


## Memorandum

*Making Conservation  
a California Way of Life.*

To: JOHN BULINSKI  
District 8 Director

Date: March 2, 2018

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

File: P2505-0088  
P2505-0089  
P2505-0091  
P2505-0093  
P2515-0030  
P2515-0031

Subject: **AUDIT OF CALTRANS DISTRICT 8 PROPOSITION 1B PROJECTS**

Attached is the audit report pertaining to the audit performed on the following Proposition 1B (Prop 1B) projects:

<u>Project Name</u>	<u>Project Number</u>	<u>P Number</u>	<u>Amount Audited</u>
Widen Exit Ramps and Construct Auxiliary Lanes	0800000792	P2505-0088	\$11,214,820
HOV Lane Gap Closure	0800000712	P2505-0089	\$114,877,438
I-215 Bi-County HOV Gap Closure	0812000211	P2505-0091	\$83,474,753
I-15 Widening and Devore Interchange Reconstruction	0800000366	P2505-0093	\$53,707,212
I-10 Install Ramp Metering Stations and Widen On-Ramps	0800000640	P2515-0030	\$13,162,814
Construct Truck Weight Station	0800000628	P2515-0031	\$30,854,787

The projects' implementation agency is Caltrans District 8. The projects were funded using Proposition Corridor Mobility Improvement Account funds (CMIA), and State Highway Operations and Protection Program funds (SHOPP).

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-R1, "Departmental Responses to Audit Reports" cites responsibilities of Division Chiefs relative to audits performed. The audit disclosed the following findings:

- **Finding 1: Improve Needed in Reporting Project Benefits/Outcomes-** The benefits/outcomes for project 0800000712, 0800000792, and 0812000211 were not adequately reported in the Final Delivery Reports.
- **Finding 2: Final Delivery Reports Not Submitted Timely-** The Final Delivery Reports for projects 0800000792 and 0812000211 were not submitted to Caltrans within six months of the projects becoming operable.

John Bulinski  
March 2, 2018  
Page 2 of 2

Please provide the Independent Office of Audits and Investigations a Corrective Action Resolution (CAR) on the audit findings within 90 days of this memorandum's date and reference the project numbers identified above on the CAR.

If you have any questions, please contact Elena Guerrero, Acting Audit Manager, at (916) 323-7954.

Attachment:

cc: Stephen Maller, Deputy Director, California Transportation Commission  
Rick Guevel, Associate Deputy Director, California Transportation Commission  
Terri L. Anderson, Assistant Deputy Director, California Transportation Commission  
Coco Briseno, Deputy Director, Planning and Modal Programs  
Bruce De Terra, Division Chief, Transportation Programming  
Doris M. Alkebulan, Prop 1B Specialist, Transportation Programming  
Syed Raza, Deputy District Director, Program Project Management  
Vasan Rudrapakiam, Sr. Transportation Engineer, Division of Project Management  
Jane Zhang, Sr. Transportation Engineer, Division of Project Management  
Carmen Wills, Audit Liaison, Division of Local Assistance  
Elena Guerrero, Acting Audit Manager, Audits and Investigations



## California Department of Transportation District 8

Proposition 1B Bond Programs

Project Numbers 0800000366, 0800000628, 0800000640, 0800000712,  
0800000792, and 0812000211

#### Team Members

Jennifer Whitaker, Chief  
Cheryl L. McCormick, CPA, Assistant Chief  
Jon G. Chapple, CPA, Manager  
Angie Williams, Supervisor  
Joshua Mortimer, Lead  
Lakeisha Gulley  
Erika Santiago  
Thong Thao

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, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

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DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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

Transmitted via e-mail

December 21, 2017

Ms. Alice M. Lee, Chief  
External Audits—Contracts, Audits and Investigations  
California Department of Transportation  
1304 O Street, Suite 200  
Sacramento, CA 95814

Dear Ms. Lee:

**Final Report—California Department of Transportation, District 8, 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 8's (District) Proposition 1B funded projects listed below:

<u>Project Number</u>	<u>P Number</u>	<u>Project Name</u>
0800000366	P2505-0093	I-15 Widening and Devore Interchange Reconstruction
0800000628	P2515-0031	Construct Truck Weight Station
0800000640	P2515-0030	I-10 Install Ramp Metering Stations and Widen On-Ramps
0800000712	P2505-0089	HOV Lane Gap Closure
0800000792	P2505-0088	Widen Exit Ramps and Construct Auxiliary Lanes
0812000211	P2505-0091	I-215 Bi-County HOV Gap Closure

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 and we appreciate its assistance and cooperation during the engagement, and their willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Jon Chapple, Manager, or Angie Williams, Supervisor, at (916) 322-2985.

