State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

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To: DISTRICT DIRECTORS

Date: July 3, 2007

From: RICHARD D. LAND
Deputy Director
Project Delivery

MICHAEL MILES
Deputy Director
Maintenance and Operations

Subject: Processing Projects Funded by Others

The Project Development Procedures Manual (PDPM) and the Manual for Encroachment Permits on California State Highways (Encroachment Permits Manual) provide policy and guidance on processing highway improvement projects funded by others and costing less than $1 million through the Encroachment Permit Process. Projects costing greater than $1 million have been required to follow the full Project Development Process. Due to cost escalation, the number and type of projects that can be constructed under the $1 million limit has diminished.

Effective immediately, highway improvement projects funded by others costing between $1 million and $3 million can be processed using the Permit Engineering Evaluation Report (PEER) in-lieu of a Project Initiation Document (see Chapter 9 of the PDPM). Concept Approval and Project Approval will be via completion and approval of the PEER. Approval to issue an encroachment permit will be via signature of the oversight engineer on the project plans. Information on the preparation of the PEER can be found in Appendix I of the PDPM and in Chapter 2 of the Encroachment Permits Manual. These projects will continue to be treated as capital projects (see attached Decision Document).

When the project sponsor submits a project to the district for processing, a district representative will be assigned to work with the local entity or developer. The representative will serve as both the Caltrans point of contact and the Caltrans Project Manager (see Chapter 2 of the PDPM). An initial meeting should be scheduled to determine the proper process to follow for each new project (i.e. PEER process, Combined PSR/PR, or PSR and PR). If the PEER process is determined to be the appropriate process, the Coordinator will develop a work plan and will open an Expenditure Authorization (0 Phase) to capture project charges. The need to develop a work plan and secure resources cannot be overemphasized. These projects will be flagged with an "S-E" flag for tracking purposes.

Once the PEER is complete and the oversight engineer has approved the final plans and specifications, the project package is then submitted to the District Permit Engineer for concurrence that the package is complete, and can then issue the encroachment permit. When

the District Permits Office receives the completed encroachment permit application, the permit office will issue the permit as expeditiously as possible.

The PEER process is intended to streamline the processing of projects funded by others by reducing the steps in the project development process. It is not intended to relieve the project sponsor from meeting all other Department policies, standards and practices. Requirements such as Stormwater Data Reports, Design Exceptions, and Environmental compliance must still be met.

If you have any questions, please contact Ray Tritt, Chief, Special Projects, Division of Design, at (916) 653-3348 or Dina El Nakhal, State Encroachment Permit Engineer at (916) 654-6232.

Attachment

c: Deputy District Directors Traffic Operations
Design Management Board
Project Management Board

DECISION DOCUMENT

Processing Projects Funded by Others

Problem Statement: In June 2006, the County Engineers Association of California (CEAC) requested the Department to increase the Construction Cost Limit for Encroachment Permits from $1 million to $5 million due to the doubling of construction costs since the cost limit was established in 1994.

Recommendation: It is proposed that Encroachment Projects and Highway Improvement Projects (Capital Projects) be clearly differentiated. Encroachment projects are those that meet the definition in the Streets and Highway Code, the Encroachment Permits Manual and the Project Development Procedures Manual (PDPM) and that do not become part of the Department's facility. Encroachment Projects as defined would be processed via the Encroachment Permit Process regardless of cost.

Current policy allows Highway Improvement Projects costing $1 million or less to follow the Encroachment Permit Process. There would be no change to this policy under this proposal.

Highway Improvement Projects costing greater than $1 million but less than $3 million would be allowed to follow a streamlined process similar to the Encroachment Permit Process except that Capital Outlay Support staff would take the lead in processing. Concept and project approval would be through completion of a Permit Engineering Evaluation Report (PEER). After approval of the PEER, an encroachment permit would be issued.

Highway Improvement Projects $3 million or greater would be processed through the normal Project Development Process and would receive an encroachment permit at the end of that process. Exceptions to this policy would require approval of the Chief Engineer.

Existing policy allows the Department to require the full Project Development Process for complex projects (e.g. projects that require California Transportation Commission action). Under this new policy, the Department will retain the right to increase the level of documentation and processing for those projects that are deemed complex.

