

AMENDED IN SENATE JUNE 26, 2012

AMENDED IN ASSEMBLY MAY 15, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2382**

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**Introduced by Assembly Member Members Gordon and Alejo**  
**(Coauthors: Assembly Members Beall, Campos, Fong, and Hill)**  
*(Coauthors: Senators Alquist, Blakeslee, and Simitian)*

February 24, 2012

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~~An act to add Section 14106 to the Government Code, relating to transportation.~~ *An act to add and repeal Article 5 (commencing with Section 14190) of Chapter 2 of Part 5 of Division 3 of Title 2 of the Government Code, relating to transportation.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2382, as amended, Gordon. ~~Department of Transportation: Innovation District Demonstration Project.~~ *Department of Transportation: Innovative Delivery Team Demonstration Program.*

*Existing law provides that the Department of Transportation has full possession and control of the state highway system. Existing law creates the Santa Clara Valley Transportation Authority with various transportation responsibilities in the County of Santa Clara.*

*This bill would, by July 1, 2013, require the department, and the Santa Clara Valley Transportation Authority to enter into a memorandum of understanding to implement the Innovative Delivery Team Demonstration Program, which would, until January 1, 2020, provide a different business model for the application of advanced technologies with the goal of delivering transportation projects and services in the County of Santa Clara in a more responsive,*

cost-effective, and efficient manner. The bill would require the demonstration program to serve as a mechanism for testing innovative approaches for improving project delivery and local assistance. The bill would require the department to assign specified personnel to the demonstration program. The bill would also require the authority to provide space, equipment, and other resources, as specified, to the demonstration program. The bill would require the authority to carry out, for purposes of implementing the demonstration program, specified responsibilities for state highway projects in Santa Clara County. The bill would require the demonstration program to adhere to all applicable federal rules and regulations, as specified. The bill would require the authority, in consultation with the department, to evaluate the effectiveness of the demonstration program and to report to the Legislature by July 1, 2015, and by July 1, 2018, on specified matters. By requiring the authority to participate in this demonstration program, the bill would impose a state-mandated local program.

The bill would also declare the intent of the Legislature in this regard.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Existing law provides that the Department of Transportation has full possession and control of the state highway system. Existing law creates the Santa Clara Valley Transportation Authority with various transportation responsibilities in the County of Santa Clara:

~~This bill would, by July 1, 2014, require the department, working in partnership with the Santa Clara Valley Transportation Authority, to establish the Innovation District Demonstration Project, designed to provide a new and innovative business model delivering transportation projects and services in the County of Santa Clara in a more responsive, cost-effective, and efficient manner and to serve as a mechanism for trying out new approaches for project delivery, local assistance, and transportation operations through streamlined processes, improved management techniques, and advanced technologies, with the goal of expediting project delivery and increasing the efficiency of the department. The bill would require the department and the authority to~~

~~evaluate the effectiveness of the demonstration project and to report to the Legislature by January 1, 2018, on specified matters. By requiring the authority to participate in this demonstration project, the bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. *The Legislature hereby finds and declares all of*  
2     *the following:*

3     (a) *In this era of increasing demand for public services and*  
4     *limited resources, it is important for government at all levels to*  
5     *consider innovative ways to become more effective and efficient,*  
6     *and to do more with less.*

7     (b) *In California, a typical highway project can take as many*  
8     *as 14 to 16 years to complete. Improvements to the various*  
9     *processes and procedures related to project development and*  
10    *construction would shorten this timeline and would, therefore,*  
11    *reduce costs, allowing more projects to be built with the same*  
12    *amount of money, and allowing the public to realize the benefits*  
13    *of these projects, such as increased mobility, sooner.*

14    (c) *The Department of Transportation is a very large and*  
15    *extremely complex organization, with a headquarters office in*  
16    *Sacramento, 12 district offices covering all 58 counties in the state*  
17    *and more than 22,000 employees. As a result, attempting to*  
18    *expedite project delivery and improve the department's local*  
19    *assistance program on a statewide basis can be a daunting*  
20    *challenge. Perhaps a better strategy that would have a greater*  
21    *chance of success would be to first test out innovative approaches*  
22    *on a small scale to determine which have the potential to be*  
23    *effective on a statewide basis.*

24    (d) *In Silicon Valley, the heart of innovation, the Santa Clara*  
25    *Valley Transportation Authority has a solid track record of*  
26    *delivering transportation capital improvement projects for the*

1 communities of Santa Clara County, either on time or ahead of  
2 schedule, and either on budget or under budget.