Sincerely,

Jennifer Whitaker, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Ms. Elena Guerrero, Acting Audit Manager, External Audits—Contracts, Audits and Investigations, California Department of Transportation  
Mr. John Bulinski, Director, California Department of Transportation, District 8  
Mr. Syed Raza, Deputy District Director, California Department of Transportation, District 8  
Ms. Kerrie Hudson, Senior Transportation Manager, California Department of Transportation, District 8

# 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>

Caltrans District 8 (District) was awarded \$198.2 million of Proposition 1B funds from the Corridor Mobility Improvement Account (CMIA), \$66.5 million from the State Transportation Improvement Program (STIP) Augmentation, and \$62.7 million from the State Highway Operations and Protection Program (SHOPP) Augmentation. The six bond-funded projects were:

- I-15 Widening and Devore Interchange Reconstruction (0800000366)
- Construct Truck Weight Station (0800000628)
- I-10 Install Ramp Metering Stations and Widen On-Ramps (0800000640)
- High Occupancy Vehicle (HOV) Lane Gap Closure (0800000712)
- Widen Exit Ramps and Construct Auxiliary Lanes (0800000792)
- I-215 Bi-County HOV Gap Closure (0812000211)

Construction is complete for all projects except 0800000366, which is still in progress.

### **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.

**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.

**SHOPP AUGMENTATION:** \$500 million of bond proceeds made available to SHOPP to finance vehicle detection, ramp metering, and pavement rehabilitation projects.

<sup>1</sup> Excerpts were obtained from the bond accountability website <https://bondaccountability.dot.ca.gov/> and CTC website <http://catc.ca.gov/programs/Prop1B.htm>.

## 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 and Caltrans/CTC's program guidelines.
- Deliverables/outputs were consistent with the project scopes and schedules.
- Benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the Final Delivery Reports.

For SHOPP Augmentation projects 0800000628 and 0800000640, our audit did not include determining whether deliverables/outputs were consistent with the project schedules and whether benefits/outcomes were achieved and adequately reported in the Final Delivery Reports because Caltrans' guidelines did not include these requirements. For these projects, our audit scope was limited to determining whether Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/CTC program guidelines and whether project deliverables/outputs were consistent with the project scopes.

At the time of our site visit in June 2017, construction for project 0800000366 was not complete. Accordingly, 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.

The District's management is responsible for ensuring accurate financial reporting; compliance with project agreements 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, program guidelines, and applicable policies and procedures.
- Reviewed procurement records to ensure compliance with applicable state procurement requirements.
- Reviewed accounting records and progress payments.
- Selected a sample of expenditures to determine if they were project-related, properly incurred, authorized, and supported.

- Reviewed a sample of contract change orders to ensure they were within the scope of the projects, properly approved, and supported.
- Reviewed a sample of project final expenditure reports and invoices to ensure bond funds were not used to make duplicate payments.
- Evaluated whether project deliverables/outputs were met by reviewing supporting documentation and conducting site visits to verify project existence.

***For projects 0800000366, 0800000712, 0800000792, and 0812000211***

- Evaluated whether project deliverables/outputs were completed on schedule by reviewing project files, project agreements or approved amendments, and/or Final Delivery Reports.

***For projects 0800000712, 0800000792, and 0812000211***

- Determined whether project benefits/outcomes were achieved by comparing actual project benefits/outcomes reported in the Final Delivery Reports with the expected project benefits/outcomes described in the executed project agreements or approved amendments.
- Evaluated whether a sample of project benefits/outcomes were adequately reported in the Final Delivery Reports by reviewing supporting documentation.

***For project 0800000366***

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

In conducting our audit, we obtained an understanding of internal control, 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. 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 and Caltrans/CTC's program guidelines. In addition, except as noted in Finding 2, the project deliverables/outputs were consistent with the project scopes and schedules. Although projects 0800000366, 0800000712, 0800000792, and 0812000211 were behind schedule, the District appropriately informed Caltrans and CTC of the delays.

