



Local Programs Procedures

LPP 09-01 Manual Update
Subject: Technical Changes

Reference: *Local Assistance Procedures Manual* (LAPM), Chapter 1-Introduction and Overview, Chapter 3-Project Authorization, Chapter 4-Agreements, Chapter 5-Accounting/Invoices, Chapter 7-Field Review, Chapter 10-Consultant Selection, Chapter 11-Design Standards, Chapter 14-Utility Facilities, Chapter 15-Advertise and Award Project, Chapter 16-Administer Construction Contracts, Chapter 17-Project Completion, Chapter 18-Maintenance, and *Local Assistance Program Guidelines* (LAPG), Chapter 1-Introduction and Overview, Chapter 2-Financing the Federal-aid Highway Program, Chapter 3-Federal-Aid Routes & Functional Classification, Chapter 13-Financing the State Funded Highway Program, Chapter 21-Bicycle Transportation Account (BTA)

Effective Date: April 30, 2009

Approved: Original Signed By
Denix D. Anbiah, Chief
Division of Local Assistance

WHAT IS AN LPP

LPPs are Local Programs Procedures. These documents are used for the deployment of new procedures and policies between updates of the Local Assistance manuals, guidelines and programs. They are numbered according to calendar year and order in which released. This is the first LPP issued in 2009; hence, it is LPP 09-01.

PURPOSE

The purpose of this LPP is to make technical changes to various chapters in the *Local Assistance Procedures Manual* (LAPM) and *Local Assistance Program Guidelines* (LAPG). Other minor administrative changes have been made as well.

USER-FRIENDLY FEATURES

- These procedures are incorporated in the electronic version of the LAPM and LAPG that are available at the Division of Local Assistance (DLA) Home Page on the Internet at: <http://www.dot.ca.gov/hq/LocalPrograms/>. Under “Publications” select “*Local Assistance Procedures Manual*” or “*Local Assistance Program Guidelines*.”
- You may also purchase the Publications for Local Assistance DVD, which acts as a one-stop shop for information and promotes flexible access to helpful information for local project delivery at: <http://www.dot.ca.gov/hq/LocalPrograms/lam/LApubsCD.htm>
- Additional user-friendly features were developed to make the manual easier to edit and to access on the DLA Web site. **Sidebars denote changes and these pages are to replace the affected pages in the hard copy of your LAPM and LAPG.**
- To receive an electronic notification when new information is posted on the DLA Web site, please subscribe to the DLA list server at: <http://www.dot.ca.gov/hq/LocalPrograms/sub.htm>
- Comments and suggestions for improvement to the manual or the processes and procedures are welcome. They may be submitted to:

Department of Transportation
Division of Local Assistance, MS 1
Attention: David Saia
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SUMMARY OF CHANGES

LAPM Item	Change
Chapter 1 Section 1.4 (Terms and Definitions) pages 1-4, 6	Under “Terms and Definition” made minor changes to the definition of “ <i>Federal-aid</i> ” and “ <i>Metropolitan Planning Organization (MPO)</i> .”
Flowchart 1-1 page 1-11	Changed to upper case the letters “ <i>Roles and Responsibilities</i> ” in the second rectangular box.
Chapter 3 Exhibit 3-G page 3-41	Updated Box No. 5 under “Legend,” the required “ <i>PS&E</i> ” was replaced with “ <i>Final Design</i> .”
Chapter 5 Section 5.3 (Reimbursement Project Costs), page 5-7	Made revision under “Indirect Costs” to explain when reimbursement for indirect cost is not allowed.
Exhibit 5-E, page 5-39	Moved the “Distribution” list at the bottom left of the page.
Exhibit 5-F, page 5-43	Moved the “Distribution” list at the bottom left of the page.
Section 7.5 (Preparation of Field Review Form), pages 7-5, 6	First paragraph under “PS&E and Construction Administration Procedures” corrected “ <i>value analysis</i> ” to “ <i>value engineering analysis</i> .” Updated the “ <i>HBRR</i> ” to “ <i>HBP</i> ” and spelled out the acronym to “ <i>Highway Bridge Program</i> .”
Exhibit 7-E page 7-19	Under “Distribution” list updated “ <i>HBRR</i> ” to “ <i>HBP</i> .”
Exhibit 7-I page 7-27	Under “Systems Engineering Review Form,” corrected the second sentence to say ... “ <i>For all major ITS</i> ”....
Chapter 10 Table of Contents	Updated the TOC to reflect the changes made.
Section 10.2 (Identifying & Defining a Need for Consultants) pages 10-6, 7, 8, 9, 10	Moved “Figure 10-1 Segmenting Consultant Work” to page 10-6 Pages were shifted due to the changes made to this section.

