

Memorandum

Tab 23

To: Chair and Commissioners

Date: January 20, 2016

Reference Number 4.19
Action

From: Will Kempton, Executive Director

Ref: **Amendments to Resolution G-12 Delegation of Authority to Adjust Project Allocations and Modify Project Descriptions**

Issue: Passage of Senate Bill 486 (Chapter 917, Statutes of 2014) increased California Transportation Commission (Commission) responsibility with respect to State Highway Operation and Protection Program (SHOPP) oversight. The Commission's G-12 resolution that delegates to the Director of Transportation (Director) authority to adjust project allocations and modify project descriptions needs updating to include Director authority to adjust project support component values.

Recommendation: Staff recommends that the Commission approve the attached revised Resolution G-12 delegation of Commission authority to the Director.

Background: On July 28, 1978, the Commission delegated to the Director the authority to adjust 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 passage of SB 486, the Commission's responsibility with respect to the SHOPP has changed. In order to reduce the volume of financial transactions submitted to the Commission and to increase the efficiency of the Department of Transportation (Department) in processing changes, the Commission's G-12 delegation needs updating to include Director authority to adjust STIP and SHOPP project support component values. The new project support authority is identical to the well-defined boundaries established for capital outlay allocations. The proposed revisions are shown in ~~strikeout~~ and **bold** on the attached resolution for comparison purposes.

Attachments

Resolution G 16-12 changes shown in ~~strikeout~~ and **bold**
Resolution G-16-12 clean version

CALIFORNIA TRANSPORTATION COMMISSION

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

**Resolution #G-~~09~~16-12
Amending Resolution #G-~~02~~09-12**

- 1.1 WHEREAS, the California Transportation Commission (**Commission**) adopted Resolution #G-12, delegation of authority to adjust project allocations and modify project descriptions to the Director of Transportation (**Director**) 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, #G-98-12, ~~and #G-02-12, and #G-09-12~~; 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 ~~3~~ WHEREAS, the delegation greatly reduces the volume of financial transactions submitted to the Commission and increased the efficiency of the Department of Transportation (**Department**) in processing changes; **and**
- 1.4 WHEREAS, passage of Senate Bill 486 (Chapter 917, Statutes of 2014) increased Commission responsibility for the State Highway Operation and Protection Program (SHOPP).**
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for capital outlay allocations **and project support component values** by the ~~California Transportation Commission (Commission)~~ for State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP), and SHOPP Minor projects:
- A. The ~~Director of Transportation (Director)~~ is authorized to increase individual project construction allocations of STIP and/or SHOPP ~~funds~~ **projects** 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 \$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 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 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.
 5. For SHOPP Minor B projects, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 percent of the Minor B 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 adjustment that exceeds the authorized limits described above must be allocated by the Commission. 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 Minor SHOPP 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~~ **will** review of all allocation adjustment requests for appropriateness and need prior to approval.
- B. The Director is authorized to modify Commission adopted 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 characteristics, **performance measure** 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 authorized under item A above shall be based on the contract allotment of each portion.
 3. When two or more SHOPP Minor A projects are combined, the combined project will be considered a single Minor A 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 projects involved.
 4. When a SHOPP Minor A project is combined with a SHOPP 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 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 portion and the STIP portion of the combined project.
- D. ~~The SHOPP Minor funds~~ **is are** for SHOPP eligible ~~projects~~ **purposes** only. The Commission will not allocate ~~funds from the SHOPP Minor funds~~ 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 projects:
1. When funds required to complete a SHOPP Minor A 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 **funds**.

- 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 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 limit and the SHOPP Minor A 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 projects to individual Districts.
 4. SHOPP Minor A 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.
 5. Projects funded jointly with SHOPP Minor A funds and other non-STIP or non-SHOPP funds shall be administered as SHOPP Minor A 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~~ **EFIS** numbers), project type (STIP, SHOPP or SHOPP Minor), description of work, initial Commission allocation data 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 **over time** the Director approved decreases will be offset by 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, **or to projects funded with aeronautics account funds**. 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 previously adjusted in accordance with Streets and Highways Code section 188(d)(3), as first authorized by AB 608 (**Chapter 815, Statutes of 2001**). The Commission must approve any further adjustments.
- H. The Director is authorized to increase Commission approved STIP and SHOPP project support component values; environmental studies and permits (E & P), preparation of plans specifications and estimates (PS&E), right of way support, and construction support to facilitate project delivery and construction completion within the following limits:**
- 1. For projects with total support component value of less than \$1,000,000, the Director may adjust individual support components, provided the adjustment is undertaken prior to expenditure and does not increase the total Commission approved support value by more than \$200,000.**
 - 2. For projects with total support component value of \$1,000,000 or more, the Director may adjust individual components, provided the adjustment is undertaken prior to expenditure and does not increase the total Commission approved support value by more than \$200,000 plus 10 percent of the Commission approved value.**
 - 3. The basis for calculating the adjustment authority limits is the cost in the most recent Commission adopted programming document as amended by Commission action.**
 - 4. Any adjustments that exceed the authorized limits described above must be approved by the Commission. In addition, all subsequent increases to the cost shall be presented to the Commission for approval.**
 - 5. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.**
 - 6. The Director shall report all project support component increases on a quarterly basis with the Department's Quarterly Delivery Report.**

