>Benefits/Outcomes Achieved</b>
Daily Vehicle Hours of Delay Saved: 19,860	Daily Vehicle Hours of Delay Saved: 22,195	Yes
Daily Peak Hour Person-Minutes Saved: 499,091	Daily Peak Hour Person-Minutes Saved: 1,767,564	Yes

<sup>12</sup> The audit period end date reflects the SFDR submission date.

<sup>13</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

**Project Number:** 1200000108

**Project Name:** Widen SR 57 from Yorba Linda Boulevard to Lambert Road

**Program Name:** CMIA

**Project Description:** Widen SR 57 in Placentia and Fullerton, from Yorba Linda Boulevard to Lambert Road.

**Audit Period:** June 4, 2007 through June 14, 2017 for audit objective 3<sup>14</sup>

**Project Status:** Construction is complete and the project is operational.

### Results:

#### Benefits/Outcomes

Our February 2017 audit report stated actual benefits/outcomes could not be compared to the estimated benefits/outcomes listed in the baseline agreement. We recommended the submission of a SFDR listing comparable pre and post project benefits/outcomes. The District stated projects 1200000107 and 1200000108 were initially combined when estimated benefits/outcomes were determined. As a result, the District subsequently submitted a SFDR for both projects reporting an average of benefits/outcomes. Actual project benefits/outcomes were adequately reported in the SFDR. Additionally, the District achieved the expected project benefits/outcomes as described in the executed project agreement and approved amendments.

Expected Benefits/Outcomes Reported in the Project Agreement <sup>15</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
Daily Vehicle Hours of Delay Saved: 19,860	Daily Vehicle Hours of Delay Saved: 22,195	Yes
Daily Peak Hour Person-Minutes Saved: 499,091	Daily Peak Hour Person-Minutes Saved: 1,767,564	Yes

<sup>14</sup> The audit period end date reflects the SFDR submission date.

<sup>15</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

**Project Number:** 1200000140

**Project Name:** Widen Eastbound and Westbound SR 91

**Program Name:** CMIA and STIP AUG

**Project Description:** Add one general purpose lane on eastbound SR 91 between the SR 91/55 connector and east of the Weir Canyon Road interchange and on westbound SR 91 between east of the Weir Canyon Road interchange and Imperial Highway interchange. Additionally, modify the westbound on-ramps from the Lakeview Avenue interchange.

**Audit Period:** June 4, 2007 through January 18, 2017 for audit objective 3<sup>16</sup>

**Project Status:** Construction is complete and the project is operational.

## Results:

### Benefits/Outcomes

Our February 2017 audit report stated benefits/outcomes were not adequately reported or supported. We recommended the District maintain documentation to support project benefits/outcomes and to submit a SFDR reporting comparable pre and post project benefits/outcomes. The District subsequently submitted a SFDR for the project. Actual project benefits/outcomes were adequately reported in the SFDR. Additionally, the District achieved the expected project benefits/outcomes as described in the executed project agreement.

<b>Expected Benefits/Outcomes Reported in the Project Agreement<sup>17</sup></b>	<b>Actual Benefits/Outcomes Reported in the FDR<sup>18</sup></b>	<b>Benefits/Outcomes Achieved</b>
Daily Vehicle Hours of Delay Saved: 31,946	Daily Vehicle Hours of Delay Saved: 55,166	Yes
Daily Peak Hour Person-Minutes Saved: 2,544,065	Daily Peak Hour Person-Minutes Saved: 4,393,265	Yes

<sup>16</sup> The audit period end date reflects the SFDR submission date.

<sup>17</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

<sup>18</sup> The District reported an additional benefit in the FDR that was not included in the Project Programming Request, Lane Miles Added (Mixed): 12, which was achieved by virtue of project completion.

**Project Number:** 1200020279

**Project Name:** I-5 HOV Pacific Coast Highway to San Juan Creek Road

**Program Name:** SLPP

**Project Description:** Add one HOV lane in each direction on I-5 from south of Pacific Coast Highway to San Juan Creek Road Interchange Improvement.

**Audit Period:** April 25, 2013 through November 2, 2018 for audit objective 1<sup>19</sup>  
April 25, 2013 through July 19, 2019 for audit objectives 2 and 3<sup>20</sup>

**Project Status:** Construction is complete and the project is operational.

#### Schedule of Proposition 1B Expenditures

Category	Incurred
Construction Engineering	\$ 3,000,000
Construction	17,810,933
<b>Total Proposition 1B Expenditures</b>	<b>\$ 20,810,933</b>

#### Results:

##### Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC's program guidelines. Additionally, the match requirement was met.

##### Deliverables/Outputs

The construction phase of the project was completed in March 2019. At the time of fieldwork in January 2021, project deliverables/outputs were consistent with the project scope and the FDR was submitted timely. Although the project was behind schedule and completed 28 months late, the District appropriately updated Caltrans and CTC of the delay.

##### Benefits/Outcomes

Actual project benefits/outcomes for creation of jobs and wages, safety improvements and reduction in congestion-related accidents, reduction in queued traffic leading to improved travel time, improved access to jobs, housing, markets, and commerce, and emissions reductions were not adequately reported in the FDR, as noted in Finding 2. Since the District did not perform a post-assessment study, no support was available to evidence if the intended benefits/outcomes related to improved air quality and reduced travel time were achieved.

