

State of California  
Business, Transportation & Housing Agency  
Department of Transportation

POLICY MATTERS  
Route 710 Historic Housing  
Information Item

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Agenda Item: 4.8

Original Signed By \_\_\_\_\_

W. J. EVANS, Deputy Director

Finance

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### **AUDIT OF ROUTE 710 HISTORIC HOUSING**

The California State Auditor (CSA) has issued its audit report concerning the Department of Transportation's Route 710 historic properties rehabilitation project. The CSA concludes that the Department did not use a strategic approach to ensure the Department would complete the project within the authorized funding. As a result, the Department has rehabilitated only 40 of the 92 historic properties it currently owns and has nearly exhausted the \$19.4 million in funding it received to complete the entire project. Further, although the Department implemented certain cost-reduction measures, the CSA concludes the Department cannot demonstrate that it used the most cost-effective methods when performing work and exercised the discretion allowed by Federal guidelines. Finally, the CSA concludes the Department relied on an undocumented process to ensure the work performed complied with applicable codes, and, thus, the Department has limited assurance that all relevant code requirements were considered and applied properly.

To ensure that any future rehabilitation work the Department performs is as cost-effective as possible, the CSA has recommended the Department develop revised cost estimates for each property using condition assessments that assist the Department in prioritizing its rehabilitation efforts. The CSA recommends the Department focus its efforts on those historic features that are most important in contributing to the overall significance of the property and ensure that it takes advantage of the flexibility allowed by Federal guidelines. Further, the CSA recommends the Department consider the technical and economic feasibility of planned work when determining whether the Department has considered the least costly yet acceptable alternatives. If the Department pursues its mothballing proposals, the CSA recommends the Department ensure that it complies with Federal guidelines and obtains approval from the Office of Historic Preservation (OHP) as to their propriety.

Further, in the future when faced with similar projects with funding constraints, the CSA recommends the Department ensure that it assesses the needs of the entire project, prioritizes those needs and notifies funding authorities promptly when it becomes aware that existing funding will not be sufficient to meet project goals. Finally, to ensure that future work on this and other projects complies with applicable codes, the CSA recommends the Department develop a process to identify and evaluate all code requirements related to the project and ensure that it can demonstrate that applicable code requirements have been considered and applied properly.

The Department agrees with the CSA's findings and will implement the recommendations. The Department believes the report will be very helpful in improving the Department's current and future rehabilitation of historic properties.

4.8 Att

To view 4.8 Attachment:

<http://www.bsa.ca.gov/bsa/>