

# Press Reports and Audits on Governmental Waste, Fraud and Mismanagement

Compiled by the California Taxpayers' Association

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## Transportation

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### Bullet Train is Left at Station -- For Now

**Dollar Amount: \$10,000,000,000**

Viewing it as conflicting with his plan for the second phase of the Strategic Growth Plan, Governor Arnold Schwarzenegger has slashed the proposed 2007-08 budget for the bullet train project. He wants to remove the nearly \$10 billion bond that makes a down payment on the high-speed passenger train project from the 2008 ballot. The governor's proposed budget reduced funding in the next fiscal year from \$14 million to \$1.2 million, or just enough to keep the High Speed Rail Authority's doors open. The governor told The Sacramento Bee in a recent interview, "In our plan that we put together, it didn't fit in. It doesn't mean that it is not going to fit in in the future." Voters last November approved the first phase of the Strategic Growth Plan, more than \$40 billion in bonds for public works projects. The governor is proposing \$29 billion more for ballots in 2008 and 2010 for courthouses, schools and reservoir dams. The Bee, in its report on the development, said this funding setback could be fatal and dash the dreams of bullet train enthusiasts, including many in California's Central Valley." The high-speed trains would run through the valley to connect the Bay Area with Southern California. The total price of the 700-mile system has been pegged at more than \$40 billion. Even though the future is in doubt, the authority met on January 29 and directed staff to finalize three multiyear engineering contracts worth nearly \$300 million. Mehdi Morshed, executive director of the authority, has asked for a \$103 million budget next year. "There's really no public purpose for me and my staff to be in office unless you want to move forward with the project. If you don't want to move forward with the project, then close it down and save yourself some money." The authority since 1996 has spent \$30 million on route and environmental studies. Salaries for three full-time employees and one part-timer totaled \$702,000 this year. There are plans to hire three more full-timers in the next month. Quentin Kopp, authority chair, said it would be an "obscene extravagance if this investment of taxpayer money is simply ended." But the Legislature has already delayed a vote on high-speed rail bonds twice, removing it from 2004 and 2006 ballots. A supporter, Senator Dean Florez, whose mother sits on the authority board, said the project needs high-powered advocates, such as developers, carmakers and airlines. "Because people haven't seen (high-speed rail), touched it or ridden on it, most people, at least in the Legislature, they don't think it can be done." (Source: Sacramento Bee, January 30.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Sacramento Bee - Jan. 30, 2007

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## Bay Bridge Audit

**Dollar Amount: \$3,200,000,000**

Caltrans Messed Up. Auditing one of the hottest political potatoes in recent California transportation history, state Auditor Elaine Howle blamed neglect at the state Department of Transportation for \$3.2 billion in cost overruns since April 2001 on the now \$8.3 billion Toll Bridge Retrofit Program. Most of the additional cost (\$2.5 billion) is on the controversial eastern span of the Bay Bridge between Oakland and San Francisco. The audit, released December 22, 2004, set the new cost of the Bay Bridge project at \$5.9 billion. It criticized Caltrans mismanagement for lack of a comprehensive risk management plan and failure to alert the Legislature about increasing costs. Replacement of the eastern span of the bridge was required after it was extensively damaged during the Loma Prieta earthquake of 1989. Initial plans to rebuild the bridge were scrapped as the mayors of San Francisco (Willie Brown) and Oakland (Jerry Brown) asserted their political will. Former Governor Jerry Brown demanded a more scenic suspension structure as a landmark gateway to the East Bay; former Assembly Speaker Willie Brown was interested in his city's stake in land affected by the replacement structure. Then-Governor Gray Davis, after taking office in 1999, finally brokered a deal calling for the more elaborate span. It was to be completed in 2009; now they're looking at 2012. Officials continue to cross their fingers in hopes that another major quake does not bring down a bridge that has gone without retrofit due to political gamesmanship. The recently released audit blames about a third of the cost overruns on politicians' demands for a fancier suspension span, while most of the additional expenses were due to Caltrans mismanagement. Governor Arnold Schwarzenegger's Business, Transportation and Housing Agency secretary, Sunne Wright McPeak, said the report underscores the need for a less-complex design, which the administration recently endorsed. She said Caltrans has already implemented many of the audit's recommendations. The Legislature was not officially notified of the cost overruns until August 2004, although auditors said that based on internal reports Caltrans should have known the program was over budget in November 2003. Thus the Legislature was denied a full year of time to confront the problem which must be addressed in the early weeks of the 2005-06 session. The administration wants the Bay Area to pick up 80 percent of additional costs, while Bay Area politicians want more of the expenses spread statewide.

