

TRANSPORTATION

California has a vast state transportation infrastructure, that includes 50,000 lane miles of state and federal highways, 304,000 miles of locally owned roads, operation of three of the top five Amtrak intercity rail services in the nation (nearly 900 miles of track), and numerous transit systems operated by 180 local transit agencies. Efficient operation of this vast network is vital to the state’s continued economic growth and also serves much of the country, with nearly 20 percent of the goods imported to the United States moving through California ports, highways, and railways. Bottlenecks in the state’s trade corridors constrain economic growth and reduce quality of life when Californians spend hundreds of hours in traffic.

When the Governor took office in 2011, slowing transportation revenues, lack of federal funding, and eroding buying power led to several decades of underfunding repairs, leaving little funding available to strategically address the state’s future transportation needs or explore transformative solutions that could meet the needs of all Californians. This resulted in roads so degraded that Californians were estimated to be spending an average of \$762 annually on additional vehicle repair costs attributable to poor road conditions. The Administration began exploring how to achieve a robust and sustainable transportation infrastructure by advancing high-speed rail and creating new funding programs for transit, bicycling, and walking. However, the state faced ongoing funding challenges in the tens of billions of dollars for the maintenance and repair of core infrastructure—state highways, roads, and bridges. Of the nearly \$11.5 billion in ongoing transportation revenues available at the time, about 70 percent was devoted to local streets and roads, transit, capacity expansions, and debt service. While Proposition 1B, The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, provided \$20 billion in one-time funding, it largely focused on capacity, local streets and roads, and transit.

Repair and maintenance of the state highway system continued to be largely overlooked. As a result, not only did the state's highway system continue to deteriorate, but the one-time bond funding of capacity projects increased ongoing maintenance funding needs.

As the Administration evaluated the need, it began taking several steps:

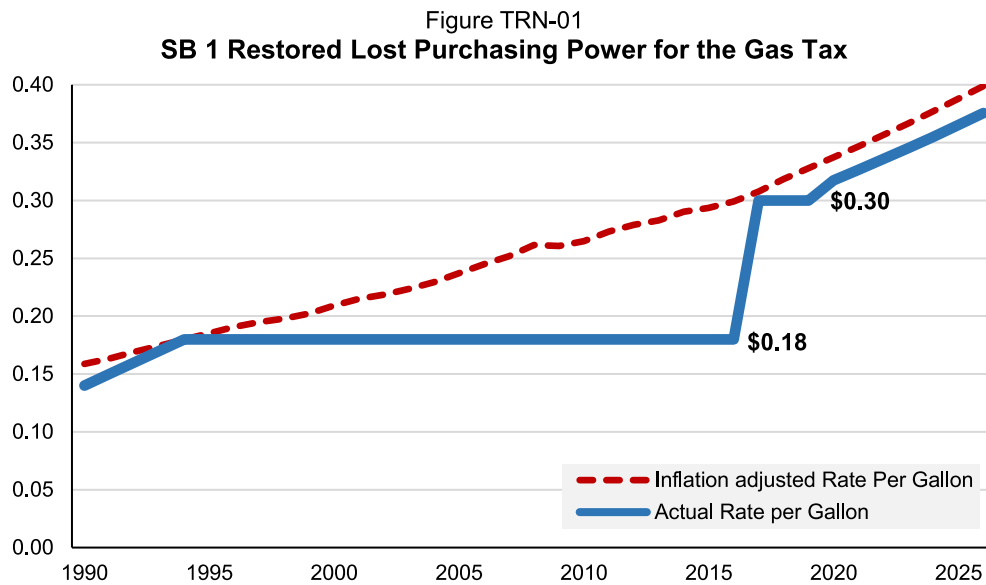
- The 2012 Budget provided the first major appropriations of \$5.8 billion in Proposition 1A bond funds and federal funds to begin construction of the backbone of the state's high-speed passenger rail service through the Central Valley, while also appropriating another \$1.1 billion to fund improvements to both "bookends" of the shared system.
- In 2013-14, the Administration formed a stakeholder workgroup to reconsider how transportation expenditures are prioritized and to explore long-term pay-as-you-go revenue options.
- In 2014-15, the adopted Cap and Trade Expenditure Plan continuously appropriated 60 percent of annual revenues to address the state's transportation needs, with 25 percent for the state's high-speed rail project, 10 percent towards complementary state and local transit projects through the Transportation Agency's new Transit and Intercity Rail Capital Program, and 5 percent going to fund expanded local transit service, in addition to the 20 percent for the Strategic Growth Council's Sustainable Communities Program to facilitate transit compatible housing and development.
- In 2015-16, the Administration proposed a new transportation funding plan to provide increased, ongoing revenues to address the state's funding shortfall and better target its future commuter and freight needs. Subsequent partnership with the Legislature ultimately resulted in enactment of Chapter 5, Statutes of 2017 (SB 1), the Road Repair and Accountability Act of 2017.

