



Expired Upon Issuance of LPP16-03 Manual Update

Establishment of Pro Rata or Lump Sum Method at Time of Federal Authorization

I. BACKGROUND

- 23 CFR 630.106(1)(1) requires the Federal share of eligible project costs to be established at the time of project agreement execution either by Pro Rata, with the agreement stating the Federal share as a specified percentage, or by Lump Sum, with the agreement stating that Federal funds are limited to a specified dollar amount not to exceed the legal pro rata. As of February 1, 2013 FHWA requires that Caltrans begin formally documenting which method is to be utilized.

II. POLICY

- In requests for Federal authorization to proceed, Local Agencies shall document whether the Federal-aid share is to be Pro Rata or Lump Sum, by phase and fund type.
- To conform with FHWA requirements, Caltrans will document the Pro Rata or Lump Sum Share in E76 transmittals in FADS.
- For the construction phase of work, the Pro Rata or Lump Sum share may be adjusted before or shortly after contract award in accordance with 23 CFR 630.106(f)(2). Requests for award adjustment must be submitted by a local agency to Caltrans within 90 days of contract award.
- In accordance with FHWA memo HCFM-10(HCF-2012-002), attached, subsequent to an award adjustment, an increase in the Federal funding obligation beyond the established Lump Sum share may be allowable as a result of an increase to the total project construction cost. A Prior established Lump Sum amount less than the legal Federal share does not prohibit reimbursement up to the maximum legal share as described in the memo.
- For existing projects, for which the lump sum or pro rata method had not been established in previous project agreement processing, in the next request for adjustment, a local agency shall indicate the method to be established. Otherwise, the Pro Rata method will be assigned by default.

III. PROCEDURE

- The Federal share to be established will be identified in a Local Agency's project Finance Letter submittal. The Sample Local Federal-Aid Finance Letter, LAPM Exhibit 3-0, has been revised in accordance with this Office Bulletin to include an entry field for the Federal Share method being requested. The LP2000 Finance Letter utility will be modified similarly for district entry. Correspondingly in FADS, the Fund Detail Screen has been modified to include a Federal share field in which either Pro Rata or Lump Sum must be selected for each fund detail line prior to District E76 transmittal to IIQ.