For projects 0800000712, 0800000792, and 0812000211, benefits/outcomes were not adequately reported in the Final Delivery Reports, as noted in Finding 1. Additionally, for these three projects, the District did not achieve the expected benefits/outcomes as described in the executed project agreements or approved amendments. For project 0800000366, the District has a system in place to report actual benefits/outcomes, although information is not always reported accurately as noted 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 0800000712, 0800000792, and 0812000211 were not adequately reported in the Final Delivery Reports. Specifically:

- The District did not report all project benefits/outcomes for projects 0800000712 and 0800000792. For project 0800000712, project benefits/outcomes related to providing continuity and connectivity to the HOV system, increasing throughput of people, and improving air quality were not reported in the Final Delivery Report. For project 0800000792, project benefits/outcomes related to weaving distance and Level of Service ("LOS") were not reported in the Final Delivery Report. According to the District, certain benefits were omitted because there was not a section to report the benefits in the Final Delivery Reports.
- The District reported metrics in the Final Delivery Report for project 0812000211 that were different than those identified in the executed project agreement. The project agreement identified expected benefits/outcomes related to saving 286,060 *daily peak hour person-minutes*, while the District reported actual project benefits/outcomes using a different category of 4.7 *peak period time savings (minutes)*. According to the District, this was a joint project between the District and the San Bernardino County Transit Authority, and discrepancies in the reported benefits/outcomes are a result of coordination issues between the agencies.
- The District could not support reported project benefits/outcomes for project 0800000792. Specifically, the District reported 3,577 daily vehicle hours of delay saved and 284,880 minutes of daily peak hour person-minutes saved; however, documentation supported actual savings of 3,095 hours and 246,465 minutes, respectively. The District stated it was unaware of this error.

The CMIA 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. Without an accurate assessment of projected and actual project outcomes, CTC cannot determine whether project benefits were met.

**Recommendations:**

- A. Read and review program guidelines to ensure a clear understanding of the requirements.
- B. Submit Supplemental Final Delivery Reports that address all expected project benefits/outcomes, to include pre and post comparable metrics. Additionally, ensure future Final Delivery Reports address all expected project benefits/outcomes and have comparable pre and post metrics.
- C. For future joint projects, establish defined roles and responsibilities for each agency to ensure adequate oversight over the reporting of project benefits/outcomes.
- D. Establish policies and procedures to ensure project benefits/outcomes reported in Final Delivery Reports agree to supporting documentation.

**Finding 2: Final Delivery Reports Not Submitted Timely**

The Final Delivery Reports for projects 0800000792 and 0812000211 were not submitted to Caltrans within six months of the projects becoming operable (construction contract acceptance date). The Final Delivery Report for project 0800000792 was due June 2013 and was not submitted to Caltrans until February 2014. The Final Delivery Report for project 0812000211 was due February 2016 and was not submitted until May 2017.

According to the District, the Final Delivery Report for project 0800000792 was delayed while the District was waiting for the final construction report, and the delay for project 0812000211 was due to the processing of accounting adjustments and verification of claimed amounts. Late submission of reports 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.

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 projects become operable. The CMIA guidelines state a project becomes operable at the end of the construction phase when the construction contract is accepted.

**Recommendations:**

- A. Read and review program guidelines to ensure a clear understanding of the requirements.
- B. Submit Final Delivery Reports for future state funded projects as required.

# APPENDIX A

The following acronyms are used throughout Appendix A.

- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- Caltrans District 8: District
- Corridor Mobility Improvement Account: CMIA
- State Transportation Improvement Program Augmentation: STIP Augmentation
- State Highway Operations and Protection Program Augmentation: SHOPP Augmentation
- High Occupancy Vehicle: HOV
- Level of Service: LOS

## Summary of Projects Reviewed

Project Number	Expenditures Incurred	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
0800000366	\$53,707,212	I	Y	Y	N/A <sup>1</sup>	N/A <sup>1</sup>	A-1
0800000628	\$30,854,787	C	Y	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	A-2
0800000640	\$13,162,814	C	Y	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	A-3
0800000712	\$114,877,438	C	Y	Y	N	P	A-4
0800000792	\$11,214,820	C	Y	Y	N	N	A-5
0812000211	\$83,474,753	C	Y	Y	N	P	A-6