Background: In 1994, Interim Chief Deputy Director R.P. Weaver signed Deputy Directive 23 (DD 23), which set the current policy on Oversight Projects (Special Funded Projects). DD 23 raised the Construction Cost Limit from $300 thousand to $1 million and established departmental roles and responsibilities for the development and delivery of Oversight Projects. Projects costing $1 million or less are processed as Encroachment Permit Projects. Projects greater than $1 million are to follow the Department's full project development process. Construction was to provide oversight and inspection on all projects greater than $300 thousand in value.

In recent years, developers and Local Agencies have requested the Department to accept larger and more complex submittals through the Encroachment Permit Process. A project costing $1 million in 1994 would now cost more than $2 million, based on an analysis of the Department's Construction Cost Index. The overall perception is that the Encroachment Permit Process is easier, cheaper and faster to obtain approval than the normal Project Development Process.

Authority for the Department to control encroachments within the State Highway right of way is contained in the Streets and Highways Code (Sections 660-695). Encroachments allow temporary or permanent use of the highway right of way by a utility, public entity, or a private party. Encroachments are defined in the Department's Project Development Procedures Manual (PDPM) as "any tower, pole, pole line, pipe, pipe line, fence, billboard, stand or building, or any structure or object of any kind or character which is within the right of way but not a part of the Caltrans facility" which is in, under, or over any portion of the highway. Special events are also considered encroachments.

Projects following the Encroachment Permit Process do not require Project Initiation Documents (e.g. Project Study Reports) or Cooperative Agreements. Project approval for these projects is obtained by development of a Permit Engineering Evaluation Report (PEER) and issuance of an encroachment permit.

A team made up of representatives of the various headquarters divisions involved in encroachment permits (Design, Project Management, Environmental, Engineering Services, Traffic Operations, and Right of Way) was formed to develop a response to this request. The team initially proposed processing projects based on complexity. This proved to be difficult to define in a manner that could be applied consistently statewide. The current proposal was then developed and sent out to the Deputy District Directors of Traffic Operations, the Project Management Board, the Design Management Board, the Project Delivery Advisory Committee and to local agency representatives. While concerns were expressed, there appeared to be no serious opposition to the proposal as long as several key concerns were addressed. A small working group continued work to address the concerns expressed during review.

Fiscal Impact: Each project (both encroachments and highway improvements) processed through the Encroachment Permit Process will likely require some level of functional unit oversight as occurs in the normal Project Development Process. These projects are difficult to anticipate because they are dependent on others for funding and scheduling. It is proposed to resource these projects as follows:

> Traffic Operations will resource Highway Improvement Projects costing $1 million or less and for all Encroachment Projects. Traffic Operations will crossover resources for those Encroachment Projects and Highway Improvement Projects costing $1 million or less that require oversight by other functional units. This is the process currently in place.
>
> Capital Outlay Support will resource Highway Improvement Projects greater than $1 million but less than $3 million and following the streamlined process described above. The resources will be provided to the functional units involved in the oversight as

shown in an approved project workplan. It is proposed that a point of contact from Capital Outlay Support staff be assigned to each of these projects to develop the workplan, to ensure that proper independent quality assurance is conducted and to ensure that the project progresses through the approval process.

Resources for Highway Improvement Projects that will follow the Department's normal Project Development Process will be determined by development of workplans, which is the current practice.

Organizational Impact:

- **Employee Impact:** This proposal intends to maintain the resource allocation and organizational balance between Traffic Operations and Capital Outlay Support.

- **Stakeholder Impact:** This proposal should simplify the processing of those projects funded by others and costing less than $3 million. The result should be less cost to the project sponsor.

Policy Impact: This policy conforms to other policy for projects funded by others as expressed in Deputy Directives 23 and 90.

Risks: The primary risk is that the project sponsor will not involve the Department early in the concept phase and will be required to perform redesign to meet the Department's requirements. This risk belongs to the project sponsor and can be mitigated by early and frequent communication with the Department.

