

New Procedure

When initially questioning project's budget sufficiency, a Caltrans district should follow the flowchart, "Construction Phase Project Funding Accountability," (attached) by first exhausting internal funding options including using contingency, closing completed items of work, deleting work, and taking other cost-saving measures to complete the project within budget. If the resident engineer determines that additional funds are required, the resident engineer consults with the construction engineer. The construction engineer then consults the area construction manager and project manager¹.

Since many of Caltrans projects are now funded from several sources—federal, state, and local—the construction engineer must include the project manager in the early discussions. The project manager is aware of the project's funding commitments, requirements, and responsibilities for cost overruns, potential G-12 authority for the project, and procedures that must be followed to obtain additional funds.

If the project has highway maintenance funds, the construction engineer also consults the district maintenance engineer. For an emergency contract cost overrun, follow the procedures outlined in Section 5-5, "Emergency Contract Administration," of the *Construction Manual*. This section outlines the G-11 funds request process.

For a non-emergency contract cost overrun, an assessment of financial status must show that the existing contingency balance is insufficient to complete the project within the approved scope. Do not request additional funds to settle disputes not yet resolved.

G-12 Funds Request

If, after discussions, the resident engineer determines it is best to request supplemental G-12 funds, the resident engineer completes as much of the initial draft, "Construction Phase Request for Supplement G-12 Funds," memorandum (G-12 memo) as possible and sends it to the construction engineer. You can find the memorandum at:

<http://pd.dot.ca.gov/construction/contractmanagement/cmpage.htm>

The construction engineer, area construction manager, and project manager complete the remaining information on the memo. The construction engineer and project manager send the draft G-12 memo to their construction and project management coordinators for comments. If the project is partially funded with local funds, sales tax, local federal-aid, or private funds, the project manager follows the district policy to obtain additional funds from the stakeholder. If the project still requires G-12 funds, the G-12 memo is to be completed. The project manager coordinates getting the "requested by" and "recommended by" district signatures and emails the G-12 memo to the Lotus Notes G11-G12 mailbox. The district enters the name of the construction division contract change order engineer, the construction division coordinator, and the project management division coordinator.

The Division of Budgets analyst receives the G-12 memo, enters the analyst's name, and reviews the G-12 memo for appropriateness in the calculations. Upon concurrence the budget analyst forwards it to the Division of Construction's contract change order engineer (CCO engineer) and informs the appropriate program manager as needed. Rejected G-12 memos—usually for lack of G-12 capacity or to get CTC supplemental allocation, are returned to the project manager for revision.

¹ According to the *Caltrans Project Management Handbook* project manager serves as Caltrans single point of contact for cost matters, resolves cost problems and controls changes to the project cost.

The CCO engineer reviews each G-12 memo for completeness, signature authority, and compliance with policy and sees that it addresses the following issues:

- Existing and projected financial status
- Justification for the G-12 funding
- Clearly defined scope of work
- Consideration of sufficient alternatives

The CCO engineer returns rejected G-12 memos to the project manager for completion or revision. When the CCO engineer concurs with the G-12 memo, it goes to the construction division coordinator and the project management coordinators (coordinators) for review within one working day of receipt.

The coordinators discuss the requests with their respective division chiefs and decide on the G-12 fund request within two working days. The coordinators may approve or reject the G-12 memo. The coordinator emails approved G-12 memos to the CCO engineer who notes the coordinators' approval and attaches a copy of the G-12 funds request in lieu of the wet signature. Coordinators email rejected G-12 memos to the CCO engineer who, in turn, returns it to the project manager. Upon approval of both coordinators, the CCO engineer returns the approved G-12 memo to the Division of Budgets within one working day. The Division of Budgets adjusts the project allocation by supplementing the expenditure authorization, notifies the Division of Accounting to update the Transportation Accounting Management System (TRAMS,) and notifies the district construction office to update the Contract Administration System. When the updates are complete, the resident engineer can authorize performance of the work contemplated by the G-12 memo.

Disapproval by the budgets analyst, coordinator or the CCO engineer results in the return of the G-12 memo to the project manager. The project manager may work with the resident engineer, construction engineer, area construction manager, and coordinators to develop a new funding strategy and resubmit it; or they can appeal to the SFR Executive Committee. The project manager ensures that preparation of the appeal follows district policy and emails it to the Supplemental Funds Request (SFR) executive committee at the G11-G12 mailbox.