### Legend

I = Interim

C = Complete

Y = Yes

N = No

P = Partial

N/A<sup>1</sup> = Not applicable; Final Delivery Report has not been submitted

N/A<sup>2</sup> = Not applicable; Caltrans guidelines did not include these requirements

**Project Number:** 0800000366

**Project Name:** I-15 Widening and Devore Interchange Reconstruction

**Program Name:** CMIA

**Project Description:** Add one mixed flow lane in each direction on I-15 from Glen Helen Parkway through the interchange, reconfigure one interchange, and add truck bypass lanes.

**Audit Period:** September 1, 2008 through May 11, 2017<sup>1</sup>

**Project Status:** Interim

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

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Construction Capital	\$ 53,707,212
<b>Total Proposition 1B Expenditures</b>	<b>\$ 53,707,212</b>

#### **Audit 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

Target completion for the construction phase of this project was November 2016. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope. However, the project is behind schedule and has not been completed. The District appropriately updated Caltrans and CTC of the delay.

##### Benefits/Outcomes

Actual benefits/outcomes have not been reported because the project is not complete, and the Final Delivery Report has not been submitted. Although there is a system in place to report actual project benefits/outcomes, the District does not always accurately report information as noted in Finding 1.

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<sup>1</sup> The audit period end date is the last date project costs were posted to Caltrans' general ledger.

**Project Number:** 0800000628

**Project Name:** Construct Truck Weight Station

**Program Name:** SHOPP Augmentation

**Project Description:** Construct a commercial vehicle enforcement facility/weight station near Wheaton Springs, from 1.2 miles north of Nipton Road to 0.5 miles south of Yates Well Road.

**Audit Period:** January 7, 2013 through May 17, 2017<sup>2</sup>

**Project Status:** Construction is complete.

**Schedule of Proposition 1B Expenditures**

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Construction Expenditures	\$ 30,854,787
<b>Total Proposition 1B Expenditures</b>	<b>\$ 30,854,787</b>

**Audit 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 December 2016. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope.

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<sup>2</sup> Ibid.

**Project Number:** 0800000640

**Project Name:** I-10 Install Ramp Metering Stations and Widen On-Ramps

**Program Name:** SHOPP Augmentation

**Project Description:** Install ramp metering stations and widen on-ramps in San Bernardino County, from Route 15 to Route 215.

**Audit Period:** August 2, 2007 through July 11, 2015<sup>3</sup>

**Project Status:** Construction is complete.

**Schedule of Proposition 1B Expenditures**

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Permits and Environmental Studies	\$ 442,518
Plans Specifications and Estimates	2,308,046
Right of Way Support	3,894
Construction Engineering	2,649,658
Construction Capital	7,758,698
<b>Total Proposition 1B Expenditures</b>	<b>\$ 13,162,814</b>

**Audit 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 December 2014. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope.

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<sup>3</sup> Ibid.

**Project Number:** 0800000712

**Project Name:** HOV Lane Gap Closure

**Program Name:** CMIA

**Project Description:** Construct one HOV lane in each direction from Adams Street to the State Route (SR) 60/91/215 Interchange in the City of Riverside, and re-stripe the freeway median as an HOV lane from University Avenue to the SR 60/91/215 Interchange.

**Audit Period:** May 10, 2007 through April 30, 2017<sup>4</sup>

**Project Status:** Construction is complete.

**Schedule of Proposition 1B Expenditures**

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Construction Engineering	\$ 20,595,758
Construction Capital	94,281,680
<b>Total Proposition 1B Expenditures</b>	<b>\$ 114,877,438</b>

**Audit 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 December 2016. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope. However, the project was behind schedule and completed 19 months late. The District appropriately updated Caltrans and CTC of the delay.

Benefits/Outcomes

Actual project benefits/outcomes related to daily vehicle hours of delay saved and daily peak hour person-minutes saved were adequately reported in the Final Delivery Report. However, the District did not achieve these expected benefits/outcomes as described in the executed project agreements or approved amendments. In addition, project benefits/outcomes related to providing continuity and connectivity to the HOV system, increasing throughput of people, and improving air quality were not reported in the Final Delivery Report.