Exhibit 10-F, page 10-43	Added a “ <i>Distribution</i> ” list at the bottom left of the page.
Exhibit 10-G, page 10-45	Added a “ <i>Distribution</i> ” list at the bottom left of the page.
Chapter 11 Section 11.5 (References) page 11-29	Corrected the header.
Chapter 14 Section 14.1 (Introduction), pages 14-2, 3, 4	Spelled out the acronym “ <i>NEPA</i> ,” “ <i>LAPM</i> ,” and “ <i>DLAE</i> ” for this is first time used in this chapter.
Chapter 15 Exhibit 15-B, pages 15-19, 21	Moved the “ <i>Distribution</i> ” list from right bottom page to the left bottom page. Third box of Checklist item no. 14, deleted the duplicated word “ <i>projects.</i> ”
Chapter 16 Table of Contents	Moved “ <i>16.13 Contract Change Orders</i> ” to the next page in the TOC. Added the missing header.
Section 16. 6 (Subcontractors) pages 16-8, 10, 12, 14	Corrected the footer from “ <i>LPP 08-08</i> ” to “ <i>LPP 08-03.</i> ” Corrected the footers in pages 16-10, 12, 14 from “ <i>March 28, 2003</i> ” “ <i>LPP 03-01</i> ” to “ <i>February 1, 1998.</i> ”
Section 16.14 (Quality Assurance Program) pages 16-26	Under “General Procedures” the chapter that was referenced was updated to “ <i>Chapter 6, Sampling and Testing</i> ” of the <i>Caltrans Construction Manual</i> .
Chapter 17 Exhibit 17-A page 17-11	Corrected the third item of the checklist to “() <i>Final Detail Estimate and Detail Estimate Summary (See Exhibit 15-M).</i> ”
Exhibit 17-G, page 17-23	Updated the “ <i>Distribution</i> ” list.
Chapter 18 Exhibit 18-D, page 18-18	Updated the exhibit “ <i>Mileage of Maintained County Roads Certified to State Controller February 28, 2009.</i> ”
LAPG Item	Change
Chapter 1 Section 1.1(Purpose), page 1-1	Made minor revisions to the second sentence of the first paragraph to say... “ <i>in the following chapters</i> ”.... .

Section 1.3 (Roles of the Local and Regional Agencies), pages 1-2, 3, 3a	The following revisions were included in this section: <ul style="list-style-type: none">• Added a paragraph to briefly describe the California Transportation Commission (CTC).• Spelled out the acronyms “<i>FHWA</i>” and “<i>FTA</i>.”• Added reference to Chapter 23 of the LAPG.• Moved the Process Flowchart to page 1-3a.
Section 1.4 (Federal Programs), page 1-4	The following revisions were included in this section: <ul style="list-style-type: none">• Second sentence third paragraph to say... “<i>or rural minor collectors.</i>”• Last paragraph, included “<i>Intelligent Transportation System (ITS)</i>” as part of the minor federal programs included in Chapter 12 and removed “<i>Defense Access Roads</i>” and “<i>Discretionary Bridge.</i>”
Section 1.5 (State Programs), page 1-5	Made revisions to list no. 2 and 3.
Section 1.6 (Reference), page 1-6	Updated the list of references.
Exhibit 1-D, page 1-13	Changed “ <i>Santa Ana</i> ” to <i>Irvine</i> ” in the map for District 12.
Chapter 2 Section 2.4 (Project Level Actions), page (Reference), page 2-10	Under “Authorization to Proceed” second paragraph, included “ <i>utility relocation</i> ” as part of the phase of work.
Chapter 3 Section 3.3 (Functional Classifications), pages 3-4, 5	Under “Changes in Functional Classification,” revised the first paragraph to say ... “ <i>highway functional classification system.</i> ” Spelled out the acronyms “ <i>MPO</i> ” and “ <i>RTPA</i> .”
Section 3.4 (References), page 3-5	Updated the list of references.

