

# Memorandum

**To: Chairman and Commissioners**

**Date: March 11-12, 2009**

**From: John Barna**

**File No:  
Book Item 4.11  
Action**

**Ref: AMENDMENT OF G-02-12 DELEGATION OF AUTHORITY TO ADJUST PROJECT ALLOCATIONS AND MODIFY PROJECT DESCRIPTIONS  
RESOLUTION G-09-12**

## **RECOMMENDATION:**

Commission Staff recommends that the Commission approve attached Resolution G-09-12 amending G-02-12 – Delegation of Authority to Adjust Project Allocations and Modify Project Descriptions.

## **ISSUE:**

Resolution G-02-12, passed in July 2002, delegates to the Department the authority to adjust State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) project allocations and modify project descriptions for Department implemented projects, within well-defined boundaries. In general, under the G-12 delegation, cost increases of up to 10% plus \$200,000 are approved by the Department. These G-12 increases to STIP projects do not impact County or Interregional shares.

The G-12 delegation is being amended to make it consistent with Commission policies regarding SHOPP Minor, Proposition 1B and Assembly Bill (AB) 608, and to also correct the perception that this delegation creates a pot of money which project managers rely on when estimating and delivering projects.

Commission staff, in conjunction with Department and local agency staff, reviewed and discussed three alternative amendments to address these issues:

Recommended – A revision of the existing delegation to:

- clarify its use for STIP and SHOPP funds only and to request additional information in the monthly report to the Commission Executive Director,
- remove the reference to Longer Life Pavement criteria and update SHOPP references,
- clarify that adjustments should be proportional among all project funds,
- deny its use on projects funded with CMIA, Route 99 and/or TCIF funds, or to any Proposition 1B bond projects that have an approved baseline agreement,
- deny its use on project allocations that the Commission has previously adjusted in accordance with Streets and Highways Code Section 188(d)(3), as authorized by AB 608 (2001), and

- include an expectation that the Department will implement a high level of review to determine appropriateness and need for any adjustment.

This revision is an update that would have little impact to the Commission or Commission staff, and would not impact STIP County or Interregional shares. Enhanced review of allocation adjustment requests could mean a higher workload for the Department.

Not recommended – A revision of the existing delegation as described above, but allowing adjustments only up to award of the construction contract.

Not recommended – A revised delegation that would provide for an annual lump-sum allocation from which the Department may make adjustments.

**BACKGROUND:**

On July 28, 1978, the Commission delegated to the Department the authority to adjust STIP and SHOPP project allocations and modify project descriptions within well-defined boundaries. Over the years, the G-12 delegation has been revised numerous times to reflect new transportation laws and Commission procedures.

With the recent changes to transportation funding, it has become necessary to again revise the delegation to affirm its use for STIP and SHOPP funds only and to re-define the boundaries of its use.

The proposed amendment, with changes shown in strike-through and bold, is attached.

Attachment

**CALIFORNIA TRANSPORTATION COMMISSION**

**Delegation of Authority to Adjust Project Allocations  
And Modify Project Descriptions**

**Resolution #G-09-12  
Amending Resolution #G-02-12**

- 1.1 WHEREAS, the California Transportation Commission adopted Resolution #G-12, delegation of authority to adjust project allocations and modify project descriptions to the Director of Transportation on July 28, 1978; and
  - 1.2 WHEREAS, over the years Resolution #G-12 was revised by Resolutions #G-83-6, #G-85-10, #G-88-18, #G-89-23, #G-90-24, #G-95-08, ~~and #G-98-12;~~ **and #G-02-12;** and
  - 1.3 WHEREAS, a complete restatement of the Resolution #G-12 delegation authority to the Director of Transportation is now needed; and
  - 1.4 WHEREAS, the delegation greatly reduces the volume of financial transactions submitted to the Commission and increased the efficiency of the Department of Transportation in processing changes.
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for capital outlay allocations by the California Transportation Commission (Commission) for State Transportation Improvement Program (STIP), State Highway Operation and Protection Program (SHOPP), and SHOPP Minor ~~Reserve~~ projects:
    - A. The Director of Transportation (Director) is authorized to increase individual project construction allocations **of STIP and/or SHOPP funds** to allow the advertisement, award and completion of contracts within the following limits:
      1. For programmed STIP and SHOPP projects receiving a Commission allocation of less than a \$1,000,000, the Director may adjust the funds allocated for construction provided the adjustment does not increase the Commission's allocation by more than \$200,000.