<b>Expected Benefits/Outcomes</b>	<b>Actual Benefits/Outcomes</b>	<b>Benefits/Outcomes Achieved</b>
Daily vehicle hours of delay saved: 6,771 hours	Daily vehicle hours of delay saved: 6,430 hours	No
Daily peak hour person-minutes saved: 494,280 minutes	Daily peak hour person-minutes saved: 469,376 minutes	No
Provides continuity and connectivity to the HOV system in District's 7, 8, and 12 and accommodates future growth by adding capacity and completing the HOV system	Not Reported	No
Increases throughput of people while decreasing daily vehicles trips (occupancy of 1.2)	Not Reported	No
Improves air quality by reducing travel times equating to decreased emissions	Not Reported	No

<sup>4</sup> Ibid.

**Project Number:** 0800000792

**Project Name:** Widen Exit Ramps and Construct Auxiliary Lanes

**Program Name:** CMIA and SHOPP Augmentation

**Project Description:** Improves interchange and mainline operation and safety in the City of Fontana and the County of San Bernardino including widening of freeway ramps and construction of auxiliary lanes.

**Audit Period:** June 25, 2007 through February 17, 2016<sup>5</sup>

**Project Status:** Construction is complete.

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

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Construction Capital – CMIA	\$ 10,087,730
Construction Capital – SHOPP Augmentation	1,127,090
<b>Total Proposition 1B Expenditures</b>	<b>\$ 11,214,820</b>

#### **Audit 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 December 2012. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope. However, the project was behind schedule and completed 25 months late. The District appropriately updated Caltrans and CTC of the delay. Additionally, the project Final Delivery Report was due in June 2013 and was not submitted to Caltrans until February 2014.

##### Benefits/Outcomes

Actual project benefits/outcomes related to vehicle hours of delay and peak hour person-minutes were not adequately reported in the Final Delivery Report. The District reported 3,577 daily vehicle hours of delay saved and 284,880 minutes of daily peak hour person-minutes saved; however, supporting documentation indicated actual savings achieved was 3,095 hours and 246,465 minutes, respectively. In addition, project benefits/outcomes related to weaving distance and LOS were not reported in the Final Delivery Report.

<b>Expected Benefits/Outcomes</b>	<b>Actual Benefits/Outcomes</b>	<b>Benefits/Outcomes Achieved</b>
Daily vehicle hours of delay saved: 3,577 hours	Not adequately reported	No
Daily peak hour person-minutes saved: 284,880 minutes	Not adequately reported	No
Provide adequate weaving distance between on-ramps and off-ramps	Not reported	No
Local commercial, industrial, and residential growth has decreased the mainline LOS to "F". Without improvements, infill development will continue to cause operations to deteriorate.	Not reported	No

<sup>5</sup> Ibid.



**Project Number:** 0812000211

**Project Name:** I-215 Bi-County HOV Gap Closure

**Program Name:** CMIA and STIP Augmentation

**Project Description:** Construct approximately 7.5 mile HOV lane in each direction of I-215 beginning at the SR-91/SR-60/I-215 interchange to the south to I-215/Orange Show Road Interchange to the north. Includes Burlington Northern and Santa Fe Railway replacement and bridge widening over the Union Pacific Rail Road line south of I-10 and the Santa Ana River.

**Audit Period:** January 19, 2011 through May 16, 2017<sup>6</sup>

**Project Status:** Construction is complete.

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

<b>Proposition 1B Expenditures</b>	<b>Incurred</b>
Construction Engineering – CMIA	\$ 10,699,420
Construction Capital – CMIA	6,924,768
Construction Capital – STIP Augmentation	65,850,565
<b>Total Proposition 1B Expenditures</b>	<b>\$ 83,474,753</b>

#### **Audit 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 August 2015. At the time of our site visit in June 2017, project deliverables/outputs were consistent with the project scope. However, the project was behind schedule and completed 12 months late. The District appropriately updated Caltrans and CTC of the delay. Additionally, the project Final Delivery Report was due in February 2016 and was not submitted to Caltrans until May 2017.