Chapter 13 Section 13.1 (State Budget Proposal), pages 13-1 thru 4	<p>The following changes were made in this section:</p> <ul style="list-style-type: none"> • First paragraph should start with... <i>“The State Budget process is a continuous operation carried out at various levels within the State of California.”</i> • Under <i>“The Budget Process Calendar,”</i> spelled out “BCPs” to <i>“Budget Change Proposals”</i> and “BT&H” to <i>“Business, Transportation & Housing”</i> • Under “Budget Timeline” any references to <i>“Office of Local Programs”</i> were corrected to <i>“Division of Local Assistance.”</i> Used the acronyms “BT&H Agency” and “BCPs.”
Section 13.2 (Program Management) page 13-5	First paragraph, replaced ... <i>“Program Management Branch of the Office of Local Programs,”</i> to say ... <i>“Office of Resource Management and STIP of the DLA,”</i>
Section 13.3 (Project Expenditures) page 13-5	<p>The following changes were made in this section:</p> <ul style="list-style-type: none"> • First paragraph, under “Agreements” established the acronym <i>“LAPM.”</i> • Second paragraph used the acronym <i>“DLA.”</i>
Section 13.4 (Future Financing Recommendations) page 13-6	Second paragraph, used the acronym <i>“DLA.”</i>
Chapter 20 Exhibit 22-L page 20-98	<i>“Local Assistance Program Guidelines”</i> was added in the header.
Chapter 21 Exhibit 21-F page 21-21	Reference was made to Exhibit 1-A page 1-13 in lieu of the reference that was deleted in page 21-21.

6004 Categorical Exclusions: On June 7, 2007, Caltrans and FHWA entered into an MOU pursuant to Section 6004 of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Section 6004 MOU assigns to Caltrans authority and responsibility for CE determinations under the 23 CFR 771.117(c) list and 23 CFR 771.117(d) list, plus those activities specifically listed in Appendix A – Assigned Categories of Activities of the MOU.

6005 Categorical Exclusions: On June 22, 2007, Caltrans and FHWA entered into an MOU pursuant to Section 6005 of SAFETEA-LU. Under Section 6005 MOU, Caltrans assumes responsibility for CE determinations for projects that are not on the “c” or “d” list or the Appendix A list, but for which a CE classification is appropriate under 23 CFR 771.117 “a” and “b.” Under Section 6005 MOU, Caltrans was also assigned and assumed, the USDOT Secretary’s responsibilities for environmental review, interagency consultation, and other regulatory compliance-related action pertaining to the review or approval of CEs.

- Categorical Exemption/Categorical Exclusion Form: Joint state/local form used to document the applicable MOU under which the CE determination has been made.
- Construction (Const.)/Construction Engineering (CE) - This phase includes the work of project advertising¹ through construction, preparation of as built plans, final estimates, and payments. This phase must be authorized prior to advertising, and CE must be separately identified in this authorization.
- Construction Phase - The phase of the transportation project development process that involves the physical act of building by a contractor the proposed project to all plans and specifications developed during final design.
- Consultant - A private individual, corporation, or other business organization that may be selected to provide architectural, engineering, environmental, or other related technical services for a local agency project.
- Cumulative Impact - Cumulative impact is the impact on the environment, which results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (federal or non-federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.
- Department of Transportation - The Department of Transportation of the State of California, as created by law; also referred to as the Department, State or Caltrans.
- Direct Effects - Effects caused by a given action and occurring at the same time and place. Changes in noise levels; fill discharges in wetlands; and changes in visual conditions are some examples of direct effects.
- District - A subdivision of the Department organized to administer the affairs of the Department for a specific geographical area and for the local agencies in that area (see Exhibit 2-A of the LAPM).