2.2 THEREFORE BE IT FURTHER RESOLVED, that this resolution superseded and replaces Resolution #G-0209-12 and serves as a complete restatement of Resolution #G-12.

CALIFORNIA TRANSPORTATION COMMISSION

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

**Resolution #G-16-12
Amending Resolution #G-09-12**

- 1.1 WHEREAS, the California Transportation Commission (Commission) adopted Resolution #G-12, delegation of authority to adjust project allocations and modify project descriptions to the Director of Transportation (Director) 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, #G-98-12, #G-02-12, and #G-09-12; and
 - 1.3 WHEREAS, the delegation greatly reduces the volume of financial transactions submitted to the Commission and increased the efficiency of the Department of Transportation (Department) in processing changes; and
 - 1.4 WHEREAS, passage of Senate Bill 486 (Chapter 917, Statutes of 2014) increased Commission responsibility for the State Highway Operation and Protection Program (SHOPP).
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for capital outlay allocations and project support component values by the Commission for State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP), and SHOPP Minor projects:
- A. The Director is authorized to increase individual project construction allocations of STIP and/or SHOPP projects 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 \$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 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 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.
 5. For SHOPP Minor B projects, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 percent of the Minor B 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 adjustment that exceeds the authorized limits described above must be allocated by the Commission. 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 Minor SHOPP 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.
 8. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.
- B. The Director is authorized to modify Commission adopted 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 characteristics, performance measure 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 authorized under item A above shall be based on the contract allotment of each portion.
 3. When two or more SHOPP Minor A projects are combined, the combined project will be considered a single Minor A 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 projects involved.
 4. When a SHOPP Minor A project is combined with a SHOPP 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 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 portion and the STIP portion of the combined project.
- D. ~~The~~ SHOPP Minor funds are for SHOPP eligible purposes only. The Commission will not allocate SHOPP Minor funds 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 projects:
1. When funds required to complete a SHOPP Minor A 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 SHOPP Minor A funds.
 - 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 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 limit and the SHOPP Minor A 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 projects to individual Districts.
 4. SHOPP Minor A 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.
 5. Projects funded jointly with SHOPP Minor A funds and other non-STIP or non-SHOPP funds shall be administered as SHOPP Minor A projects, irrespective of the total cost of the project.
- E. The Director shall report all 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~~ EFIS numbers), project type (STIP, SHOPP or SHOPP Minor), description of work, initial Commission allocation data 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 over time the Director approved decreases will be offset by 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, or to projects funded with aeronautics account funds. 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 previously adjusted in accordance with Streets and Highways Code section 188(d)(3), as first authorized by AB 608

(Chapter 815, Statutes of 2001). The Commission must approve any further adjustments.

- H. The Director is authorized to increase Commission approved STIP and SHOPP project support component values; environmental studies and permits (E & P), preparation of plans specifications and estimates (PS&E), right of way support, and construction support to facilitate project delivery and construction completion within the following limits:
1. For projects with total support component value of less than \$1,000,000, the Director may adjust individual support components, provided the adjustment is undertaken prior to expenditure and does not increase the total Commission approved support value by more than \$200,000.
 2. For projects with total support component value of \$1,000,000 or more, the Director may adjust individual components, provided the adjustment is undertaken prior to expenditure and does not increase the total Commission approved support value by more than \$200,000 plus 10 percent of the Commission approved value.
 3. The basis for calculating the adjustment authority limits is the cost in the most recent Commission adopted programming document as amended by Commission action.
 4. Any adjustments that exceed the authorized limits described above must be approved by the Commission. In addition, all subsequent increases to the cost shall be presented to the Commission for approval.
 5. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.
 6. The Director shall report all project support component increases on a quarterly basis with the Department's Quarterly Delivery Report.

2.2 THEREFORE BE IT FURTHER RESOLVED, that this resolution superseded and replaces Resolution #G-09-12 and serves as a complete restatement of Resolution #G-12.