**Region:** Bay Area

**Jurisdiction:** State

**Source:** Bay Bridge Audit - Elaine Howle, Dec. 22, 2004

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## Benicia Bridge Costs Continue to Grow

**Dollar Amount: \$70,000,000**

Another budget fix is needed to keep up with the ever-rising costs of the Benicia-Martinez bridge. The costs have risen by about \$10 million a month this year. "The good news is we're running out of things to go wrong," said Steve Heminger, head of the Bay Area Toll Authority, which, with Caltrans, announced the latest price increase: \$70 million since April. That brings the cost total to \$1.263 billion, quadruple the 1995 estimate, and there are still two years of work to do. The latest problem has been the need to cool the lightweight mixture of concrete that has been overheating when poured into place. Providing ice, cooling pipes and liquid nitrogen has been expensive. Earlier, engineers had problems with regulatory road blocks and the need to provide a special "bubble curtain" to avoid killing of fish when foundations were drilled, plus special rock sockets to secure the foundations. These elements added more than \$1 billion to the cost. (Contra Costa Times, December 15, 2005.)

**Region:** Bay Area

**Jurisdiction:** State

**Source:** Contra Costa Times - Dec. 15, 2005

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## \$5 Million Toilets

**Dollar Amount: \$50,000,000**

The Metropolitan Transportation Authority in Los Angeles has given the OK to a contract that gives a billboard company (STI Outdoor) 10 years of advertising space in exchange for 10 toilets. It is estimated that the value of the ad space along the nearly 60 miles of subway and light-rail lines will be as much as \$50 million – or \$5 million for each high-tech, self-cleaning toilet. As the Los Angeles Times reported, only the MTA or the guys who sold Manhattan would think this is a deal. L.A. City Councilman Hal Bernson said the August 24 action is “one of the most ridiculously one-sided contracts that has been perpetrated” since the Dutch bought Manhattan Island from Native Americans in 1626 for \$24 worth of beads, cloth and trinkets. Rival billboard companies complained that they didn’t bid on the project because they were unaware the billboard sites would be viewed from freeways. Those complaints are “sour grapes,” said STI Outdoor’s Juan Levy, who added that it was obvious the entire right-of-way was fair game. (2000)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Aug. 24, 2001

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## Transit Costs Overruns in Sacramento

**Dollar Amount: \$46,000,000**

It's not unusual for the state's transit agencies to underestimate costs of projects and fail to bring them on line when promised. Even so, the final cost of extending Sacramento's light rail to the train station is raising eyebrows. Actual costs exceeded estimates by 30 percent. The extension from 8th and K streets to the Amtrak station was projected to take 15 months and cost \$35 million. Instead, it took 30 months and cost \$46 million. This works out to \$77 million a mile. (Cal-Tax: Moral of this story: Be wary of cost projections for new transit projects, particularly the bullet train on the November 2008 ballot.) (Source: The Sacramento Bee, November 10.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Sacramento Bee - Nov. 10, 2007

