

Date of Hearing: April 11, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2708 (Daly) – As Amended March 18, 2016

**SUBJECT:** Department of Transportation: Lean 6-SIGMA program

**SUMMARY:** Directs the California Department of Transportation (Caltrans) to conduct a study to assess implementation of the Lean 6-SIGMA process-improvement program to determine the effectiveness of streamlining the process for procuring architectural and engineering (A&E) services for the department.

**EXISTING LAW:** Grants Caltrans the authority to contract for A&E services and prescribes the general parameters governing the A&E procurement process.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Lean 6-Sigma is a data-driven process management approach that originated in the private sector and is increasingly being used by government agencies to pinpoint waste and inefficiencies. Last year, the Governor's Office of Business and Economic Development (GO-Biz) and the Government Operations Agency (Gov. Ops.) partnered together to offer a Lean 6-Sigma implementation program to 11 state departments, including Caltrans, to address process-based issues that are causing delays in services to both internal and external stakeholders.

To date, Caltrans has reviewed over a dozen programs and/or processes using the Lean 6-Sigma methodology, including the process for procuring A&E services. Currently, it takes Caltrans about 98 calendar days to process an A&E contract. Furthermore, the onerous process can be burdensome on A&E firms, especially smaller firms that are trying to work with Caltrans. After the process was reviewed using Lean 6-Sigma, Caltrans expects the process to be simplified and reduced to about 45 days. The A&E process improvements are currently in the implementation phase.

The author introduced AB 2708 to follow up on the A&E procurement process review to ensure the new streamlined process under Lean 6-Sigma is, in fact, streamlined and effective. According to the author, "California must find a way to expedite the repair of older roads and the construction of new roads. The implementation of the Lean-6 SIGMA program can be vital to that mission."

California is in the midst of a transportation funding crisis, so much so that the Governor last year called for a special session of the Legislature to address the crisis. Amongst the myriad of proposals for a comprehensive funding package, the need for concurrent reforms at Caltrans is universal. In fact, even the Governor's proposed transportation funding package includes an anticipated \$100 million annually in Caltrans efficiencies.

Although the A&E procurement process is a relatively minor piece of a large, complex project delivery process, an assessment of Caltrans' ability to meaningfully reform its processes, as required by this bill, could foretell of its ability to tackle the much bigger reforms that are due.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

**Analysis Prepared by:** Janet Dawson / TRANS. / (916) 319-2093