##### Benefits/Outcomes

Actual project benefits/outcomes related to daily vehicle hours of delay saved were adequately reported in the Final Delivery Report. However, the District did not achieve these expected benefits/outcomes as described in the executed project agreements or approved amendments. In addition, the District reported metrics for the other project benefits/outcomes that were different than those identified in the executed project agreement. The project agreement identified expected benefits/outcomes related to saving 286,060 *daily peak hour person-minutes*, while the District reported actual project benefits/outcomes relating saving 4.7 *peak period time savings (minutes)*.

<b>Expected Benefits/Outcomes</b>	<b>Actual Benefits/Outcomes</b>	<b>Benefits/Outcomes Achieved</b>
Daily vehicle hours of delay saved: 14,571 hours	Daily vehicle hours delay saved: 3,031 hours	No
Daily peak hour person-minutes saved: 286,060 minutes	Not adequately reported	No

<sup>6</sup> Ibid.



**DEPARTMENT OF TRANSPORTATION**

OFFICE OF THE DISTRICT DIRECTOR

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*Making Conservation  
a California Way of Life.*

December 6, 2017

Ms. Jennifer Whitaker, Chief  
Office of State Audits and Evaluations  
California Department of Finance  
915 L. Street  
Sacramento, CA 95814-3706

Dear Ms. Whitaker:

This letter is in response to your November 22, 2017 letter and the November 2017 Office of State Audits and Evaluations, California Department of Finance Draft Audit Report of California Department of Transportation (Caltrans) District 8, Proposition 1B Bond Programs, Project Numbers 0800000336, 0800000628, 0800000640, 0800000712, 0800000792 and 0812000211.

We are very pleased that the Audit Report reflects that Proposition 1B expenditures were incurred in compliance with the executed project agreements and Caltrans/California Transportation Commission program guidelines.

The Audit Report does contain the following two findings:

**Finding 1: Improvements Needed in Reporting Project Benefits/Outcomes**

The benefits/outcomes for projects 0800000712, 0800000792, and 0812000211 were not adequately reported in the Final Delivery Reports.

**Finding 2: Final Delivery Reports Not Submitted Timely**

The Final Delivery Reports for projects 0800000792 and 0812000211 were not submitted to Caltrans within six months of the projects becoming operable (construction contract acceptance date). The Final Delivery Report for project 0800000792 was due June 2013, and was not submitted to Caltrans until February 2014. The Final Delivery Report for project 0812000211 was due February 2016, and was not submitted until May 2017.

District 8 concurs with the findings in the Audit Report. We will address the stated deficiencies and adopt the recommended improvements. Below are our responses for each of the findings:

**Finding 1: Improvements Needed in Reporting Project Benefits/Outcomes**

Project 0800000712 – District 8 will submit a supplemental Final Delivery Report (FDR) to report benefits/outcomes for providing continuity and connectivity to the High Occupancy Vehicle system, increasing throughput of people, and improving air quality.

Project 0800000792 – District 8 will submit a supplemental FDR to report benefits/outcomes related to weaving distance and Level of Service. Further, the supplemental FDR will also include the supported results of the daily vehicle hours of delay saved and the daily peak hour person-minutes saved.

Project 0812000211 – District 8 will submit a supplemental FDR with the updated metrics of unit for the daily peak hour person-minutes saved to be consistent with the metrics of unit used in the executed project agreement.

**Finding 2: Final Delivery Reports Not Submitted Timely**

Project 0800000792 – Although the delay of the FDR was attributed to the delay of the final construction report, District 8 understands FDR is required within six months of the construction contract acceptance. District 8 is committing to submit future FDR's within the required six month time period.

Project 0812000211 – Although the delay of the FDR was attributed to the delay of the final post-construction accounting, District 8 understands FDR is required within six months of the construction contract acceptance. District 8 is committing to submit future FDR's within the required six month time period.

We appreciate the thorough review by the Department of Finance audit team. If you have any questions regarding our responses or require additional information, please feel free to contact me at (909) 383-4055 or Syed Raza, Caltrans District 8 Deputy District Director of Program Project Management at (909) 388-7149.

Sincerely,

  
for JOHN BULINSKI  
District Director

Ms. Jennifer Whitaker

December 6, 2017

Page 3

cc: Alice M. Lee, Chief, External Audits-Contracts, Audits and Investigations, Caltrans  
Elena Guerrero, Acting Audit Manager, External Audits-Contracts, Audits and  
Investigations, Caltrans  
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Kerrie Hudson, Senior Transportation Planner, Caltrans