

Memorandum

*Serious drought.
Help save water!*

To: DISTRICT SINGLE FOCAL POINTS

Date: August 22, 2016

From: DONNA BERRY 
Office of SHOPP Management

Subject: Fiscal Year 2016-17 Minor Program Capital Construction Project Guidelines

The Fiscal Year 2016-17 State Highway Operation and Protection Program (SHOPP) Minor Program Guidelines are attached.

The major changes from prior guidelines are:

- Resolution G-05-16 increased the limit for individual Minor A projects from \$1,000,000 to \$1,250,000.
- As of February 29, 2016, the Minor B limit for projects increased from \$281,000 to \$291,000.
- Statute Senate Bill 486 was signed in 2014 and mandates performance measures be identified for each project.

A complete copy of the Guidelines is available on the Division of Transportation Programming webpage at:

www.dotca.gov/hq/transprog/shopp

If you have any questions, please contact the SHOPP Minor Program Coordinator, Graciela Vasquez at (916) 654-7042.

Attachment

c: Graciela Vasquez
Lyle Stockton
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Budgets
District Minor Program Coordinators

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM MINOR PROGRAM

OVERVIEW

The Minor Program is a one-year program reserved for relatively low-cost capital projects that are State Highway Operation and Protection Program (SHOPP) eligible. The purpose (objective) of the Minor Program is to address low-cost transportation needs in a timely manner, program projects that may not be competitive against other statewide projects, and provide flexibility to the districts in programming smaller projects. Project selection is based on geographic District priority not statewide.

The Minor Program is reserved only for smaller SHOPP eligible projects which are capital improvement projects relative to maintenance, safety, and rehabilitation of state highways and bridges which do not add capacity to the system as defined under the Government Code section 14526.5. Minor projects cannot enhance or mitigate State Transportation Improvement Program (STIP) projects nor can they enhance and/or cover cost increases on STIP projects. See the Guidelines section for Minor limits.

At the June 2016 meeting, the California Transportation Commission (Commission) adopted Resolution G-05-16. Under these guidelines:

- The Commission, in a lump-sum, shall annually allocate to the California Department of Transportation (Department) the Minor Program amount included in the most recent fund estimate. The Minor Program shall compile an annual list of Minor A projects, and a program lump sum for Minor B projects, Right of Way Capital, Day Labor (material acquisitions only) and Capital Outlay Support.
- The Commission delegates sub-allocation and cost adjustment authority to the Department for minor projects listed on the approved Minor Program project list.
- Minor projects must be awarded in the fiscal year in which they are allocated.
- The Commission increased the Minor A project construction limit from \$1 million to \$1,250,000. Minor A projects have a construction limit consistent with the lower limit of the State Contract Act – currently at \$291,001.

PROGRAM PROCESS

In November of each year, the Division of Transportation Programming (Minor Program Coordinator) provides the Minor Program Target Allocations to each District. Target allocations are based on lane miles (50 percent), small business participation (25 percent), and project delivery/performance (25 percent).

By December 15 of each fiscal year, Districts shall provide their funding split between Capital Outlay and Capital Outlay Support to the Minor Program Coordinator. Capital Outlay shall include Target Allocations for Minor B, Right of Way, Day Labor, and a list of proposed Minor A projects. The Capital Outlay Support (COS) amount will be reported to the Division of

Project Management and allocated to each district. Districts will manage within their Minor COS allocation. Any Minor COS overruns must be funded from Minor Capital Outlay savings.

- Unlike COS, Districts have the flexibility to redirect their Capital Outlay funds between Minor A, Minor B, Right of Way and Day Labor targets to better meet their needs (cost increase, change in priority, etc.). However, the Districts must notify the Minor Program Coordinator of any adjustments.
- As specified in Resolution G-05-16, the Minor Program is reserved only for smaller SHOPP eligible projects. All minor projects must qualify as SHOPP projects.
- Minor projects do not require a Planning and Programming Number (PPNO).

In June, and annually, thereafter, pursuant to Resolution G-05-16, the Department will present to the Commission its Minor Program for review and approval. The Minor Program shall be supported by a project list which includes the following information for each project:

1. Project description.
2. District, county, route and post mile.
3. Expenditure Authorization (EA) number.
4. 10-digit Project ID number.
5. Performance measures.
6. Estimated day labor expenditure.
7. Estimated right-of-way expenditure total for the life of the project.
8. Estimated support expenditure total for the life of the project.
9. Estimated construction expenditure total for the life of the project.