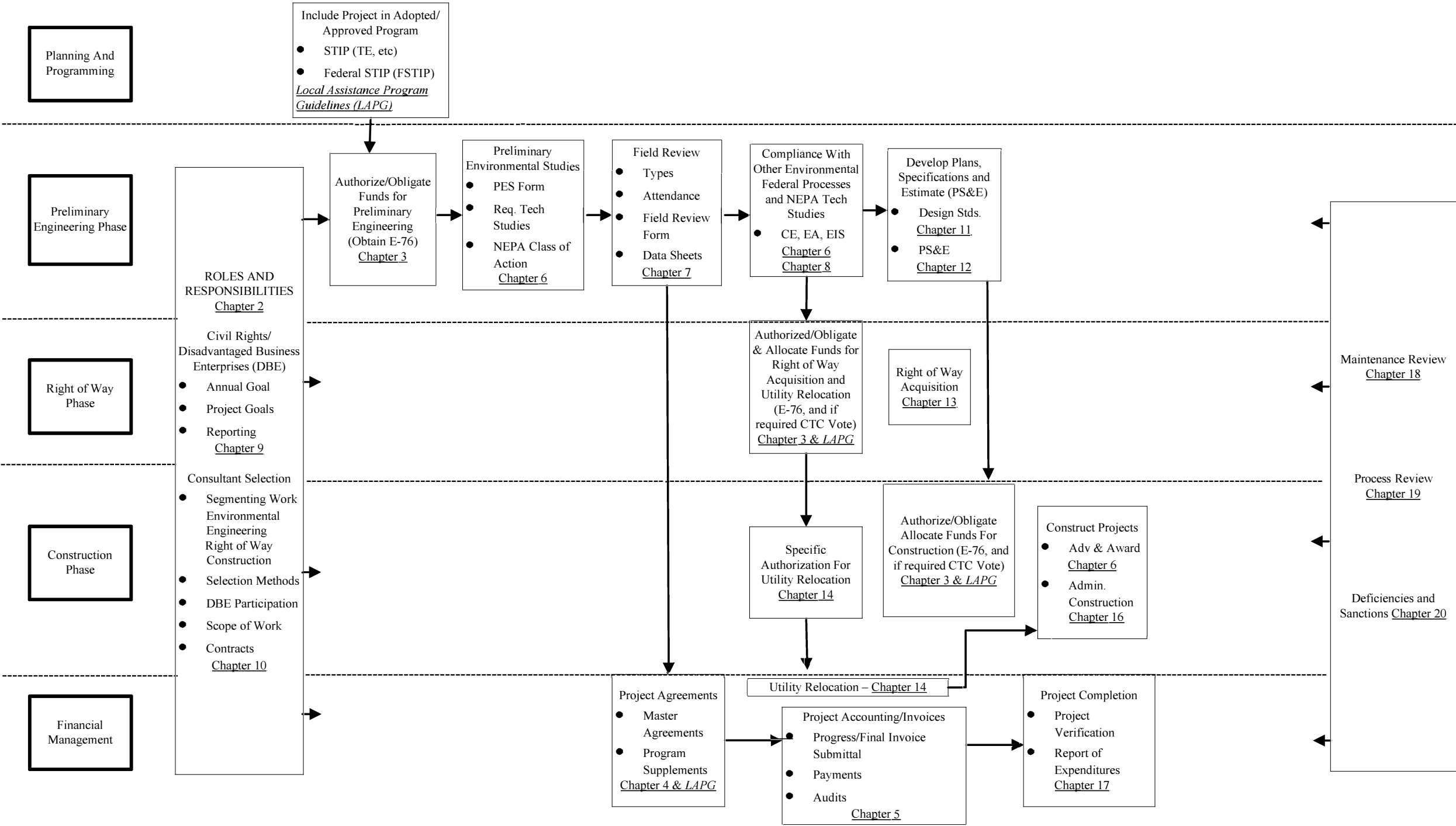
¹ CE includes advertising only if not included in PE phase and only after the construction authorization date.