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## Down the Drain

**Dollar Amount: \$13,300,000**

The state Department of Transportation admits that it should not have installed 38 storm drain filters that are considered faulty. Replacing the filters along the San Joaquin Hills tollway from Newport Beach to San Juan Capistrano will cost taxpayers at least \$13.3 million, reported the Los Angeles Times on September 10. That is about 15 times what it cost to install the existing filters, which have been rendered useless by sediment and debris. (2001)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Sept. 10, 2001

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## Placentia May Owe Millions to Caltrans for Improper Use of Rail Funds

**Dollar Amount: \$12,000,000**

The city of Placentia may owe the state Department of Transportation \$12 million for improper use of funds intended to reduce the noise and other negative effects of busy railways. The Los Angeles Times reports that while the exact amount of money has not been disclosed, Assemblyman Todd Spitzer said after a briefing from Caltrans officials that he believes the sum "is going to be in the millions." A City Council member told the newspaper that the figure, which will be released in an audit due in September, could be as high as \$12 million. Officials said that the repayment, if demanded in a lump sum, would be enough to bankrupt the city, which already is teetering near the edge of the financial brink. In 1998, the city began a \$650 million rail project called OnTrac, but the project quickly went off track, and was shelved last year when it failed to receive federal funding and the city ran out of money. The city reportedly is \$6 million in the hole because of the failed project, and has been selling park land, issuing bonds and reducing spending to try to stay afloat. The Times notes that the city spent more than \$9 million of the project's money "for a passel of consultants, including video producers, lobbyists, public relations experts, the project director and various advisers." (Source: Los Angeles Times, July 20.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - July 20, 2007

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## Millions Wasted on Unnecessary City Cars

**Dollar Amount: \$11,000,000**

A report by San Jose City Auditor Gerald Silva found millions of taxpayer dollars wasted on the purchases of new cars when old ones work fine, giving vehicles to employees who probably don't need them, and purchasing more expensive models. The purchasing system has few controls, with cars stockpiled regardless of need and some with relatively low mileage being replaced. The city has eliminated \$11 million in waste because of the report and there was potential for \$20 million in additional savings. Mayor Ron Gonzalez ordered a freeze on all new vehicle purchases. The story was in the San Jose Mercury News (February 8, 2003).

**Region:** Bay Area

**Jurisdiction:** City

**Source:** San Jose Mercury news - Feb. 8, 2003

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## Over-the-hill Parking Vehicles

**Dollar Amount: \$9,700,000**

About 65 percent of the Cushman's used by the San Francisco Department of Parking and Traffic are "over the hill," yet the department keeps spending to fix the vehicles. This is reported by the San Francisco Chronicle's Matier and Ross, based on what they called a blistering audit from Harvey Rose, the city's budget analyst. This policy has led to unbelievable costs such as sinking \$6,898 into a Cushman with a book value of only \$124. Further, the audit says about \$9.7 million is spent covering missed shifts because 25 percent of meter officers are not available for their shifts on any given day. Also, on any given day, at least 34 employees are out on disability. Still further, there is evidence of the filing of multiple claims, or filing of claims at the same time every year for the same injury. Therefore, auditors suspect fraud.

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - Matier and Ross, 1999

## Transportation Agency Proposes Spending \$3.5 Million for a Bay Bridge Movie

**Dollar Amount: \$3,500,000**

San Francisco's Metropolitan Transportation Commission has proposed spending as much as \$3.5 million to make a documentary film about the construction of the new Bay Bridge eastern span and signature tower. The film is intended to draw attention to a bridge that is "destined to become a major landmark on par with the Golden Gate Bridge, the west span of the Bay Bridge, the Transamerica Pyramid and all the other landmarks that draw tourists here," said Brenda Kahn, a project manager for the commission. The commission is advertising the contract as a seven-year project at \$500,000 a year, but a spokesman said the panel expects filmmakers to submit bids for lower amounts. The commission said it is spending bridge toll revenue for a movie because private-sector documentary film experts don't have the patience to carefully document the construction as it continues through the projected completion in 2012. The \$3.5 million price tag is 100 times more than the reported \$35,000 budget for "The Blair Witch Project," and roughly \$500,000 more than filmmaker Michael Moore spent making his 2002 release, "Bowling for Columbine." San Francisco Chronicle columnists Phillip Matier and Andrew Ross commented: "Of course, whoever wins the job has already missed all the political back-and-forth, years of delays and billions in cost overruns that long ago turned the eastern span into one of the biggest public-works boondoggles in California history."

