

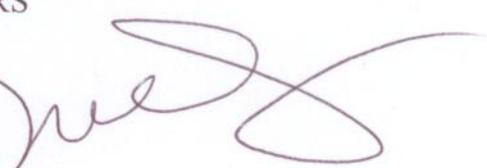
Memorandum

*Flex your power!
Be energy efficient!*

To: DEPUTY DIRECTORS
DISTRICT DIRECTORS

Date: July 23, 2010

From: NORMA ORTEGA
Chief Financial Officer



Subject: Federal-aid Project Funding Guidelines Fiscal Year (FY) 2010-11

The FY 2010-11 Federal-aid Project Guidelines (FPFG) reflect the current mix of resources available to the California Department of Transportation (Caltrans) and the need to maximize the use of federal funds to ensure no funds are lost to California. All State Transportation Improvement Program (STIP) and State Highway Operations Protection Program projects over \$1 million in estimated construction costs must be qualified for federal-aid funding. Additionally, Highway Safety Improvement Program projects with a total cost of \$300 thousand or more must also be qualified for federal-aid funding. The only change from the prior guidelines is that this policy is now applicable to STIP Projects (though federal eligibility for these projects was always encouraged). The Preliminary Engineering phase of a project is funded with the same source as the Construction Capital phase, and it should be set up accordingly.

A copy of the complete revised guidelines is available online at:

<http://onramp.dot.ca.gov/hq/budgets/index.shtml>

In limited instances, the Division of Budgets will designate state-only funding. However, please note, that state-only funds are very limited and are used to fund State Operations that are not eligible for federal funds.

This FPFG policy will remain in effect until Caltrans' funding condition changes, or a new FPFG is issued. If you have any questions or concerns regarding this policy, please contact Fardad Falakfarsa, Office Chief of Federal Resources, at (916) 654-3043.

c: Steven Keck, Division Chief of Budgets
Fardad Falakfarsa, Division of Budgets, Office Chief of Federal Resources
Project Management Board
District Single Focal Points

FEDERAL-AID PROJECT FUNDING GUIDELINES

Funding level requirements apply to all projects listed in the State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) without regard to whether the projects are administered by the California Department of Transportation (Caltrans) or by a Local Agency. Funding level requirements do not apply to projects programmed for State-only funding and non-STIP/SHOPP projects administered through the Division of Local Assistance or to other federal funds described in Sections C & D below.

For the purpose of these guidelines the term “qualified” is used when the project will be funded with Federal-Aid Highway Funds in accordance with Title 23 of United States Code. Safety data for projects developed under the Highway Safety Improvement Program (HSIP) or for state-only funded projects is protected by Title 23, United States Code, Section 409, if the project would qualify for federal funding, not withstanding Caltrans qualification process.

All projects qualified for Federal-aid must be listed in the current approved Federal Statewide Transportation Improvement Program (FSTIP).

A. Capital Outlay

1. Construction Phases of Projects

Construction projects (Interstate and non-Interstate) with a total estimated cost (excluding support cost) in excess of \$1,000,000, are to be qualified for Federal-Aid Highway Funds. Federal-Aid Highway Funds will be requested for all such projects unless Division of Budgets determines use of non-federal funds is required.

Exceptions - Capital Outlay projects:

- Capital Outlay projects programmed in the Railroad Grade Separation Program (20.30.010.400) and the Safety Railroad Grade Crossing Protection Program (20.30.010.500) with estimated capital costs of \$100,000 or more are to be qualified for Federal-Aid Highway Funds.
- Projects under Section 146.5 of the Streets and Highways Code, Parking Facilities estimated to cost \$30,000 or more in total are to be qualified for Federal-Aid Highway Funds.
- Projects under Section 148 of the Streets and Highways Code, Transit Related Highway Facilities estimated to cost \$30,000 or more in total are to be qualified for Federal-Aid Highway Funds.
- Highway Safety Improvement Program projects with total cost of \$300,000 or more will be qualified for Federal-Aid Highway Funds.
- All Emergency Relief (ER) projects greater than \$5,000 in total deemed eligible by an approved Damage Assessment Form are to be qualified for Federal ER funds.

