

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 29-30, 2016

Reference No.: 4.6
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Bruce De Terra, Chief
Division of Transportation
Programming

Subject: **AMENDMENT TO RESOLUTION G-05-05 DELEGATION OF AUTHORITY TO SUB-ALLOCATE AND ADJUST MINOR CAPITAL CONSTRUCTION PROJECTS**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution G-05-16 which would increase the limit for individual Minor A projects from \$1,000,000 to \$1,250,000. This new limit would become effective July 1, 2016.

ISSUE:

The current cost limit for Minor A projects is \$1,000,000 which was established in July 2005. Since 2005 the California Construction Index has increased 3.2 percent on average annually. The proposal is consistent with the changes that have occurred in this index.

BACKGROUND:

On July 14, 2005, the Commission adopted Resolution G-05-05 approving the increase of the limit for individual Minor A projects from \$750,000 to \$1,000,000 and delegating to the Department to sub-allocation and adjustment authority for capital construction projects. The resolution requires the Department to present its Minor Program to the Commission annually for review and approval. In addition, the resolution states that the following be included for projects to be allocated in the upcoming fiscal year;

- Project description, location, expenditure authorization (EA) number and performance measures.
- Program sum for day labor (material acquisitions only), right of way capital, construction capital and construction support.
- A lump sum amount for the construction capital and support costs and right-of-way capital of Minor B projects.

This resolution does not address projects funded from SHOPP reservations (i.e. Safety and Emergency) that will continue to be presented to the Commission for individual project allocations.

Attachments

**CALIFORNIA TRANSPORTATION COMMISSION
(PROPOSED)**

**Delegation of Authority to the
Department of Transportation for
Sub-allocation and Adjustment of
Minor Capital Construction Projects**

**Resolution G-05-16
Amending Resolution G-05-05**

- 1.1 WHEREAS, the California Transportation Commission (Commission), pursuant to Streets and Highways Code Section 167, is authorized to define minor capital outlay projects; and
 - 1.2 WHEREAS, the Commission, pursuant to Government Code Section 14533, shall allocate funds for transportation projects; and
 - 1.3 WHEREAS, the Commission, pursuant to Government Code Section 7 and 14512, may request that the Department of Transportation (Department) perform such work as the Commission deems necessary to carry out its duties and responsibilities; and
 - 1.4 WHEREAS, delegation to the Department of minor capital construction project sub-allocations and/or adjustment authority would streamline and help in the management of the Minor Construction Program; and
 - 1.5 WHEREAS, it is desirable to reduce Commission workload by minimizing the number of routine financial resolutions being processed.
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for minor capital construction project allocations, sub-allocations and adjustments:
- A. In each biennial State Transportation Improvement Program (STIP) Fund Estimate the Commission will reserve funds for minor construction projects.
 - B. The Commission defines minor construction projects as having an upper limit of ~~\$1 million~~ **\$1,250,000** for construction.
 - C. Annually, the Department will present for Commission review and acceptance a Minor Construction Program. The Department's Minor Construction Program can be smaller than the STIP Fund Estimate minor construction reservation but in no event can it be larger.

- D. The Minor Construction Program will be supported by a Minor A project list that, at a minimum, will include the following information for each project:
1. Project description.
 2. District, county, route and post mile.
 3. Expenditure authorization (EA) number.
 4. **Performance measures.**
 5. **Estimated day labor expenditure.**
 6. Estimated right-of-way expenditure.
 7. **Estimated support expenditure.**
 8. Estimated construction expenditure.
- E. The Minor Construction Program will identify a lump sum estimate for right-of-way, construction and support expenditures for Minor B projects.
- F. The Minor Construction Program will contain the following total information:
1. A total program sum for right-of-way expenditure that will be reflected and enumerated as a separate line item in the Department's annual right-of-way allocation.
 2. A total program sum for construction expenditure.
 3. A total program sum for support expenditure.
 4. **A total program sum for day labor.**
- G. The Commission, in a lump sum, will annually allocate to the Department the total estimate needed for the Minor Construction Program construction expenditure.
- H. The Director of Transportation (Director) is authorized to sub-allocate the lump sum Minor Construction Program funds to individual Minor A projects that are enumerated on the Commission reviewed and accepted Minor A project list, and to Minor B projects.
- I. The Director is further authorized to increase individual project construction allocations to allow the advertisement, award and completion of contracts within the following limits:
1. For Minor A projects enumerated on the Commission reviewed and accepted Minor A project list, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed the estimated construction expenditure by more than \$200,000.
 2. For Minor B projects, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 % of the Minor B project limit as defined under L. 2.

- J. Any adjustments that exceed the authorized limits described in item G above must be allocated by the Commission and does not establish a new funding capacity adjustment base for the project. All subsequent increases to the allocation must be presented to the Commission for approval.
- K. Any Minor A project identified by the Department after Commission review and acceptance of the Department's Minor A project list must be allocated by the Commission.
- L. The Minor Construction Program is reserved only for small State Highway Operation and Protection Program (SHOPP) type projects. The Commission will not accept any projects on the Minor A list that are capacity-increasing in nature, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigations for STIP projects nor to enhance and/or cover cost increases on STIP projects. The following additional procedures shall apply to Minor Construction Program projects:
 - 1. When funds required to complete a Minor A project are greater than authorized under item H 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 within the STIP Fund Estimate minor construction 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 Minor B project 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 Minor B project limit and the Minor A project 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 sub-allocate funds for Minor B projects to individual Districts.
 - 4. Minor A financial contributions to STIP projects can only be allocated by the Commission and only after independent utility for the Minor A work and lack of responsibility by the STIP project sponsor for the 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.