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - May 30, 2007

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## Free Parking For State Workers is Uncovered by State Audit

**Dollar Amount: \$2,100,000**

The Bureau of State Audits has uncovered unauthorized free parking by more than 400 state workers. The bureaucrats are supposed to pay for monthly parking permits through payroll deductions ranging between \$40 and \$85 a month, but Auditor Elaine Howle, in a July 7, 2005 report, found that more than 400 government employees weren't paying, costing taxpayers \$24,500 a month. This contributed to a \$2.1 million shortfall in parking lot operations of the Office of fleet Administration. The failures to pay were blamed on employees whose payroll deduction forms were lost or not submitted, or because deductions stopped when they changed state jobs, the audit said. (The Sacramento Bee, July 8, 2005).

**Region:** Statewide

**Jurisdiction:** State

**Source:** State Audit - Elaine Howle, July 7, 2005

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## LA MTA Pays Unauthorized Costs; Mail Clerks get \$41 per hour

**Dollar Amount: \$800,000**

According to its Inspector General, the Los Angeles Metropolitan Transportation Agency has paid more than \$800,000 in unauthorized costs, over a two-year period, as part of a contract with a company handling workers' compensation claims. MTA managers informally approved increased pay for various purposes. Los Angeles Mayor James Hahn questioned how individuals at MTA could alter a contract without board oversight and expressed outrage at the development. As examples, the report said claims assistants, who were suppose to be paid \$24 an hour, were getting as much as \$41 per hour. Mail clerks were also getting \$41 an hour. (Los Angeles Daily News, January 21, 2005.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - Jan. 21, 2005

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## Taxpayers Fleeced by Cost of new SF Light Rail Line

**Dollar Amount: \$600,000**

San Francisco's new Third Street light-rail line is now operational – after \$154 million in cost overruns and change orders to the project. An additional \$600,000 has been paid in legal claims arising from the project. Vince Harris, deputy general manager for the S.F. Muni, said, "Certainly there were added costs, but whenever you are doing business in an urban environment, you have to expect some of these." The owners of Forem Metal Manufacturing in Oakland are still trying to collect on \$1.2 million in cost overruns that they blame on the city. They noted, among other things, that work had to be redone at six stations where city drawings were faulty. The new service connects South of Market to the low-income Visitation Valley area 5.6 miles south of downtown. Even with the trains running, there are still plenty of unfixed problems – such as flimsy railings that contractors say don't appear to meet code, rusting joints, and, at the Le Conte station, a platform lower than the trains' tracks. (Source: San Francisco Chronicle of January 15.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - Jan. 15, 2007

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## Benicia-Martinez Bridge Cost Overruns Won't Halt \$600,000 Grand-Opening Party

**Dollar Amount: \$600,000**

Recent reports indicate the Benicia-Martinez Bridge is nearing completion, and that's cause to celebrate. Despite substantial cost overruns totaling approximately \$750 million, TV and newspaper reports indicate that CalTrans and the Bay Area Toll Authority have hired a consultant to help plan a lavish party for the grand opening of the bridge. The TV report said the party is expected to cost upward of \$600,000. (Sources: Contra Costa Times, May 31; KCRA-TV, June 13.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Contra Costa Times - May 31, 2007

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## Two Dedication Celebrations Cost Muni \$158,000

