



*Expires – When LPP is issued*

## High-Risk (Formerly “Major”) ITS Project Procedure Change

### I. BACKGROUND

To assure compliance with *23 CFR 940 Intelligent Transportation System Architecture and Standards; Final Rule*, ITS Procedures were documented in April 2004 for local agency ITS projects within the Local Assistance Program Guidelines (LAPG). Those procedures established a 2-phase Preliminary Engineering (PE) obligation authority for Major ITS projects. Major ITS projects were defined in the regulation as “any ITS project that implements part of a regional ITS initiative that is multi-jurisdictional, multi-modal, or otherwise affects regional integration of ITS systems.”

On April 30, 2010, the ITS Procedures in the LAPG were updated to reflect experience and observations in their use since originally developed in 2004. The term High-Risk replaced the term Major in order to reflect the risk involved in achieving success in cost, time, and capabilities. Since 2004, there have been exceptions granted to allow a single PE authorization at the beginning of Major (now High-Risk) ITS projects to prevent loss of funds due to regional deadlines for actual use. In each instance, a condition was added to the E-76 that required FHWA approval of the Systems Engineering Management Plan (SEMP) before Notice-to-Proceed was granted to continue system design, implementation, and testing. Experience with these project exceptions have evidenced that conditional E-76 approval gives the same compliance result as the 2-phase process.

### II. POLICY

Effective immediately, all High-Risk ITS projects submitted for PE funding be granted a single PE authorization. Approval of this authorization will include the following condition in the E-76:

**“No work for ITS system component detailed design, integration, and testing will be undertaken until FHWA approval of Systems Engineering Management Plan (SEMP) and Notice to Proceed (NTP) by FHWA is granted. Expenditures for such work prior to NTP are NOT eligible for reimbursement.”**

### III. PROCEDURE

When the PE request package for a High-Risk ITS project, submitted by the local agency, has been deemed satisfactory, the DLAE will forward the package and submit E-76 for PE to DLA Implementation. A conditional –approval statement will be added by the DLAE to the E-76.

The procedures of High-Risk ITS Projects are illustrated in Chapter 13 of Local Assistance Program Guidelines (LAPG) at the division website:

[http://www.dot.ca.gov/hq/LocalPrograms/lam/prog\\_g/g13its.pdf](http://www.dot.ca.gov/hq/LocalPrograms/lam/prog_g/g13its.pdf)

DLA Implementation will confirm that this condition is indeed documented before executing the E-76 and submitting to FHWA for obligation.



#### IV. APPLICABILITY/IMPACTS

This policy applies to all ITS projects determined to be High-Risk, as defined in LAPG Chapter 13, ITS Procedures for Local Agency Projects. This policy will have little affect on time to process PE authorization. If the condition of approval is not met by the local agency, federal funds expended for system component detailed design, integration, and testing without FHWA Notice-to-Proceed can be declared ineligible for reimbursement.

Recommended: Original Signed By \_\_\_\_\_ 8/3/2010  
Frank Cao, ITS Program Coordinator Date

Approved: Original Signed By \_\_\_\_\_ 8/3/2010  
Ray Zhang, Chief Date  
Office of Project Implementation South

Attachments:

- 1) Attachment 1 – [Revised Chapter 13 of LAPG]
- 2) Attachment 2 – [Revised Exhibit 3-A of LAPM]