IMPLEMENTING THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

The federal government has not raised the gas tax rate in nearly 25 years, leaving the federal Highway Trust Fund nearly insolvent and aging roads, bridges, and transit systems across the nation in poor condition.

In response to the growing need, the Administration and the Legislature enacted the Road Repair and Accountability Act of 2017 (SB 1), which provides stable, long-term funding for both state and local transportation infrastructure priorities. In doing this, California joined 25 other states that passed fuel taxes, vehicle fees, or other transportation-related fees since 2013 to fix

roads and bridges. Like these other states, California faced inflation that had significantly eroded its purchasing power since the state gas tax was last raised in 1994 (see Figure TRN-01). In addition to increased construction and repair costs, gas tax revenues had stagnated as vehicles became more fuel efficient. These factors and declining federal funding left states with a significant shortfall in the resources needed to maintain and improve state and local transportation systems.



SB 1 provides an average of \$5.4 billion per year for a strategic mix of state and local transportation projects from a combination of new revenues and accelerated loan repayments. It also includes reforms and accountability measures, and constitutional protections. The new revenues are split evenly between state and local transportation priorities, with an emphasis on a “fix-it first” strategy to repair and maintain the existing transportation infrastructure while also investing significantly in public transit. Voters overwhelmingly passed Proposition 69 in June, which constitutionally protects SB 1 revenues for transportation. SB 1 also includes strong accountability and efficiency requirements so that funds provide the intended results, including the creation of a new independent transportation Inspector General.

This sustained investment over the course of the next decade and beyond will support hundreds of thousands of jobs in California. Over the next decade, the \$54 billion transportation package will provide \$15 billion for state highway repairs and maintenance, \$4 billion in state bridge repairs, \$3.3 billion for state trade corridors, and \$2.5 billion for the state’s most congested commute corridors. Local roads will receive more than \$15 billion in new funding for maintenance and repairs and \$2 billion in matching funds for local partnership projects. Transit and intercity rail will receive \$7.7 billion in additional funding, and local governments will have access to \$1 billion for active transportation projects.

The 2017 Budget provided \$2.8 billion in new funding from SB 1 for transportation projects, and the Budget includes \$4.6 billion in new SB 1 funding. These revenues will be distributed evenly between state and local transportation priorities. Locals will receive \$2.3 billion in local project funding in 2018-19, growing to \$3.5 billion by 2026-27 (see Figure TRN-02).

Figure TRN-02
Road Maintenance and Accountability Act Funding
(Dollars in Millions)

Program		2017-18 Appropriation	2018-19 Appropriation
Local Allocations	Local Streets and Roads	\$461	\$1,202
	Transit and Intercity Rail Capital Program	\$330	\$330
	State Transit Assistance	\$286	\$405
	Local Partnership Program	\$200	\$200
	Active Transportation Program	\$100	\$100
	Commuter Rail and Intercity Rail	\$26	\$43
	Local Planning Grants	\$25	\$25
Total:		\$1,427	\$2,305
State Allocations	SHOPP/Maintenance	\$461	\$1,219
	Bridges and Culverts	\$400	\$400
	Commuter Corridors	\$250	\$250
	Trade Corridor Enhancement	\$158	\$308
	Department of Parks and Recreation*	\$53	\$79
	Air Resources Board Clean Freight	\$50	\$0
	Freeway Service Patrol	\$25	\$25
	Department of Food and Agriculture*	\$17	\$26
	Transportation-related CSU and UC Research	\$7	\$7
	Transportation Workforce Development Board	\$5	\$5
Total:		\$1,426	\$2,319
Administration	Department of Motor Vehicles	\$4	\$8
	Total:	\$4	\$8
Revenue	Transportation Improvement Fee	\$737	\$1,510
	Gasoline Excise Tax	\$1,263	\$1,867
	Diesel Excise Tax	\$415	\$678
	Diesel Sales Tax	\$207	\$343
	General Fund Loan Repayment	\$235	\$235
Total:		\$2,858	\$4,633