G-12 Memo appeals are directed to the Division of Transportation Programming, which facilitates the monthly SFR executive committee meeting. The committee considers each G-12 funds request appeal. The district project manager and the coordinators present their positions to the committee. If the committee approves the appeal, the Division of Budgets processes the G-12 funds request.

If the SFR executive committee denies the G-12 funds request appeal, they return it to the project manager. The project manager works with the resident engineer, construction engineer, area construction manager, and the construction and project management coordinators to develop a new funding strategy and determine if they will submit a revised request.

California Transportation Commission Supplemental Funds Request

If, after consultation, the construction engineer decides to request supplemental funds from the CTC, the resident engineer prepares an initial draft of the "Funds Request Form," which can be found at:

<http://pd.dot.ca.gov/construction/contractmanagement/cmpage.htm>

The resident engineer completes as much of the form as possible and sends the draft to the construction engineer. The construction engineer completes the form and consults the area construction manager, project manager, and coordinators to develop a funding strategy and to review and comment on the funds request form. If the project is partially funded with local funds, sales tax, local federal-aid, or private funds, the project manager follows the district policy to obtain additional funds from the stakeholders. If the project still requires supplemental funds, the project manager follows the district policy to finish the funds request form. The project manager is responsible for seeing that district policy is followed and for getting district approval signatures. The project manager emails the form to either the Lotus Notes STIP-Funds Request mailbox or the SHOPP-Funds Request mailbox.

The Division of Programming sends the supplemental funds request form to the Division of Budgets to review and to include budget information. The budget analyst returns the supplemental funds request to the Division of Programming to process the form for SFR Executive Committee review and approval.

With the committee's approval, the funds request will be sent to the CTC for a vote. If the CTC approves the supplemental funds request, the Division of Budgets adjusts the project allocation by supplementing the expenditure authorization and notifies the Division of Accounting to update TRAMS, and district construction to update the Contract Administration System. When they complete their updates, the resident engineer can authorize performance of the work contemplated by the supplemental funds request.

Rejection by the SFR Executive Committee or the CTC vote results in the return of the supplemental funds request to the project manager. The project manager works with the resident engineer, construction engineer, area construction manager, and coordinators to develop a new funding strategy and to determine whether to submit a revised request.

Highway Maintenance Funds Request

After consultation with the resident engineer and area construction manager, the construction engineer decides whether to request additional highway maintenance funds. The construction engineer consults with the project manager, district maintenance engineer, coordinators, and headquarters maintenance program advisor to develop a funding strategy and implements the district policy to obtain additional highway maintenance funds.

The project manager sees that district policy is followed and that the approved funds request is emailed to the G11-G12 mailbox. The Division of Budgets reviews the request and sends it to the highway maintenance program advisor for approval. With the advisor's approval, the Division of

Budgets supplements the expenditure authorization, notifies the Division of Accounting to update TRAMS, and has district construction update the Contract Administration System. Once they complete the updates, the resident engineer can authorize performance of the work contemplated by the highway maintenance funds request.

Disapproval by the highway maintenance program advisor will result in the funds request being returned to the project manager. The project manager works with the resident engineer, construction engineer, district maintenance engineer, coordinators, and headquarters maintenance program advisor to develop a new funding strategy and determine if a revised request will be submitted.

Information or Assistance

If you need additional information or assistance on requesting additional funds, please contact your Division of Construction coordinator:

Brian Syftestad—Districts 1, 2, 3, 4 (916) 654-5431

John Hancock—Districts 5, 6, 7, 9, 10 (916) 654-4334

Vern Jones—Districts 8, 11, 12 (916) 654-5071

Jon Tapping—Toll Bridges (916) 654-2359

You may also contact your Division of Project Management coordinator:

Hossein Rostam—Districts 1, 2, 3 (916) 653-6487

Andre Schokrpur—Districts 4, 6 (916) 275-2898

Paul Gennaro—Districts 5, 8, 9, 10 (559) 260-2386

Gregg Magaziner—District 7, 11, 12 (916) 654-2942.

If you have questions on this policy bulletin, please contact Rick Gifford, Division of Construction, at rick_gifford@dot.ca.gov or (916) 657-5211.

Attachment: Flowchart, “Construction Phase Project Funding Accountability”