**Dollar Amount: \$158,000**

Municipal Transportation Agency officials in San Francisco say they were justified in throwing two taxpayer-funded parties to celebrate the opening of the T-Third Metro line. Spokeswoman Maggie Lynch said one was to thank the community for putting up with five years of construction on the 5.1-mile streetcar line, and the second was to thank the politicians, bureaucrats and activists who worked to get the \$648 million project built. Columnists Philip Matier and Andrew Ross concluded, "The most surprising thing about the Muni parties: They started on time." (Source: San Francisco Chronicle, April 22.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - April 22, 2007

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## State Bought \$125,000 Worth of Teddy Bears

**Dollar Amount: \$125,000**

Using emergency purchasing procedures and bypassing competitive bidding, the Department of Motor Vehicles spent \$125,000 to purchase teddy bears, the Bureau of State Audits reported March 26, 2003. The bears were used as promotional items during the 2000 census. The report said, "In this case, the expeditious purchase of an item may be convenient, but it is not allowed under current statutes." Taxpayers questioned not only using emergency purchase powers, but the underlying use of taxpayer dollars to buy the teddy bears. Assembly Member Rebecca Cohn, chair of the Legislature's Joint Audit Committee said, "These small stuffed toys will bring no comfort to the children of California who are asked now to go without health care, textbooks and teachers in this terrible budget year."

**Region:** Statewide

**Jurisdiction:** State

**Source:** 2003 State Audit Report

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## Infamous 'Davis Toad Tunnel' is a Flop

**Dollar Amount: \$14,000**

The Davis Toad Tunnel, a \$14,000 corrugated steel tube built 12 years ago in an effort to save the Western toad from being squished while crossing a street in the college town, appears not to have helped the critters. The 200-foot tunnel got hot in the summer, which may have kept the toads from entering. "Toads tend not to jump onto a frying pan when they can avoid it," said John McNerney, a Davis wildlife expert who told The Associated Press that he found no evidence that toads had used the tunnel. The toad, which is not an endangered or threatened species, has disappeared from the area. In 1995, Davis city officials were mocked on national news and comedy shows for spending city taxpayers' dollars on the tunnel. (Sources: CBS-13 News and The Associated Press, June 14.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Associated Press - June 14, 2007

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## CalTrans Loses Interest on Bridge Tolls

**Dollar Amount:**

Caltrans didn't physically count the tolls collected at the San Francisco-Oakland Bay Bridge for up to a month, the Tri-Valley Herald reported (June 12, 2003). As a result, up to \$12 million in cash piled up in a Caltrans vault, and the Bay Area Toll Authority failed to get the interest the money could have earned. Caltrans' excuse: not enough people available to do the counting.

**Region:** Statewide

**Jurisdiction:** State

**Source:** Tri-Valley Herald - June 12, 2003

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## BART Pushes Fare Hikes for Retiree Benefits

**Dollar Amount:**

A labor pact 10 years ago giving lifetime medical benefits for retirees and their families – for \$25 a month – has driven BART's latest push to increase fares and parking fees. Joel Keller, president of the BART Board of Directors: "It's the single biggest factor in the deficit." The bill for the generous medical coverage is \$9 million a year in premiums and a fund for future costs amounting to \$24.6 million a year. That's \$33.6 million. BART is running a \$51 million deficit for the year starting this July, which could be reduced to about \$30 million by eliminating 115 jobs and holding off on pay raises. (San Francisco Chronicle, May 4, 2005.)

**Region:** Bay Area

**Jurisdiction:** County

**Source:** SF Chronicle - May 4, 2005

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## Where Have all the Cars Gone?