*Revenue derived from fuel purchased for off-road vehicles.

Improvements funded from these new resources are being implemented immediately. To jump start delivery, the California Department of Transportation's (Caltrans) pavement maintenance funding has been increased by approximately \$575 million per year. Caltrans has accelerated and programmed 210 highway repair and bicycle and pedestrian access projects to date. Caltrans is also working with the California Transportation Commission to program larger repair and rehabilitation projects. Similarly, cities and counties have submitted over 4,000 proposed

projects for which the \$1.2 billion in SB 1 funds available in 2018-19, as well as SB 1 funds available in future years, can be used. The California Transportation Commission approved an initial allocation of these funds to cities and counties at its December 2017 meeting.

Over the next five years, SB 1 will increase the resources available for new state highway repair projects from \$9 billion to \$17 billion. The State Highway Operations and Protection Program (SHOPP), the state's long term highway repair plan, has been increased by \$1.6 billion in project funding capacity through 2018-19, with another \$7 billion in projects planned from 2019-20 through 2022-23.

PROGRESS IMPLEMENTING THE ROAD REPAIR AND ACCOUNTABILITY ACT

EFFICIENCIES

SB 1 requires Caltrans to implement efficiency measures with the goal of generating at least \$100 million annually in savings, and report annually to present efficiency savings from the prior fiscal year to the California Transportation Commission no later than September 30 of each year. In January 2018, Caltrans presented an interim report outlining the efficiencies Caltrans identified for fiscal year 2017-18. Caltrans estimates that total savings from the efficiencies identified in its interim report will be between \$146 million and \$238 million. Caltrans will continue analyzing, evaluating, and monitoring the identified efficiencies throughout the year to determine the extent of monetary savings or cost avoidance. These efficiencies include:

- Expanding the use of the Construction Manager/General Contractor project delivery method.
- Utilizing the value analysis method on federal aid projects with a value of \$50 million.
- Using new technology, such as high reflective materials for striping, mobile field devices in construction to streamline the resolution of claims, and replacing high-pressure sodium fixtures with LED lighting on highways statewide.

REFORMS AND ACCOUNTABILITY

SB 1 provides for increased reporting and oversight of transportation revenues:

- The California Transportation Commission reports on both Caltrans and the cities/counties receiving road repair and maintenance funding.

- Caltrans must include condition targets for certain assets (e.g., pavement, culverts, bridges) in its Transportation Asset Management Plan, and requires the California Transportation Commission to hold Caltrans accountable to achieving those targets through regular reporting.
- The Advance Mitigation program was created to accelerate project delivery while meeting applicable environmental requirements; the program is funded with an annual set aside of \$30 million for the next four years.
- Office of the Inspector General—SB 1 established an Office of the Inspector General to provide verification and assurance that funds are being used optimally and as the Act intends. The Office also oversees the Department's compliance with the new contracting diversity goals in SB 1. The Governor has appointed the new Inspector General, and the 2017 Budget provided audit staff and funding to support the office's efforts.

PROGRESS ON SB 1 ALLOCATIONS

LOCAL STREETS AND ROADS

The 2017 Budget provided \$461 million to all 479 cities and 58 counties for projects that begin addressing their highest repair needs on local streets and roads. Cities and counties began receiving their proportional share of the new revenues together with their base road maintenance funding in early February 2018. The Budget provides \$1.2 billion in new SB 1 revenues to cities and counties to continue addressing the backlog of local road repairs (See Figure TRN-03). Cities and counties have identified more than 4,000 local priority projects to fund with these new revenues.