- DLA- Division of Local Assistance. The office in Caltrans headquarters that is responsible for administering, managing, and implementing the federal-aid highway and state local assistance programs.
- DLAE - The District Local Assistance Engineer, the individual in each district responsible for providing services and assistance to the local agencies.
- Early Coordination - Communication undertaken near the beginning of the transportation project development process to exchange information and work cooperatively with agencies and the public in an effort to determine the type and scope of studies, the level of analysis, and related study requirements.
- Effects - Includes: (a) Direct effects that are caused by the action and occur at the same time and place, (b) Indirect effects that are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable. The terms "effect" and "impact" are synonymous under NEPA. Effects include ecological, aesthetic, historic, cultural, economic, social, or health, whether direct, indirect or cumulative.
- Environment - The complex of social, natural, and cultural condition, which are present in the physical surroundings.
- Environmental Assessment (EA): One of three (3) Classes of Action which prescribes the level of documentation required in the NEPA process. EAs are Class III Actions in which the significance of the environmental impact is not clearly established. All actions that are not Class I (EISs) or Class II (CEs) are Class III. Class III Actions require the preparation of an EA to determine the appropriate environmental document required.
- Environmental Impact Statement (EIS): One of three (3) NEPA Classes of Action which prescribes the level of documentation required in the NEPA process. EISs are Class I Actions. These are actions that significantly affect the environment and for which an EIS must be prepared. Examples of Class I Actions include a highway project of four or more lanes on a new location, and new construction or extension of a separate roadway not located within an existing highway facility, etc.
- Federal-aid - As used in this manual, it refers to federal funds provided for the development of surface transportation and administered by the FHWA. Generally, these funds are derived from the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Title I Federal –aid Highways and other Titles. It also includes FHWA administered funds from previous acts frequently titled Highway Acts.
- FHWA - Federal Highway Administration, the federal agency responsible for administering the Federal-aid Highway Program.
- Field Review - A general term to describe a site visit for the purpose of gathering or verifying data, defining scopes of work, performing analyses, and making decisions for specific projects.
- Final Design Phase - The phase of the transportation project development process, which involves the preparation of detailed, working drawings, as well as specifications and estimates for approved transportation projects.

- Finding of No Significant Impact (FONSI) - A document by a federal agency that briefly presents the reasons why an action will not have a significant effect on the environment and for which an environmental impact statement, therefore, will not be prepared.
- FTIP - Federal Transportation Improvement Program, a four-year list of all transportation projects proposed for federal surface transportation funding within the planning area of one of the eighteen Metropolitan Planning Organizations (MPOs) in the State. These are only valid for reference when incorporated into the FSTIP and approved by FHWA/FTA (see Chapter 4 of the Caltrans *Project Development Procedures Manual* for more discussion).
- FSTIP - Federal Statewide Transportation Improvement Program, a four-year list of all state and local transportation projects proposed for federal surface transportation funding with the state. This is developed by Caltrans with cooperation of the MPOs and in consultation with the local non-urbanized government. The FSTIP includes the FTIPs, which are incorporated by reference and other rural federally funded projects. The FSTIP, including incorporated FTIPs is only valid for use after FHWA/FTA approval. See Chapter 4 of the Caltrans *Project Development Procedures Manual* for more discussion. Also see STIP below.
- FTA - Federal Transit Administration, the federal agency responsible for administering the federal transit program. Rules for the transit program are not covered in this manual (see Chapter 3, "Project Authorization," Section 3.10 for procedures for transferring federal-aid funds from FHWA to FTA).
- Fully Funded – As related to the NEPA document, projects must be fully funded and shown in the applicable FTIP/RTP before Caltrans can approve the related NEPA document. Partial funding of a project may get their Preliminary Engineering (PE) started but the environmental NEPA document is not approvable without the total funding.
- Headquarters - The headquarters office of the Department located at 1120 "N" St., Sacramento, CA 95814.
- Impacts - A term to describe the positive or negative effects upon the natural or human environment as a result of a specific project or projects.
- Independent Utility - The ability of a transportation improvement to be usable and be a reasonable expenditure even if no additional transportation improvements in the area are made.
- Indirect Effects - Effects caused by a given action, occurring later in time, or farther removed in distance, but which are reasonably foreseeable. Induced changes to land use patterns, population density or growth rate are examples.
- ISTEA – Intermodal Surface Transportation Efficiency Act of 1991 was an Act signed by the President on December 18, 1991, providing authorization for six (6) years for highways, highway safety, and mass transportation. ISTEA was superseded by TEA 21 in 1998 and by SAFETEA-LU in 2005.