**Dollar Amount:**

Haphazard and inefficient management by Republican and Democratic administrations is blamed for the state's inability to provide the whereabouts of some 30,000 state-owned motor vehicles. Last year there were 70,000 state-owned vehicles but the State and Consumer Services Agency, which launched a review when Governor Arnold Schwarzenegger took office, can pinpoint only about 40,000. Things were so bad, according to Fred Aguiar, the agency secretary, that one department didn't have any record of where it bought \$4 million worth of automobiles. Mr. Aguiar said he was "amazed" by the lack of information. "The data coming from departments and agencies of state in regards to procurement was terrible." Recently passed laws broadened the state's ability to gain information from departments on vehicles and their use. Now the agency is in the process of putting information into a computer program so it can track such details as purchase date, location and mileage. The Bureau of State Audits has concluded that the state may have too many vehicles and does not charge competitive prices when renting them to other agencies. (Los Angeles Daily News, August 8, 2005)

**Region:** Statewide

**Jurisdiction:** State

**Source:** LA Daily News - Aug. 8, 2005

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## \$2 Million Bus

**Dollar Amount:**

Seeking a cleaner-running bus, the Golden Gate Transit District is looking to help build a \$2 million prototype bus as a result of a California Air Resources Board edict to move away from diesel buses. According to a report in the Marin Independent Journal, the state gave districts no funding to build the buses, so they are scrambling to garner grants and find resources in existing budgets. They can also join forces with other districts, and Golden Gate may do so before a plan is submitted later this year. Celia Kupersmith, district general manager, says moving away from diesel to a clean-running bus is a good idea, but very expensive. And, she added, there is no guarantee, and "we could have a bus that ultimately does not work." (2001)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Marin Independent Journal - 2001

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## More Caltrans Road Kill Dump Sites Discovered

**Dollar Amount:**

In addition to a Caltrans road kill dump site in a watershed above Saratoga in Santa Clara County (see Cal-Taxletter of October 5), four more sites have been discovered. They are near Sausalito in Marin County, near Santa Rosa, near Woodside in San Mateo County, and in Monterey County. There were 20 to 25 deer in the Marin County site. (Source: Contra Costa Times, October 30.)

**Region:** Bay Area

**Jurisdiction:** State

**Source:** Contra Costa Times - Oct. 30, 2007

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## Caltrans Workers Use Hillside as Dumping Ground for Roadkill Possibly Contaminating Water

**Dollar Amount:**

For more than 10 years, at least two workers for the California Department of Transportation have been using a hillside above Saratoga as a dumping ground for roadkill, bypassing the official Caltrans policy of taking dead wildlife to a rendering plant, and officials are investigating whether the makeshift cemetery has tainted the local water supply. The Contra Costa Times reports: "Thousands of carcasses of deer, raccoons and other wildlife were dumped over a steep cliff off Highway 9, which is posted with San Jose Water Co. signs saying 'No littering.' ... Many of the animal carcasses and skeletons had rolled into Saratoga Creek, which winds down to Saratoga Springs – a popular retreat and picnic site for corporations and youth groups – a mile or two below and farther down into Saratoga." The paper also reported that residents have long complained that Saratoga Creek is cloudy and foamy, and that while the cause is uncertain, "dead animals wouldn't help." A Caltrans spokesman told the paper that the agency is investigating and "will take appropriate disciplinary action." The department's official policy for handling dead animals is to take wildlife to rendering plants, and to take dogs and cats to pet shelters so owners can be notified if possible. The San Jose Water Company, a private company that provides water to 1 million people, indicated that it also is investigating to determine if the animals were dumped on its land. "If it's happening on our land, we'll take appropriate action," a spokesman said. The violations likely would be trespassing and illegal dumping. (Source: Contra Costa Times, September 30 and October 3.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Contra Costa Times - Sept. 30, 2007

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## Transit Chief's Hotel Bills Paid to Taxpayers

**Dollar Amount:**

Chronically short of funds, the Santa Clara Valley Transportation Authority has been frequently asking taxpayers to raise taxes to support its operations. But taxpayers might want to ask questions first. According to the San Jose Mercury News, the general manager of the authority does not even live in Santa Clara County, but rather lives in San Francisco. And one of the costs of the authority – covered by taxpayers – is Mr. Burns' hotel tab at the Holiday Inn in San Jose, an establishment he has used frequently when he hasn't felt like returning home after work. This had not been revealed to the public, and is not a part of his formal contract. It also appears that Mr. Burns, despite his advocacy for public transportation, does not use public transit in his commute. He said he uses the hotel after working late, and it's too difficult to drive home "after experiencing horrendous commutes."