A complete list of city and county Local Streets and Roads program projects can be found at:

<http://www.catc.ca.gov/programs/sb1/lrsp/docs/sb1-lsrp-proposed-city-projects-013118.pdf>

<http://www.catc.ca.gov/programs/sb1/lrsp/docs/sb1-lsrp-proposed-county-projects-013118.pdf>

Figure TRN-03
Local Streets and Roads Program - SB 1 Funding
(Dollars in Millions)

County ⁽¹⁾	2018-19	10-Year	County ⁽¹⁾	2018-19	10-Year
ALAMEDA	\$46	\$578	ORANGE	\$94	\$1,190
ALPINE	\$0	\$4	PLACER	\$13	\$164
AMADOR	\$2	\$25	PLUMAS	\$2	\$26
BUTTE	\$9	\$110	RIVERSIDE	\$68	\$859
CALAVERAS	\$3	\$34	SACRAMENTO	\$40	\$502
COLUSA	\$2	\$29	SAN BENITO	\$3	\$33
CONTRA COSTA	\$33	\$418	SAN BERNARDINO	\$64	\$806
DEL NORTE	\$1	\$15	SAN DIEGO	\$94	\$1,191
EL DORADO	\$6	\$77	SAN FRANCISCO	\$25	\$311
FRESNO	\$34	\$426	SAN JOAQUIN	\$23	\$296
GLENN	\$3	\$35	SAN LUIS OBISPO	\$10	\$127
HUMBOLDT	\$6	\$76	SAN MATEO	\$23	\$296
IMPERIAL	\$11	\$141	SANTA BARBARA	\$13	\$161
INYO	\$3	\$39	SANTA CLARA	\$57	\$721
KERN	\$28	\$356	SANTA CRUZ	\$7	\$93
KINGS	\$6	\$75	SHASTA	\$8	\$96
LAKE	\$3	\$37	SIERRA	\$1	\$13
LASSEN	\$3	\$36	SISKIYOU	\$4	\$55
LOS ANGELES	\$280	\$3,533	SOLANO	\$14	\$182
MADERA	\$7	\$87	SONOMA	\$17	\$209
MARIN	\$8	\$98	STANISLAUS	\$18	\$226
MARIPOSA	\$2	\$21	SUTTER	\$5	\$56
MENDOCINO	\$4	\$56	TEHAMA	\$4	\$49
MERCED	\$10	\$131	TRINITY	\$2	\$24
MODOC	\$3	\$32	TULARE	\$18	\$228
MONO	\$2	\$25	TUOLUMNE	\$3	\$32
MONTEREY	\$14	\$178	VENTURA	\$26	\$323
NAPA	\$5	\$64	YOLO	\$8	\$98
NEVADA	\$4	\$46	YUBA	\$3	\$35
Total				\$1,202	\$15,181

⁽¹⁾ Amount is split 50/50 between the county and the cities within the county

TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

The upcoming five-year program from new SB 1 revenues and existing Cap and Trade auction proceeds will provide \$2.4 billion in new transit project funding. The program was created to fund transformative projects such as the BART Silicon Valley extension and expanded Los Angeles Union Station capacity, growing ridership and reducing greenhouse gas emissions. The Agency adopted guidelines for the program in October 2017, with project applications received in January 2018, and awards made in April 2018. The Budget provides \$330 million in SB 1 funds for these projects.

STATE TRANSIT ASSISTANCE

For 2017-18, in addition to the transit capital project funding, SB 1 provided \$286 million for operations for local transit agencies along with the \$457 million in other base annual funding. Funds began flowing to local transit agencies in early February 2018, permitting local agencies to improve service for transit riders. The Budget provides an additional \$405 million from SB 1 for local transit operations, bringing the 2018-19 total to \$834 million.