<sup>19</sup> The audit period end date is the last date project costs were posted in Caltrans' general ledger.

<sup>20</sup> The audit period end date reflects the FDR submission date.



Expected Benefits/Outcomes Reported in the Project Agreement <sup>21</sup>	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
<ul style="list-style-type: none"> <li>• Increase freeway capacity and reduce congestion in the San Clemente area.</li> <li>• Creates a total of 890 jobs, producing \$38 million in wages.</li> <li>• Improves safety and significantly reduces congestion-related accidents.</li> <li>• Reduces queued traffic leading to improved travel time through southern Orange County.</li> <li>• Improves access to jobs, housing, markets, and commerce.</li> <li>• Provides quantifiable emissions reductions for ROG, CO, NO<sub>x</sub>, and PM.</li> </ul>	<p>I-5 has been widened to accommodate an HOV lane in both the north and southbound directions. Adding an HOV lane has added capacity, improved air quality, and reduced travel time for the south county residents.</p>	<p>No</p>

<sup>21</sup> Project agreement includes Project Programming Request, Baseline Agreement, and Project Fact Sheet.

We considered the following internal control components and underlying principles significant to the audit objectives:

Internal Control Component	Internal Control Principle
Control Activities	<ul style="list-style-type: none"> <li>• Management designs control activities to achieve objectives and respond to risks.</li> <li>• Management designs the entity's information system and related control activities to achieve objectives.</li> <li>• Management implements control activities through policies.</li> </ul>
Information and Communication	<ul style="list-style-type: none"> <li>• Management uses quality information to achieve the entity's objectives.</li> <li>• Management externally communicates necessary quality information to achieve the entity's objectives.</li> </ul>



**DEPARTMENT OF TRANSPORTATION**

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*Making Conservation  
a California Way of Life.*

May 6, 2021

Ms. Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations  
California Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Ms. McCormick:

The following is in response to your April 23, 2021, Draft Report No. 20-2660-079, regarding the audit of the following California Department of Transportation District 12's (District) Proposition 1B funded projects: 1200000078, 1200000079, 1200000102, 1200000107, 1200000108, 1200000140, and 1200020279. Of the seven projects audited, four received findings and recommendations.

District 12 has taken the following corrective action measures to address these concerns.

**Finding No. 1 Final Delivery Reports Not Submitted Timely**

The audit found that the Final Delivery Reports (FDRs) for projects 1200000078, 1200000079, and 1200000102 were not submitted to Caltrans/CTC within six months of the projects becoming operable (Contract Acceptance report date).

***District Response:*** *District Project Management will improve the timeliness of FDR submittals and will utilize Supplemental Final Delivery Reports (SFDRs) for updates.*

**Finding No. 2 Improvements Needed in Reporting Project Benefits/Outcomes**

The audit made project specific findings for reported benefits/outcomes. These findings, along with a District response, are listed below.

**Project 1200000079**

- **Safety:** Expected safety benefits/outcomes include a decrease of 0.1 percent in fatal accidents per million vehicle miles and a 0.8 percent decrease in injury accidents per million vehicle miles. Although the fatal accident metric was achieved and supported, the injury accident metric was not achieved. The project study to support injury accidents per million vehicle miles identified an increase of 38 percent. The District states the increase in injury accidents is a result of improved average speeds within project limits and the additional lane added may not have been considered during pre-project construction studies conducted when determining the expected benefits/outcomes.

***District Response:** The safety benefit/outcomes reported in the FDR used accident data gathered during active construction of the project. Due to temporary construction conditions, the accident data used was not representative of the completed project. We recently re-ran the post-condition calculations, using accident data gathered after opening the project to traffic, and confirmed that a 27.6 percent decrease in fatal accidents per million vehicle miles and a 1.7 percent decrease in injury accidents per million vehicle miles was achieved. To update our findings, a SFDR will be submitted in the coming weeks.*

- **Velocity:** Expected velocity benefits/outcomes include an increase in average freeway speeds by 2.7 percent. However, the supporting data identifies an overall decrease in average freeway speeds of 0.06 percent. Further, the District states the actual average freeway speed metrics were based on peak periods between 7:00 a.m. and 8:00 p.m., where demand on the corridor was at its highest. Review of supporting data identifies average speeds computed based on 24-hour increments; therefore, the data is not comparable.

***District Response:** We re-ran the pre and post calculations for the average freeway speed using raw data from the Performance Measurement System. Data was retrieved for the one month period immediately before construction and immediately after opening to traffic, resulting in comparable data sets. Analysis confirmed that the project achieved an 8.5 percent increase in average freeway speed. To update our findings, a SFDR and supporting documentation will be submitted in the coming weeks.*

- **Throughput:** Expected throughput benefits/outcomes include an increase of annual average daily traffic from 270,000 to 297,000 by year 2035. However, this expected benefit/outcome was not supported. The District stated the methodology used to determine the expected throughput benefits/outcomes is unknown.