**Region:** Bay Area

**Jurisdiction:** County

**Source:** San Jose Mercury News - Aug. 28, 2007

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## Cable Car Fares Go Uncollected

**Dollar Amount:**

The trolley bells may be ringing in San Francisco, but the cash registers aren't. Forty percent of the fares on San Francisco's cable cars are not paid. City auditors, riding undercover in December and January, found that of 42 boardings, conductors collected cash fares only 25 times. The audit by the City Controller's Office was ordered after Mayor Gavin Newsom accused Municipal Transportation Agency cable car crews of pocketing cash. This prompted Muni to increase security and make conductors issue receipts for cash fares. The audit found that conductors properly issued receipts in 24 of the 25 instances when they actually collected money. Muni officials have responded by taking several measures to monitor fare collections. Muni officials say there are some problems with riders who sneak onto the back of cable cars and buses. And, they say, achieving 100 percent compliance is unrealistic because conductors, in addition to collecting fares, must work the brakes and ensure safe boarding and existing of passengers. (Source: San Francisco Chronicle, April 20.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - April 20, 2007

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## Are Commercial Vehicle Fees Proper for Most Pickup Trucks?

**Dollar Amount:**

Tony Bizjak, who writes the Back-Seat Driver column in The Sacramento Bee, noted that pickup trucks in California are considered commercial vehicles even though most are not used commercially. Owners pay annual fees ranging from \$8 for light pickups to \$200-plus for heavy-duty models. The commercial fee law dates back to the 1970s, when plenty of pickups were work trucks. Senator Roy Ashburn of Bakersfield has tried to amend the law with his SB 422, which was stalled in a policy committee in April. It would have saved taxpayers some \$250 million a year. Mr. Bizjak wrote that commercial fees on pickups are a hot-button issue, and the author may try again. (Source: The Sacramento Bee, April 23.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Sacramento Bee - April 23, 2007

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## Railroad Ripoff Reported

**Dollar Amount:**

Under the headline "A rathole swallows our money," columnist Dan Walters of The Sacramento Bee chronicled the sad saga (especially for taxpayers) of the North Coast Railroad Authority. Created some 18 years ago by the state Legislature, the authority was to govern the rebirth of a 316-mile route from Humboldt Bay to San Francisco Bay. The route had been found uneconomical to operate by a private rail company. After the NCRA took over, federal safety officials shut down service after a few runs in the 1990s, citing deterioration of the track. The NCRA's backers contributed \$60,000 to then-Governor Gray Davis' campaign in 2000 and got \$60 million in congestion relief funds. Earlier, Governor Pete Wilson, calling the project a sinkhole, refused to give them more state money. A couple years ago, Governor Arnold Schwarzenegger vetoed a bill by Wes Chesbro, a North Coast state senator, to give more funding to the rail authority. Patricia Wiggins, who succeeded Mr. Chesbro in the Senate, introduced another bill that was approved by a Senate policy committee earlier this month. Mr. Walters wrote: "The NCRA is a rathole that has already swallowed millions of dollars in taxpayers' money. The rail line it purports to operate is a physical wreck and economically infeasible. Its operators – political operatives, not real railroaders – float dreamy visions of a rail renaissance to the public while politicians pander." (Source: The Sacramento Bee, April 17.)