LOCAL PARTNERSHIP PROGRAM

SB 1 allocates \$200 million per year to reward local entities that are making extra investments in transportation. These matching funds support the efforts of cities and counties with voter-approved or imposed fees or taxes dedicated solely to transportation. The California Transportation Commission previously approved the formula portion of the program, which provides \$180.6 million for 63 projects. Subsequently, the California Transportation Commission programmed three years of projects (fiscal years 2017-18 through 2019-20) for the competitive program, providing an additional \$309 million for 27 projects with a total value of more than \$1.7 billion.

A complete list of projects can be found at:

http://catc.ca.gov/programs/sb1/lpp/docs/032118_LPP_Amended_Formulaic_Program.pdf

http://catc.ca.gov/programs/sb1/lpp/docs/2018_Adopted_CompetitiveLPP.pdf

ACTIVE TRANSPORTATION PROGRAM

SB 1 provides \$100 million per year in addition to \$123 million in base funding for bicycle and pedestrian projects. Following passage of SB 1, the California Transportation Commission augmented the 2017 Program by \$192 million to advance existing projects and program new

projects. Some of these projects were already programmed in anticipation of when 2019-20 and 2020-21 funds would become available, and SB 1 allowed these projects to advance into 2017-18 and 2018-19. After advancing previously programmed projects, the California Transportation Commission programmed new projects with the additional SB 1 funds, making it possible for 121 new active transportation projects valued at over \$437 million to receive funding.

Complete list of projects:

Final Adopted 2017 ATP Augmentation (Metropolitan Planning Organization Component): http://www.catc.ca.gov/programs/atp/2017/final-adopted-program/2017_ATP_MPO_Component-Adopted.pdf

Final Adopted 2017 ATP Augmentation (Statewide Component): http://www.catc.ca.gov/programs/atp/2017/docs/101817_Final-adopted-2017-ATP-Augmentation_Statewide-component.pdf

Final Adopted 2017 ATP Augmentation (Small Urban/Rural Component): http://www.catc.ca.gov/programs/atp/2017/docs/101817_Final-adopted-2017-ATP-Augmentation_Small-urban-rural-component.pdf

REPAIR AND MAINTENANCE OF THE STATE HIGHWAY SYSTEM

With the \$461 million provided in the 2017 Budget, Caltrans was able to accelerate 117 projects with a value totaling \$993 million. Maintenance efforts are projected to fix 67,000 potholes, 5,400 lane miles of cracking and 7,000 spalls along with 765,000 feet of guardrail and 32,000 miles of striping. These funds have been allocated to high priority highway repair projects such as 42 lane miles of rubberized pavement in Santa Barbara County, and 36 lane miles of pavement in Kings County. More highway repair projects are being added and accelerated as part of the 2018 State Highway Operation Protection Program, which was adopted in March 2018. The Budget provides \$1.2 billion SB 1 funds to continue addressing the state's highest repair and maintenance needs.

- The California Transportation Commission has awarded, begun construction, or completed an additional 122 projects in the year since SB 1 passed, and has begun design and environmental clearance work on 156 more projects. Caltrans has improved two bridges on U.S. Highway 101 in Santa Barbara County, widened striping for increased visibility on 144 lane miles on State Route 99 in Stanislaus County, and repaired more than 350 lane miles of highway across the state.

TRANSPORTATION

- The California Transportation Commission approved Caltrans' new 2018-19 State Highway Operation and Protection Program (SHOPP) plan, the state's main program for highway rehabilitation, in March 2018. As a result of additional SB 1 funding, the \$18 billion 4-year SHOPP plan includes 128 additional projects valued at \$5.3 billion. Additionally, Caltrans has added 400 field positions to its Maintenance program. By the end of 2018-19, Caltrans is anticipated to have completed almost 100 fix-it-first projects on the state highway system, repairing more than 7,500 lane miles and 132 bridges.

BRIDGE AND CULVERT REPAIRS

SB 1 provides \$400 million per year to fund repairs and maintenance on the state's bridge and culvert infrastructure, including such projects as the seismic retrofit of two bridges at the Santa Ana River in San Bernardino County, the Seismic Retrofit of the Salinas River Bridge in Monterey County, the Tower Bridge pier protection replacement in Yolo County, and the replacement of the Cache Creek Bridge in Kern County. It also allowed Caltrans to move forward quickly with projects like the culvert repair around Soda Springs and the sinkhole repair on Interstate 15 in San Diego. More bridge projects will be added and accelerated as part of the proposed 2018 State Highway Operation Protection Program adopted in March 2018.