5. Projects funded jointly with Minor A funds and other non-STIP or non-SHOPP funds shall be administered as Minor A projects, irrespective of the total cost of the project.

M. The Director shall report all Minor A project sub-allocations made under this delegation to the Commission at the next scheduled Commission meeting following the project sub-allocation. At a minimum the report will contain the following information:

1. Project description.
2. District, county, route and post mile.
3. Expenditure authorization (EA) number.
4. **Performance measures.**
5. Estimated construction expenditure as enumerated on the Commission reviewed and accepted Minor A project list.
6. Actual construction sub-allocation as authorized by the Director.
7. The Director will keep and report monthly a running balance against the Commission's annual minor construction program allocation and against the STIP Fund Estimate minor construction reservation.

CALIFORNIA TRANSPORTATION COMMISSION

Delegation of Authority to the Department of Transportation for Sub-allocation and Adjustment of Minor Capital Construction Projects

Resolution G-05-16 Amending Resolution G-05-05

- 1.1 WHEREAS, the California Transportation Commission (Commission), pursuant to Streets and Highways Code Section 167, is authorized to define minor capital outlay projects; and
 - 1.2 WHEREAS, the Commission, pursuant to Government Code Section 14533, shall allocate funds for transportation projects; and
 - 1.3 WHEREAS, the Commission, pursuant to Government Code Section 7 and 14512, may request that the Department of Transportation (Department) perform such work as the Commission deems necessary to carry out its duties and responsibilities; and
 - 1.4 WHEREAS, delegation to the Department of minor capital construction project sub-allocations and/or adjustment authority would streamline and help in the management of the Minor Construction Program; and
 - 1.5 WHEREAS, it is desirable to reduce Commission workload by minimizing the number of routine financial resolutions being processed.
- 2.1.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for minor capital construction project allocations, sub-allocations and adjustments:
 - A. In each biennial State Transportation Improvement Program (STIP) Fund Estimate the Commission will reserve funds for minor construction projects.
 - B. The Commission defines minor construction projects as having an upper limit of \$1,250,000 for construction.
 - C. Annually, the Department will present for Commission review and acceptance a Minor Construction Program. The Department's Minor Construction Program can be smaller than the STIP Fund Estimate minor construction reservation but in no event can it be larger.

- D. The Minor Construction Program will be supported by a Minor A project list that, at a minimum, will include the following information for each project:
1. Project description.
 2. District, county, route and post mile.
 3. Expenditure authorization (EA) number.
 4. Performance measures.
 5. Estimated day labor expenditure.
 6. Estimated right-of-way expenditure.
 7. Estimated support expenditure.
 8. Estimated construction expenditure.
- E. The Minor Construction Program will identify a lump sum estimate for right-of-way, construction and support expenditures for Minor B projects.
- F. The Minor Construction Program will contain the following total information:
1. A total program sum for right-of-way expenditure that will be reflected and enumerated as a separate line item in the Department's annual right-of-way allocation.
 2. A total program sum for construction expenditure.
 3. A total program sum for support expenditure.
 4. A total program sum for day labor.
- G. The Commission, in a lump sum, will annually allocate to the Department the total estimate needed for the Minor Construction Program construction expenditure.
- H. The Director of Transportation (Director) is authorized to sub-allocate the lump sum Minor Construction Program funds to individual Minor A projects that are enumerated on the Commission reviewed and accepted Minor A project list, and to Minor B projects.
- I. The Director is further authorized to increase individual project construction allocations to allow the advertisement, award and completion of contracts within the following limits:
1. For Minor A projects enumerated on the Commission reviewed and accepted Minor A project list, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed the estimated construction expenditure by more than \$200,000.
 2. For Minor B projects, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 % of the Minor B project limit as defined under L. 2.

- J. Any adjustments that exceed the authorized limits described in item G above must be allocated by the Commission and does not establish a new funding capacity adjustment base for the project. All subsequent increases to the allocation must be presented to the Commission for approval.
- K. Any Minor A project identified by the Department after Commission review and acceptance of the Department's Minor A project list must be allocated by the Commission.
- L. The Minor Construction Program is reserved only for small State Highway Operation and Protection Program (SHOPP) type projects. The Commission will not accept any projects on the Minor A list that are capacity-increasing in nature, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigations for STIP projects nor to enhance and/or cover cost increases on STIP projects. The following additional procedures shall apply to Minor Construction Program projects:
 - 1. When funds required to complete a Minor A project are greater than authorized under item H 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 within the STIP Fund Estimate minor construction 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 Minor B project 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 Minor B project limit and the Minor A project 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 sub-allocate funds for Minor B projects to individual Districts.
 - 4. Minor A financial contributions to STIP projects can only be allocated by the Commission and only after independent utility for the Minor A work and lack of responsibility by the STIP project sponsor for the 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.

5. Projects funded jointly with Minor A funds and other non-STIP or non-SHOPP funds shall be administered as Minor A projects, irrespective of the total cost of the project.

M. The Director shall report all Minor A project sub-allocations made under this delegation to the Commission at the next scheduled Commission meeting following the project sub-allocation. At a minimum the report will contain the following information:

1. Project description.
2. District, county, route and post mile.
3. Expenditure authorization (EA) number.
4. Performance measures.
5. Estimated construction expenditure as enumerated on the Commission reviewed and accepted Minor A project list.
6. Actual construction sub-allocation as authorized by the Director.
7. The Director will keep and report monthly a running balance against the Commission's annual minor construction program allocation and against the STIP Fund Estimate minor construction reservation.