3 (e) The authority is willing to commit its own resources to  
4 implement a demonstration program with the department that  
5 envisions the establishment of a partnership between the two  
6 organizations with the goal of testing innovative approaches for  
7 improving project delivery and local assistance.

8 (f) Under this demonstration program, it is envisioned that the  
9 department would identify a core group of existing staff to serve  
10 at the authority's headquarters office in San Jose so that the two  
11 organizations could work closely and collaboratively to develop  
12 and implement a different business model for delivering  
13 transportation projects and local assistance services that takes  
14 advantage of the strengths of each organization.

15 (g) By serving as a testing laboratory for trying out innovative  
16 approaches, the demonstration program presents an excellent  
17 opportunity for taking the first steps in working together to improve  
18 project delivery and local assistance. For those ideas that prove  
19 that they can work, the department could then determine the  
20 appropriate way to apply them throughout its operations, thereby  
21 stretching the benefits of the demonstration program throughout  
22 the state.

23 (h) Therefore, the purpose of this act is to establish a  
24 demonstration program involving the department and the authority  
25 with the goal of delivering safe, high-quality transportation  
26 projects and local assistance services in the fastest and most  
27 affordable way possible through the development and  
28 implementation of an improved business model that contemplates  
29 a realignment of roles and responsibilities, the use of innovative  
30 processes, and the application of advanced technologies. It is the  
31 intent of the Legislature that the demonstration program serve as  
32 a testing laboratory, with successful innovations being rolled out  
33 across the state, resulting in a more cost-effective, more efficient,  
34 and more responsive business model in terms of delivering  
35 transportation projects and local assistance services to a  
36 geographically large and diverse state.

37 SEC. 2. Article 5 (commencing with Section 14190) is added  
38 to Chapter 2 of Part 5 of Division 3 of Title 2 of the Government  
39 Code, to read:

1     Article 5. *Innovative Delivery Team Demonstration Program*

2  
3     14190. *For purposes of this article, the following terms shall*  
4 *have the following meanings:*

5     (a) *“Authority” means the Santa Clara Valley Transportation*  
6 *Authority established under Part 12 (commencing with Section*  
7 *100000) of Division 10 of the Public Utilities Code.*

8     (b) *“Demonstration program” means the Innovative Delivery*  
9 *Team Demonstration Program.*

10     14191. (a) *On or before July 1, 2013, the department and the*  
11 *authority shall enter into a memorandum of understanding to*  
12 *implement the Innovative Delivery Team Demonstration Program.*

13     (b) *The authority and the department shall develop the*  
14 *demonstration program to test, but not be limited to, the following:*

15     (1) *Operating under a different business model that may consist*  
16 *of a combination of the following: the realignment of roles and*  
17 *responsibilities between the department and the authority, the*  
18 *delegation of decisionmaking authority to department managers*  
19 *assigned to the demonstration program, the use of innovative*  
20 *processes, and the application of advanced technologies with the*  
21 *goal of delivering transportation projects and local assistance*  
22 *services in the County of Santa Clara in a more responsive,*  
23 *cost-effective, and efficient manner.*

24     (2) *Serving as a mechanism for testing innovative approaches*  
25 *for expediting project delivery and improving the department’s*  
26 *local assistance program.*

27     (3) *Identifying those innovative approaches that are suitable*  
28 *for application by the department in other parts of the state.*

29     (c) *The memorandum of understanding shall, at a minimum,*  
30 *define roles, responsibilities, conflict resolution, delegation of*  
31 *authority, empowerment, performance metrics, and financial*  
32 *support for the purpose of implementing the demonstration*  
33 *program.*

34     14192. (a) *From existing staff, the department shall assign*  
35 *the necessary resources as referred to in the memorandum of*  
36 *understanding, and which, at a minimum, shall include a program*  
37 *manager, a local assistance liaison, and at least one project*  
38 *manager. The department shall locate these staff resources at the*  
39 *authority’s headquarters office in San Jose to work with the*  
40 *authority to implement the demonstration program. The department*

1 staff resources assigned to the demonstration program shall  
2 continue to be employees of the department and shall operate as  
3 an entity of the department separate from the authority.