COMMUTER CORRIDORS

SB 1 provides \$250 million per year for projects to improve capacity and reduce congestion in the state's most congested commuter corridors in a manner that also improves air quality and provides more transportation choices. The California Transportation Commission completed guidelines for this revised program in December 2017, received proposals in February 2018, and selected projects in May. The California Transportation Commission programmed a total of \$1 billion over four years (2017-18 through 2020-21) for nine projects with a total value of approximately \$3.5 billion.

A complete list of projects can be found at:

http://www.catc.ca.gov/programs/sb1/sccp/docs/2018_Adopted_SCCP.pdf

TRADE CORRIDOR ENHANCEMENTS

The 2017 Budget provided \$208 million, with another \$308 million in the Budget, for projects that address bottlenecks and improve throughput on the state's most economically important trade corridors. Of this amount, \$50 million was appropriated to the Air Resources Board for its competitive Zero/Near-Zero Emission Warehouse Program, which will fund projects that reduce emissions from freight-related sources. For the remainder of these funds, the California

Transportation Commission completed guidelines for this revised program in October 2017, received project proposals in January 2018, and completed project selection in May. The California Transportation Commission programmed approximately \$1.4 billion over three years (2017-18 through 2019-20) for 28 projects with a total value of more than \$4 billion.

A complete list of projects can be found at:

http://www.catc.ca.gov/programs/sb1/tcep/docs/2018_Adopted_TCEP.pdf

FREEWAY SERVICE PATROLS

SB 1 provides \$25 million per year on top of the existing \$25 million in base funding for local transportation agencies to fund freeway service patrols that help clear incidents that cause temporary congestion, such as flat tires or vehicles that have run out of fuel. Studies have shown that disabled vehicles cause up to a third of the state's traffic delays.

CALIFORNIA TRANSPORTATION AGENCY

The Transportation Agency is responsible for developing and coordinating the policies and programs of the state's transportation entities to improve the mobility, safety, and environmental sustainability of California's transportation system.

Significant Adjustment:

- Intercity and Commuter Rail Program—\$43 million Public Transportation Account from increased SB 1 diesel sales tax revenues to be allocated by the Agency for operations and capital improvements of intercity and commuter rail services.

HIGH-SPEED RAIL AUTHORITY

High-speed rail service is an essential element of the state's strategy to reduce greenhouse gas emissions while maintaining economic growth through improved mobility options for Californians. When fully operational, the high-speed rail system will avoid the releasing of harmful emissions into the environment, including a reduction in greenhouse gas emissions that is the equivalent of taking some 322,000 vehicles off the road every year.

When the Governor took office, the High Speed Rail Authority had a commitment of \$9 billion in state bond funds and \$2 billion in federal funds to develop and construct California's first high-speed passenger train service, an estimated \$68 billion project. Today, with the commitment of Cap and Trade, bond funds and \$3.5 billion in federal funds, the project has

broken ground on construction in the Central Valley, where 119 miles of construction is now underway, employing over 2,000 people on more than a dozen construction sites. These early investments in construction have helped the Central Valley economy rebound:

- The \$3 billion invested to date in the Valley construction has resulted in \$6 billion in economic output;
- 437 small businesses are now working on the project, most of which are California companies;
- In 2016 and 2017, Fresno County alone reported the creation of 9,400 jobs. High-speed rail investment supported 30 percent of the job creation in the county during that time, with 3,100 total jobs created (construction and non-construction).
- From 2006 through 2017, the project has resulted in approximately 28,500 job-years of employment statewide.

Even before project completion, the Authority is working to create the greenest infrastructure project in the nation, both in its construction and its operations. The construction equipment used to build the project is Tier 4 equipment—the cleanest equipment available for heavy construction work. To offset emissions during construction, the authority has committed to purchase clean local school buses and is planting trees in the region of the construction activity. Once complete, the system will be powered by 100-percent renewable energy.