***District Response:** We obtained data to support the reported throughput benefit/outcome of an increase in annual average daily traffic to 297,000 by year 2035. Instead of projecting traffic data to year 2035 using a calculation, actual traffic counts show that the average daily traffic of 297,000 for the segment was reached in 2019. To update our findings, a SFDR and supporting documentation will be submitted in the coming weeks.*

- **Congestion:** Expected congestion benefits/outcomes include a decrease of congestion hours by 1.1 percent on the arterial network and 9.9 percent on the freeway. The arterial network benefit/outcome was not reported in the FDR. The District states traffic data for the full arterial network was not available at the time of FDR submission. For the freeway congestion decrease, the support provided by the District was not comparable to the expected benefits data.

***District Response:** Due to differences in available post-project data, we were not able to report comparable outcomes for congestion in the FDR. However, using the data available, we were able to calculate Vehicle Hours Delay for pre and post conditions. Our revised analysis showed an overall reduction in delay. To update our findings, a SFDR will be submitted in the coming weeks.*

- **Emissions:** Expected emissions benefits/outcomes include reductions of reactive organic gases (ROG) by 30.36 kg per day, carbon monoxide (CO) by 273.22 kg per day, nitric oxide (NOx) by 6.28 kg per day, and particulate matter (PM) by 5.23 kg per day. However, these intended benefits/outcomes were not achieved. The ROG was reduced by 1.06 kg per day, CO by 12.56 kg per day, NOx by 3.08 kg per day, and PM by 0.77 kg per day. The District states emissions reductions were not achieved because the newly created fourth lane may have not been considered during the pre-project construction studies/evaluations.



***District Response:*** We are further investigating if the data and modelling used for the reported benefits/outcomes for emissions were comparable to those used for the baseline agreement. A SFDR will be submitted if there is an update to our findings. Our assumptions regarding expected emissions benefits will be recalibrated for future projects.

#### **Project 1200000102**

- **Finding:** The project benefits/outcomes as described in the executed project agreements or approved amendments for project ID No. 1200000102, was not adequately reported in the FDRs, not supported with adequate or appropriate documentation, and not all project benefits were achieved. Specifically: The expected benefits/outcomes as described in the Project Programming Request were not reported in the FDR, such as the creation of 700 jobs and \$30 million in wages; safety improvements and reduction in congestion-related accidents; reduction in queued traffic leading to improved travel time; improved access to jobs, housing, markets, and commerce; emissions reductions; improved level of service; and improved traffic flow. Instead, the District reported on daily travel time savings and peak period time savings; therefore, information was not comparable. The District states the approved benefits/outcomes were prepared by the project sponsor, Orange County Transportation Authority (OCTA); therefore, the District does not have a methodology established to measure the expected benefits/outcomes. Additionally, the District asserts the projected benefits/outcomes were achieved by virtue of project.

***District Response:*** Caltrans staff analyzed traffic data and calculated the pre and post Cal-B/C ratio and metrics following the Corridor Mobility Improvement Account guidelines. A SFDR will be submitted to update our findings.

**Project 1200020279**

- **Finding:** The expected benefits/outcomes as described in the Project Programming Request were not reported in the FDR, such as the creation of 890 jobs and \$38 million in wages; safety improvements and reduction in congestion-related accidents; reduction in queued traffic leading to improved travel time; improved access to jobs, housing, markets, and commerce; and emissions reductions. Instead, the District reported that the project benefits described in the Project Programming Request have been constructed and the addition of a HOV lane added capacity, improved air quality, and reduced travel time. Therefore, data provided to support the reported benefits/outcomes were not comparable. The District states the expected benefits/outcomes were prepared by the OCTA; therefore, the District does not have a methodology established to measure the expected benefits/outcomes.

Further, actual benefits/outcomes reported in the FDR were not supported. Post-project studies or evaluations were never performed upon project completion to determine whether air quality improved or travel time reduced. The District stated the six-month FDR submittal time frame did not allow sufficient time to gather the data to report accurate results. Further, the District asserts the project benefits/outcomes were achieved by virtue of project completion.

***District Response:*** *The benefits listed in the FDR were the same as those listed in the PPR. However, as they were not supported, the District will gather the additional data available now and run the Cal-BIC model to determine project benefits and provide the data to the audit team.*

*Some of the outcomes reported in the PPR, such as wages and job numbers increased were calculated using an FHWA methodology relating wages and benefits to dollars spent by a project. The District will provide the methodology. In the future, District staff will ensure that expected benefits are those appropriate to the funding source.*

Ms. Cheryl L. McCormick, CPA  
May 6, 2021  
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In summary, District engineers are in the process of reanalyzing traffic data. District staff will explore other mechanisms to verify project benefits/outcomes and additional information will be provided through a SFDR in the coming weeks.

Please contact Adnan Maiah, Caltrans District 12 Deputy District Director of Strategic Portfolio Management at (657) 328-6307 for any additional information.

Sincerely,



Ryan P. Chamberlain  
District 12 Director

c: MarSue Morrill, Chief, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation  
Nancy Shaul, Audit Manager, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation  
Monte Laskosky, Auditor, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation  
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