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- If a portion of a project is funded with Federal funds, the entire project will be qualified for Federal-Aid Highway Funds. This includes local contributions of federal funds to projects.
- Projects eligible under Sections C or D of these Guidelines.

2. The Right-of-Way Capital Phases of Projects

- Right-of-Way (R/W) projects with an estimated capital cost (excluding support cost) of \$1,000,000 or more are to be qualified for Federal-Aid Highway Funds.
- Federal-aid for hardship and protection acquisition will only be requested when total R/W capital costs, including hardship and protection acquisition is \$1,000,000 or more.
- Right-of-Way projects currently authorized by Federal Highway Administration (FHWA) for federal funding will continue to be federally funded and supplemental federal funding requests will be submitted when adding additional work to the projects.

NOTE: Title company service contracts are approved for 100 percent State-only funding.

B. Support

1. Preliminary Engineering

Federal-aid for Preliminary Engineering (PE) will be requested when the associated Construction capital outlay is expected to be funded with Federal-Aid Highway Funds qualified under Section A of these Guidelines. Separate instructions are issued annually regarding the process for requesting Federal-aid for PE under Statewide Preliminary Engineering System (SPES).

2. Construction Engineering and Right-of-Way support

Federal-aid will be requested for all capital outlay support when the associated capital outlay project is funded with Federal-Aid Highway Funds.

Right-of-Way support prior to environmental clearance will be state-only funded.

C. Demonstration (Earmark) and/or Discretionary Projects

Projects funded from federal earmark programs such as High Priority Projects, Projects of National and Regional Significance, National Corridor Infrastructure Improvement Program, and so on shall be qualified for federal funding.

Also, projects funded from other federal Discretionary Programs shall be federally funded. Federal Discretionary Programs include but are not limited to:

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- Intelligent Transportation System Deployment Program
- Coordinated Border Infrastructure Program
- Corridor Planning and Development and Border Infrastructure (Corridors & Borders)
- Public Lands Highways
- Scenic Byways
- Transportation, Community, and System Preservation Program
- Value Pricing Pilot Program

These projects are also required to be included in the current approved FSTIP. The discretionary federal funds are normally available for obligation for only one year. It is critical to process a FSTIP amendment early to assure that fund obligation can be completed before the funds lapse.

If earmark and/or discretionary funding is used for a portion of project, the entire project shall be qualified for Federal-Aid Highway Funds.

D. Other Projects

Some federal program funds are specific for certain type of work. The projects that are selected and qualify for using these funds have to utilize these funds regardless of the cost. A few of these programs include but are not limited to:

- Transportation Enhancement Activities
- Coordinated Border Infrastructure
- Safe Routes to Schools
- Highway Bridge

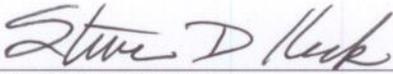
E. Requesting an Exception to the Federal-Aid Project Funding Guidelines

1. State-only funding will only be considered on an exception basis for projects otherwise qualified for Federal-Aid Highway Funds under provisions of these guidelines. Requests for State-only funding are to be submitted to the Chief, Division of Budgets. Instructions for requesting an exception to this Federal funding policy are found in the Division of Budgets' website at: <http://onramp/hq/budgets/fedlibrary.htm>.
2. With the exception of federally funded highway preventative maintenance projects (20.80.100.124), projects funded from the Maintenance Program (20.80.XXX.XXX) and projects programmed in STIP or SHOPP as State-only funded are approved for State funding and requests for State-only funding are not required.

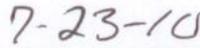
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F. Toll Credit

1. To the extent possible, toll credit will be applied to all projects that qualify for federal funding under the provisions of these Guidelines. The use of toll credit eliminates the need for non-federal matching funds for a project but requires additional federal funds to be used in its place.
2. Toll credit shall not be applied to Emergency Relief funds.



NORMA ORTEGA
Chief Financial Officer



Date Signed