4 (b) The authority shall provide space, equipment, and other  
5 resources as necessary at its headquarters office in San Jose to  
6 accommodate department employees assigned to the demonstration  
7 program.

8 14193. Notwithstanding any other provision of law, the  
9 authority, for purposes of implementing the demonstration  
10 program, shall, at a minimum, be responsible for, and take the  
11 lead on, the following with respect to projects on the state highway  
12 system in Santa Clara County:

13 (a) Prepare and certify project study reports or equivalent  
14 planning documents.

15 (b) Serve as lead agency for purposes of the environmental  
16 approval process pursuant to the California Environmental Quality  
17 Act and the National Environmental Policy Act.

18 (c) Acquire and certify rights-of-way.

19 (d) Advertise, award, and administer construction contracts.

20 (e) Manage the local assistance process.

21 14194. The demonstration program shall adhere to all  
22 applicable federal laws and regulations and shall not jeopardize  
23 the receipt of federal funds by the department or the authority, or  
24 cause a reduction in the federal funds receivable by the department  
25 or the authority.

26 14195. (a) The authority, in consultation with the department,  
27 shall evaluate the demonstration program to determine its  
28 effectiveness. On or before July 1, 2018, the authority shall submit  
29 a report containing the results of this evaluation to the Legislature,  
30 together with recommendations as to whether the demonstration  
31 program should be continued. The report shall also identify those  
32 elements of the demonstration program that are suitable for  
33 application by the department on a statewide basis.

34 (b) On or before July 1, 2015, the authority shall submit a report  
35 to the Legislature on the activities undertaken to date pursuant to  
36 this article and the progress of the demonstration program.

37 (c) The reports required by subdivisions (a) and (b) shall be  
38 submitted in compliance with Section 9795.

39 14196. This article shall remain in effect only until January  
40 1, 2020, and as of that date is repealed, unless a later enacted

1 statute, that is enacted before January 1, 2020, deletes or extends  
2 that date.

3 SEC. 3. If the Commission on State Mandates determines that  
4 this act contains costs mandated by the state, reimbursement to  
5 local agencies and school districts for those costs shall be made  
6 pursuant to Part 7 (commencing with Section 17500) of Division  
7 4 of Title 2 of the Government Code.

8 SECTION 1. Section 14106 is added to the Government Code;  
9 to read:

10 14106. (a) On or before July 1, 2014, the department, working  
11 in partnership with the Santa Clara Valley Transportation  
12 Authority, shall establish the Innovation District Demonstration  
13 Project.

14 (b) The Innovation District Demonstration Project shall be  
15 designed to do both of the following:

16 (1) Operate under a new and innovative business model for  
17 delivering transportation projects and services in the County of  
18 Santa Clara in a more responsive, cost-effective, and efficient  
19 manner.

20 (2) Serve as a mechanism for trying out new approaches for  
21 project delivery, local assistance, and transportation operations  
22 through streamlined processes, improved management techniques,  
23 and advanced technologies, with the goal of expediting project  
24 delivery and increasing the efficiency of the department.

25 (c) The department and the authority shall jointly conduct an  
26 evaluation of the demonstration project in order to determine its  
27 effectiveness. On or before January 1, 2018, the department shall  
28 submit a report containing the results of this evaluation to the  
29 Legislature, together with recommendations as to whether the  
30 project should be continued. The report shall be submitted in  
31 accordance with Section 9795 of the Government Code. The report  
32 shall also identify those elements of the demonstration project  
33 business model that are suitable for application by the department  
34 throughout its operations.

35 SEC. 2. No reimbursement is required by this act pursuant to  
36 Section 6 of Article XIII B of the California Constitution because  
37 the only costs that may be incurred by a local agency or school  
38 district are the result of a program for which legislative authority  
39 was requested by that local agency or school district, within the

- 1 ~~meaning of Section 17556 of the Government Code and Section~~
- 2 ~~6 of Article XIII B of the California Constitution.~~

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