From July through June, when a project is ready for an allocation or Ready To List (RTL), the District submits a Funds Request to the Division of Budgets e-mail address (SHOPP - Funds Request@DOT) and the Minor Program Coordinator. The Department will allocate funds through delegation authority to projects on the approved Minor Program project list and will report the allocation at the next Commission meeting as informational items.

- Financial Contribution Only (FCO) projects must have an executed Cooperative Agreement prior to allocation of funds either through delegation authority or Commission allocation/vote.
- If the District wishes to delete a project from the Minor Program project list, an e-mail from the District Minor Program Coordinator to the Minor Program Coordinator is sufficient to request a project deletion.

If the total project award amount, towards the end of the fiscal year, exceeds the District Capital Outlay target, the Minor Program Coordinator will work with other Districts to identify any savings to stay within the statewide Minor Program budget. If savings are not found, awards will not be able to be made, allocations will be rescinded and projects will be delayed to subsequent fiscal years to stay within budget. However, if savings are found, the Minor Program Coordinator will redistribute the savings to other Districts. If Capital Outlay Support savings are identified at the end of the year, those funds can be used to offset any Capital Outlay overruns in your district. The Department has no authority to exceed the total approved Minor Program dollar limit.

GUIDELINES

MINOR PROJECT DOLLAR LIMITS

- **Minor A projects:** SHOPP eligible projects with construction costs between \$291,001 and \$1,250,000.
- **Minor B projects:** SHOPP eligible projects with construction costs of \$291,000 or less.

These limits do not include local contributions or contributions from any other resources.

STATE-ONLY FUNDING OF MINOR PROJECTS

Federal funds cannot be utilized in Minor projects except in the following situations:

- Safety projects (201.010, 201.015 and 201.020) over \$300,000.
- Railroad Grade Separation and Railroad Grade Crossing Protection projects with estimated construction/capital costs greater than \$100,000.
- Parking Facilities and Transit-Related Facility (including Bus Stops) projects with estimated construction/capital costs greater than \$30,000.
- Emergency Relief (ER) projects greater than \$5,000 deemed eligible by an approved Damage Assessment Form are eligible for Federal ER funds.
- If any portion of the local share/match of a Cooperative Agreement or FCO project is federalized, then the entire project including the state share shall be federalized.

Request for state only funding will only be considered on an exception basis for projects otherwise eligible for federal funding. Request for state only funding will be submitted to the Budgets Division Chief.

Regardless if the project uses state or federal funding, the total project cost will be counted against the district's minor allocation.

PROJECT ADDITIONS/SUBSTITUTIONS

From July through February, Districts may substitute a new project for an approved project or use any identified savings to add a new project to the Minor Program project list. FCO projects can be added/substituted from July through the last scheduled Commission meeting of the fiscal year. FCO projects must have an executed Cooperative Agreement prior to allocation of funds.

- New and substitute projects not on the initial Minor Program project list require a Commission allocation/vote.
- Any additions/substitutions require approval from the Minor Program Coordinator.
- Total Minor Program costs must remain within the District Minor Program Target Allocation

G-12 ADJUSTMENTS

Minor A projects

For Minor A projects receiving a G-12 adjustment capacity is \$200,000. G-12 fund adjustments at time of award will be deducted from the District Minor Program Target Allocation.

- Any additional G-12 funding needs for Minor A projects after the project is awarded will receive funding/allocation from a SHOPP appropriation (any open year) that is still available for encumbrance and liquidation and will not be deducted from the District Minor Program Target Allocation.

Minor B projects

The G-12 adjustment capacity for Minor B projects cannot exceed 110 percent of the Minor B project limit (\$320,100). G-12 adjustments for Minor B projects require approval from the Minor Program Coordinator. Adjustments received through the G-12 process will be deducted from the District Minor Program Target Allocation.

- A memo must be submitted by the District's Minor Program Coordinator to the Minor Program Coordinator requesting to exceed the Minor B contract limit (of \$291,000) by 10 percent (within \$320,100).
- Any increase above \$320,100 will require Commission action.
- Minor B projects (including previous years) requesting additional funding through G-12 adjustment will receive funding/allocation from current year District Minor Program Target Allocation.

No G-12 capacity for Minor Program Capital Outlay Support. Senate Bill 486 does not affect the Minor Program.

SUPPLEMENTAL VOTES

Projects requesting a cost increase after receiving an allocation either through delegation authority or vote in excess of the G-12 capacity must be submitted to the Commission as a supplemental vote. For more information on a supplemental vote, please contact the Supplemental Funds and Greater than 120 percent Coordinator in the Office of California Transportation Commission Liaison.