In May 2018, the Authority approved its fourth bi-annual Business Plan, which projected costs to complete Phase 1 at \$77.3 billion. The 2018 Business Plan also reflects a strategy to:

- Meet the state’s commitments to federal partners by constructing the 119-mile Central Valley Segment and completing the environmental review for all project segments statewide (Merced/San Francisco-Los Angeles/Anaheim) by 2022.
- Invest funds in the Valley-to-Valley segments between Bakersfield and Madera and between Gilroy and San Francisco.
- Complete project development work to refine the design, scope and cost for the Pacheco Pass tunnels to allow operation of the Valley-to-Valley service between San Francisco and Bakersfield by 2029.
- Invest remaining Proposition 1A bookend funds in the Rosecrans/Marquardt Grade Separation Project and the Link Union Station project.
- Leverage state funding to pursue additional federal funding or financing and potential private financing to invest in the development of the high-speed rail system statewide.

The Budget anticipates expenditures of \$1.1 billion, including \$382.5 million from Proposition 1A (2008), and \$749.5 million Greenhouse Gas Reduction Fund, and \$750,000 High-Speed Rail Property Fund. Of this amount, \$45.4 million is included in the Budget with the remainder provided by previous appropriations or the continuously appropriated Cap and Trade funds.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. Since 2011, the DMV has successfully transitioned operations to comply with major policy changes including implementation of the federal 2005 REAL ID Act, provision of drivers licenses to undocumented Californians under Chapter 524, Statutes of 2013 (AB 60), and the California New Motor Voter Program under Chapter 729, Statutes of 2015 (AB 1461).

- **REAL ID**—The DMV began offering a REAL ID driver license or identification card as an option to customers on January 22, 2018. The Federal Government set minimum standards for identity verification practices and security features that states must utilize prior to October 1, 2020 if their driver licenses and identification cards are to be accepted “for official purposes” such as accessing secure federal facilities and boarding federally regulated commercial aircraft. DMV has issued over 650,000 REAL ID compliant cards and has processed over a million REAL ID transactions. Over the next five years it is estimated that approximately 23 million Californians will request a REAL ID.
- **AB 60**—Since 2015, the DMV has been accepting driver license applications from undocumented persons who do not have a Social Security Number, but can instead provide other valid identification documents and proof of California residency as required under AB 60. In March 2018, the DMV issued its one millionth AB 60 Driver License and is currently issuing approximately 10,000 AB 60 licenses a month.
- **Motor Voter**—On April 23, 2018, the DMV implemented the California New Motor Voter Program which shifted the voter registration process at the DMV from a system where customers would opt-in to register to vote to a system where all eligible voters completing a driver license, identification card, or change of address transaction are automatically registered to vote unless they opt-out. DMV then electronically transmits to the Secretary of State specified information related to voter registration, including the applicant's name, date of birth, address, language preference, and other voter registration related information. In the first few months of implementation, DMV has provided over 450,000 new and

updated voter registration entries to the Secretary of State. As part of the implementation of AB 1461, DMV also incorporated a new electronic driver license and identification card application process to replace the paper application form.

Significant Adjustments:

- IT Software Replacement—\$15 million Motor Vehicle Account for the first-year costs of the Front End Sustainability Project, the DMV’s five-year \$89 million effort to replace its software for registering vehicles and managing service fees and payments. Over the five-year project, the estimated costs include \$38 million for the software system contract, \$43 million for Department of Technology staff, data center usage, and associated equipment and facilities upgrades, and \$8 million for 10 additional DMV staff
- IT Hardware Refresh—\$3.1 million Motor Vehicle Account to replace high-priority equipment and hardware that has reached the end of its useful life. This equipment includes servers, as well as network and storage equipment that supports the ability of the DMV to provide reliable services to its customers.
- Clean Vehicle Decal Program—\$1.4 million Motor Vehicle Account, including funding for three ongoing positions, for a new clean air vehicle decal program pursuant to Chapter 630, Statutes of 2017 (AB 544).