**Region:** Bay Area

**Jurisdiction:** State

**Source:** Sacramento Bee - April 17, 2007

## Take-Home Cars of LA County Employees Doubles in Decade

**Dollar Amount:**

The number of Los Angeles County-owned vehicles that county employees take home at night has doubled in the past decade, the Los Angeles Daily News reported (July 23, 2003). The sheriff has 666 employees, double that of six years ago, who go home on the taxpayer tab with free gas and maintenance, costing \$2.3 million a year. A department official, who declined to be named for fear of retaliation, said many are driven by executives who are not required to respond to crimes. He added that only 150 are necessary. Staffs of elected county supervisors drive 67 county vehicles home, up from 45 in 1993.

**Region:** So. California

**Jurisdiction:** County

**Source:** LA Daily News - July 23, 2003

## Another Blast at the Santa Clara Valley Transportation Agency

**Dollar Amount:**

Another report – this time from the Hay Group, released at the end of March – takes the Santa Clara Valley Transportation Agency to task on a number of points. According to the report, "Many of the Board's actions over the last decade have not supported VTA's core business or its mission. The Board has approved capital projects that were political solutions to address the needs of certain local neighborhoods at the expense of regional congestion management. As a result, VTA has built transportation systems that have low ridership and are also expensive to operate and maintain. In the past five years, total passenger miles served by VTA's transportation systems have declined by 25%, while VTA's transportation costs per hour have increased by 3%. VTA's financial performance measures for its transportation systems illustrate the result: VTA's fare box recovery ratio has not increased above 14%, a level regarded as low performance in the transit industry. VTA's 2003 Fare Policy, as approved by VTA's Board, specified that the overall goal was to achieve a fare box recovery ratio of 20 to 25% by FY 2007. The Board also mandated that if the fare box recovery ratio was less than 20%, VTA shall recommend fare changes to recover its costs. Increasing VTA's fare would not solve the problem (however, increases could aggravate the problem). The real issue is that VTA's existing service plan is not aligned with the demand for transit services." The transportation agency promised voters in 2000 that it would bring BART service to San Jose if a half-cent sales tax were approved. Voters agreed, and now the agency does not have the money to keep its commitment. The report states that board members have reported they have made significant financial decisions without being fully informed of their short- and long-term consequences. The board does not have an audit committee with an independent auditor general reporting to it. Another fiscal problem is on the horizon: manufacturing warranties on the agency's light-rail vehicles are expiring. There is no inventory management plan for this fleet, nor any related operating and capital budgets to support upcoming maintenance costs. Further, the agency has unfunded pension and health plans with actuarial liabilities over \$20 million. Finally, the report observes that "poor performers are not held accountable." (Source: "Santa Clara Valley Transportation Authority Organizational and Financial Assessment: Executive Report," by Hay Group, March 2007.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Executive Report - March 2007

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## DMV Sends 30,000

**Dollar Amount:**

It's human error. What are you going to do? That was what Department of Motor Vehicles spokesman Mike Miller said as the department moved quickly to contact motorists and offer a sincere apology. Just before New Year's Day, someone pushed the wrong buttons on a DMV computer and sent 30,000 car owners letters notifying them their motor vehicle registrations were being suspended. The problem was detected January 3 and fixed five days later. It is the first known major snag in the state's crackdown on uninsured drivers that began four months ago. The DMV has sent out some 900,000 notices of suspension or intent to suspend. (Source: Los Angeles Times, January 24.)

**Region:** So. California

**Jurisdiction:** State

**Source:** LA Times - Jan. 24, 2007

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## Soggy Freeway Prompts Probe

**Dollar Amount:**

The Joint Legislative Audit Committee in Sacramento has voted to investigate why part of the Century Freeway in Downey (Los Angeles County) was constructed over a shallow aquifer that has undermined the freeway. The committee on April 20 decided to spend \$87,750 on the probe by state Auditor Kurt Sjoberg. The Los Angeles Times has reported that internal Caltrans reports showed warnings were ignored that the shallow groundwater table could damage a 3.5-mile stretch of the state's newest and most expensive freeway.

**Region:** So. California

**Jurisdiction:** State

**Source:** Joint Legislative Audit Committee - Apr. 20, 1999

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