2. For programmed STIP and SHOPP projects receiving a Commission allocation of \$1,000,000 or more, the Director may adjust the funds allocated for construction provided the adjustment does not increase the Commission's allocation by more than \$200,000 plus 10 percent of the initial Commission allocation.
3. When a programmed STIP or SHOPP project is awarded for less than the Commission construction allocation amount, the above authorized construction allocation increase is to be based upon the contract allotment including such items as contingencies, supplemental work and state furnished materials, if any, rather than on the initial Commission allocation amount.
- ~~4. For the 32 identified 1998 STIP projects (see Attachment A) that triggered Longer Life Pavement (LLP) criteria after being programmed in the STIP, the Director may adjust the construction funds allocated by the Commission to cover the incremental LLP costs. The incremental LLP cost adjustment may be up to 4.0 percent of the Commission's construction allocation amount. The incremental LLP cost adjustment is a permissible additional amount to the adjustments authorized above.~~
4. For **projects enumerated on the Commission reviewed and accepted SHOPP Minor A Reserve projects list** (~~unprogrammed projects with construction contract allotments estimated within the range of \$120,000 through \$750,000 at the time of allocation by the Commission~~), the Director may adjust the funds **sub-**allocated for construction provided that the adjustment does not ~~increase the Commission's allocation by more than \$150,000~~ **exceed the estimated construction expenditure by more than \$200,000.**
5. For SHOPP Minor B Reserve projects (~~unprogrammed projects with a construction contract allotment estimate of less than \$120,000 at the time of allocation by the Director of Transportation~~), the Director may adjust the funds **sub-**allocated for construction provided that the adjustment does not exceed 110 percent of the Minor B Reserve **project limit as defined in Resolution G-05-05 under L.2 (an amount equal to the lower limit of projects subject to the State Contract Act as revised by the Department of Finance).**
6. Any adjustments that exceed the authorized limits described above must be allocated by the Commission ~~and do not establish a new funding capacity adjustment base for the project.~~ **In addition, all** subsequent increases to the allocation must be presented to the Commission for approval.
7. **Any allocation adjustment for programmed STIP, SHOPP and SHOPP Minor projects is assumed to be proportionate to any non-state funding on the project, unless the project was programmed for non-proportional funding (per STIP Guidelines, Section 49).**

- 8. The Director is expected to provide for the review of allocation adjustment requests for appropriateness and need prior to approval.**
- B. The Director is authorized to modify Commission approved project descriptions to meet unforeseen conditions and to correct project description errors in order to proceed with the advertisement of projects provided that:
1. Such revisions do not change the Commission's intent with regard to an individual project's program component, principal purpose, primary characteristic and general location.
  2. Any cost increase resulting from the proposed change in project description is within the limits authorized to the Director under item A above.
  3. Any needed project scope change, which exceeds the authorized limits described above, must be approved by the Commission.
- C. The Director is authorized to split or combine allocated projects in close geographical proximity for ease and economy of contract administration provided that:
1. The amount of a combined project does not exceed the sum of the individual approved projects, and the amount of split projects does not exceed the allocation for the original project.
  2. When two or more STIP and/or SHOPP programmed projects are combined, the cost increase limits authorized under item A above are based on the total cost of the combined project as though it was a single project. When a STIP and/or SHOPP programmed project is split, the cost increase limits authorized under item A shall be based on the contract allotment of each portion.
  3. When two or more SHOPP Minor A ~~Reserve~~ projects are combined, the combined project will be considered a single Minor A ~~Reserve~~ capital outlay project for accounting purposes. The cost increase limits authorized under item A above shall be individually determined for each of the Minor A ~~Reserve~~ projects involved.
  4. When a SHOPP Minor A ~~Reserve~~ project is combined with a SHOPP programmed project, the combined project will be considered a single SHOPP programmed capital outlay project for cost increase limits authorized under item A above and accounting purposes.
  5. When an independently designed and allocated SHOPP programmed project is combined with a STIP programmed project for construction purposes, the cost increase limits authorized under item A above shall be individually determined and accounted for the SHOPP portion and the STIP portion of the combined project.