Proposed Implementation Schedule:

Decision Document Approved	May 31, 2007
Guidance Materials updated (Encroachment Permit Manual and PDPM)	July 1, 2007
New process is available for use (requires reallocation of resources)	July 1, 2007
Workplans due for Projects processed with PEER	January 9, 2008 (and each January 9 thereafter)
Begin processing eligible projects with PEER	July 1, 2008

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APPROVAL RECOMMENDED BY:

5/8/07
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APPROVED BY:

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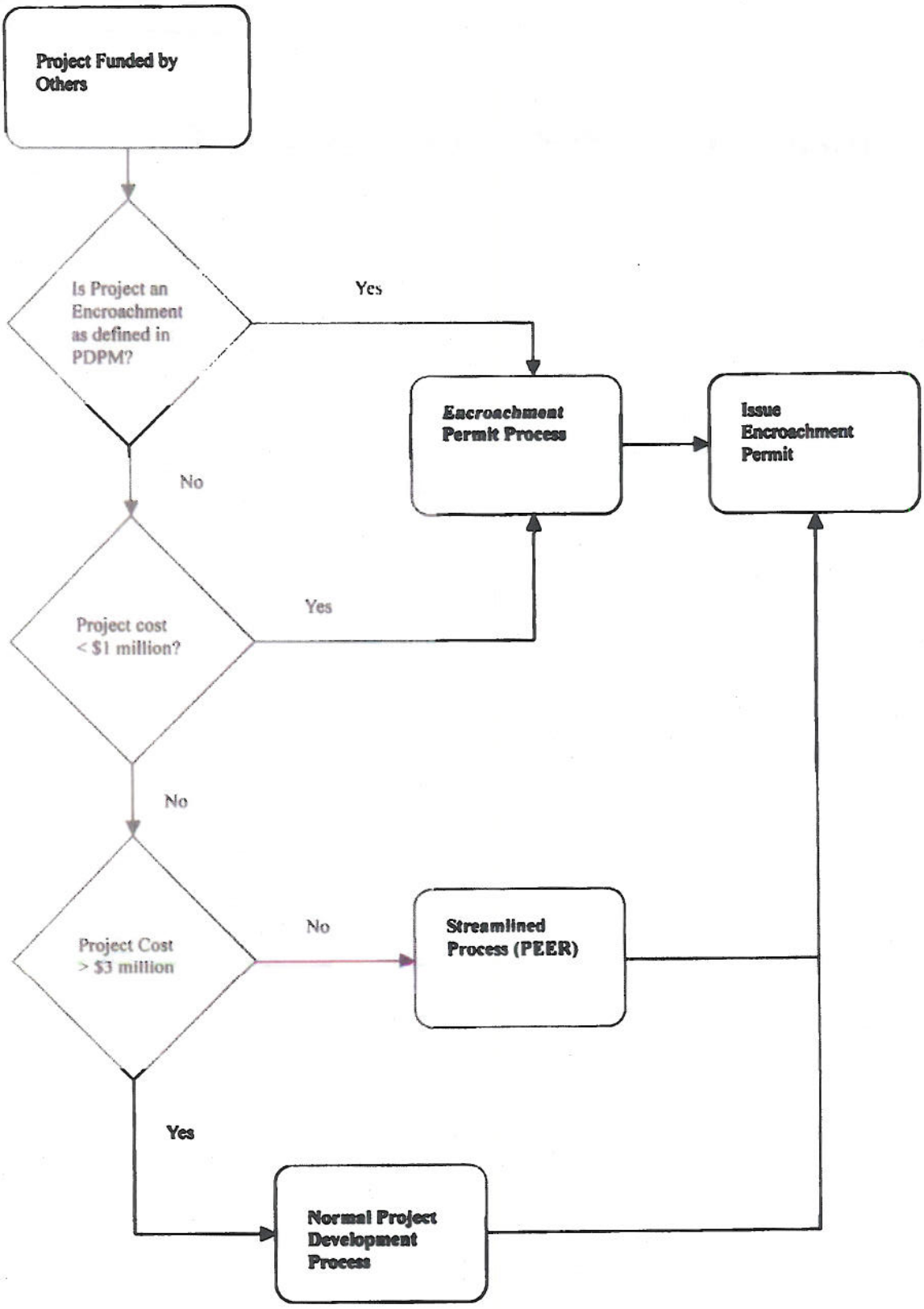
Attachment: Process Flowchart


Project Funded by Others
Is Project an Encroachment as defined in PDPM?
Yes
No
Encroachment Permit Process
Issue Encroachment Permit
Project cost < $1 million?
Yes
No
Project Cost > $3 million
No
Streamlined Process (PEER)
Yes
Normal Project Development Process