Funding received through a supplemental vote will not be deducted from the District Minor Program Target Allocation.

No supplemental allocations for Minor Program Capital Outlay Support.

RIGHT OF WAY

Right of Way for Minor A and Minor B projects must be listed on the Right of Way Minor Project List for payment to be processed by the Division of Accounting. Any additions, deletions and/or changes to the Right of Way Minor Project List must be submitted by the District's Minor Program Coordinator to the Minor Program Coordinator.

Only Right of Way expenditures for Minor A and B projects that are funded by the Minor Program shall be charged against task 152000.

COOPERATIVE AGREEMENTS

Where the state share of a cooperative project falls within the Minor A dollar limits, a copy of the executed cooperative agreement shall be submitted to the Minor Program Coordinator along with the Funds Request. The state has no legal authority or obligation to incur expenses in the absence of a formally executed agreement; therefore, Funds Requests for cooperative projects without executed agreements will not be processed.

The Funds Request memo must specify the state share, the local share and the total project cost. The request must also indicate the type of funding used by the local agency. If local agency is using federal funds and the project is not a FCO, then the entire project cost must be federalized.

Cooperative agreements are processed in house when the state share is \$291,000 or less (Minor B).

MINOR B PROJECTS

The District Director approves funds for individual Minor B projects. The District can also make adjustments to a Minor B project if the total allocation is below \$291,000 and the District has sufficient Minor B funds. All Minor B projects must be awarded by the end of the fiscal year.

The Minor Program Coordinator will monitor encumbrance and expenditures for Minor B contracts to ensure the District stays within budget.

Minor B Safety Improvements projects (201.010) and Minor B Major Damage Restoration projects (201.130) less than the Minor B limit of \$291,000 will be funded from the District's Minor Program Target Allocation.

MINOR PROGRAM TARGET ALLOCATIONS

District Target Allocations are based on lane miles (50 percent), small business participation (25 percent), and project delivery/performance (25 percent).

- The lane miles criterion is based on the current district lane miles, which includes bridge lane miles.
- Small business utilization for both Minor A and Minor B projects on a three-year historical average.
- Project and delivery performance percentage is determined by prior year District Target Allocation versus District award amount.

MAJOR DAMAGE AND PERMANENT RESTORATION

Any Major Damage Restoration (201.130) or Permanent Restoration (201.131) project within the Minor A limit that is RTL within 18 months of the event, shall be deemed a SHOPP project and will be funded with SHOPP reservation funds.

Any Major Damage Restoration (201.130) or Permanent Restoration (201.131) project within the Minor A limit that is RTL more than 18 months after the event, shall be deemed a Minor A project and will be funded with Minor Program funds.

- If the District presents a good justification for the delay, the Program Advisor may recommend exceptions to the 18 month rule. The Minor Program Coordinator must approve the Program Advisor's recommendation.

RELINQUISHMENT PROJECTS

When a Minor A project includes relinquishment of a state facility, the project manager must coordinate with the district right of way staff to process the necessary relinquishment document. The relinquishment resolution and the project fund must be presented at the same Commission meeting.

The Funds Request must state that it is for a relinquishment action and must include project information, the parcel numbers to be relinquished and name of local agency.

PROJECT DELIVERY SCHEDULE

The Division of Engineering Services – Office Engineer (DES-OE) encourages Districts to deliver their Minor A projects as early in the fiscal year as possible to assure they are awarded before the end of each fiscal year. For efficiency and workload leveling purposes, DES-OE strongly recommends that Districts adhere to the following project delivery schedule:

- Fifty percent of all Minor A projects by November 1st
- Seventy percent of all Minor A projects by December 1st
- Ninety percent of all Minor A projects by January 2nd
- One hundred percent of all Minor A projects by February 1st

CALENDAR OF EVENTS

DISTRICT MINOR PROGRAM CALENDAR OF EVENTS	DUE DATE
1. The Minor Program Coordinator provides Minor Program Target Allocations to each District.	November 2
2. Districts provide their funding splits between Capital Outlay and Capital Outlay Support to the Departments' Minor Program Coordinator.	December 15
3. The Department presents, and the Commission approves the Minor Program.	June
4. As the projects become RTL, the Districts submit their Funds Request to both the Department's Division of Budgets and the Departments' Minor Program Coordinator.	July - February
5. Districts may substitute or add a new project to their Minor Program project list.	July - February
6. Districts are advised to deliver their projects by February to ensure projects be voted and awarded by June 30 th .	February
7. All Minor Program projects must be awarded on or before the end of the fiscal year.	June 30