6. When an independently designed and allocated SHOPP Minor A Reserve project is combined with a STIP programmed project for construction purposes, the cost increase limits authorized under item A above shall be individually determined and accounted for the SHOPP Minor A Reserve portion and the STIP portion of the combined project.
- D. The SHOPP Minor Reserve is for SHOPP projects only. The Commission will not allocate funds from the SHOPP Minor Reserve for capacity-increasing projects, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigation for STIP projects nor to enhance and/or cover cost increases on STIP projects. The following additional procedures shall apply to SHOPP Minor Reserve projects:
1. When funds required to complete a SHOPP Minor A Reserve project are greater than authorized under item A above, the following procedures shall be followed:
    - a. When there has been no change in the scope of the project, any additional State funds will come from the SHOPP Minor A Reservation.
    - b. When there is a change in the scope of the project, the project must compete for funding with other projects in the normal SHOPP programming process.
  2. The SHOPP Minor B Reserve limit is established to be consistent with the lower limit of the State Contract Act (SCA). The SCA is reviewed each even numbered year by the Department of Finance and adjusted to be consistent with change in the annual California Construction Index. The Commission authorizes the Director to change the SHOPP Minor B Reserve limit and the SHOPP Minor A Reserve lower limit to an amount equal to the lower limit of projects subject to the SCA as revised by the Department of Finance, and the Director shall inform the Commission of any such change within 45 days.
  3. The Director is authorized to allocate funds for SHOPP Minor B Reserve projects to individual Districts.
  4. SHOPP Minor A Reserve financial contributions to STIP projects will be allocated by the Commission only after independent utility for the SHOPP Minor A work and lack of responsibility by the STIP project sponsor for the SHOPP Minor A work is established and approved by the Director under the requirements of the Department's June 5, 2002, Minor A Project Policy memorandum (~~see Attachment B~~).
  5. Projects funded jointly with SHOPP Minor A Reserve funds and other non-STIP or non-SHOPP funds shall be administered as SHOPP Minor A Reserve projects, irrespective of the total cost of the project.

- E. The Director shall report all project capital outlay allocation changes made under this delegation (both increases and decreases) to the Commission Executive Director on a monthly basis. At a minimum the report will contain the following information:
1. A listing of projects which received increases or decreases during the prior month, including allocations revised downward to match lower contract allotment amounts. Include the following project information: project identifiers (**both** PPNO and EA numbers), **project type (STIP, SHOPP or SHOPP Minor)**, description of work, initial Commission allocation **date and** amount, current allocation amount, and the Director revised allocation amount.
  2. A cumulative total of Director approved increases and decreases to funds allocated by the Commission during the fiscal year. It is intended that the Director approved decreases will offset the Director approved increases.
- F. The delegation of authority to adjust project allocations or modify project descriptions under this resolution does not apply to projects funded, wholly or in part, with CMIA, Route 99 and/or TCIF bond funds, or to any Proposition 1B bond projects that have an approved baseline agreement. Any changes to these projects must be approved by the Commission.**
- G. The delegation of authority to adjust project allocations under this resolution does not apply to project allocations that the Commission has previously adjusted in accordance with Streets and Highways Code Section 188(d)(3), as first authorized by AB 608 (2001). The Commission must approve any further adjustments.**

2.2 THEREFORE BE IT FURTHER RESOLVED, that this resolution supersedes and replaces Resolution #G-02-12 and serves as a complete restatement of Resolution #G-12.