- Level-of-Service (LOS) - Also known, as “Traffic Service.” LOS is a qualitative measure describing operational conditions within a traffic stream. LOS is based on service measures such as speed and travel time, freedom to maneuver, traffic interruptions, comfort and convenience. LOS is also affected by conditions such as number of access points, lane width, number of lanes, and percentage of large vehicles. Six levels of service are defined by letter designations from A to F with LOS A representing the best operating conditions, and LOS F the worst.
- Local Agency - A California City, county, or other local public agency. In many instances this term is used loosely to include nonprofit organizations.
- Logical Termini - Features such as cross route locations that are considered rational end points for a transportation improvement and which serve to make it useable.
- Metropolitan Planning Organization (MPO) - Federally mandated regional organizations responsible for comprehensive transportation planning and programming in urbanized areas. Work products include the Transportation Plan, the Transportation Improvement Program, and the Unified Planning Work Program.
- Mitigation Measures - Specific design commitments made during the environmental evaluation and study process, which serve to moderate or lessen impacts deriving from the proposed action. In accordance with CEQ, mitigation includes avoidance, minimization, rectification, reduction, and compensation.
- National Environmental Policy Act (NEPA) – Federal environmental law requiring federal agencies to consider the environmental impacts of their actions, evaluate least damaging alternatives, and ensure decisions are made in the public’s best interest based on a balanced consideration of the need for safe and efficient transportation.
- New Location - An area or an alignment proposed for highway development that is not currently used for transportation purposes.
- NHS - National Highway System (see Chapter 2, “Roles and Responsibilities,” Section 2.2).
- No Action - An alternative that is used as the basis to measure the impacts and benefits of the preferred alternative(s) in an Environmental Assessment or EIS. The No Action alternative consists of the existing conditions on the roadway, plus any safety or maintenance improvements, which have been identified in the CDOT 5-Year Transportation Improvement Program.
- No-Build Alternative - Normally includes short-term, minor restoration types of activities (e.g., safety and maintenance improvements) that maintain continuing operation of an existing facility. The no-build alternative serves as a baseline for the comparison of other alternatives.
- Notice of Intent (NOI) - A notice published in the Federal Register that an EIS will be prepared and considered. The notice shall briefly describe the proposed action and possible alternatives, describe the agency’s proposed scoping process including whether, when, and where any scoping meetings will be held, and state the name and address of a person within the agency who can answer questions about the proposed action and the EIS.

Flowchart 1-1 Project Development Flowchart (Typical Procedures for Federal-aid Projects)



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EXHIBIT 3-G FEDERAL PROJECT LOG SHEET (MINIMUM REQUIREMENTS)

(For District use only)

TO: _____ AREA ENGINEER Department Of Transportation Division of Local Assistance - MS 1 1120 N Street, Sacramento, CA 95814 Mail: P.O. Box 942874 Sacramento, CA 94274-0004 From _____	Dist., Cty, Re, Agency: _____ Fed. Aid Project No: _____ E.A. Number: _____ Date: _____
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 , District No. _____
 , Office of Local Assistance

	Prefix Chkfst	FTIP/FTSTIP Sht	FTA Grant App. *1	Field Rev. Form	Request for CSRA *2	Req. for Auth.	Req. for FTA Tran.	E-76	Finance Letter	Approved NEPA Document	Spec. Auth. Of Util. Est.	R/W Certification	PS&E Cert. & Chkfst.	Preliminary Engineering Estimate	Cont. Award Chkfst.	Detail Estimate	Approved DBE Submittals	R.O.E.*3	Date (HQ use only)
PRELIM. ENG.																			
Authorization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Program Suppl't				<input type="checkbox"/>															
Cost Adjustment																			
R/W																			
Authorization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost Adjustment																			
CONSTRUCTION																			
Authorization	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Award Package*4																			
Cost Adjustment																			
FTA TRANSFER																			
PROJECT COMPLETION																			<input type="checkbox"/>

Legend:

☐ = Required Document ☐ 1 = The first two-sheets of field review form ☐ 3 = Required prior for first authorization of FFY ☐ 5 = Required for Final Design

☐ = Required if not submitted previously or have significant change since ☐ 2 = Only req'd if there are STIP Match \$ (Not often) ☐ 4 = Required for Fed. Part. Util. Reloc.

*1 FTA Grant Appl'n = Copy of grant appl'n funding info. For agencies using Sect. 5307 & 5336 procedures
 *2 Request for Subvention Reimbursement Allocation - ONLY required for State Highway System projects
 *3 Report of Expenditures, see Chapter 17, "Project Completion," of the LAPM
 *4 Award Package, see Chapter 15, "Advertise & Award Project," of the LAPM

(Updated 04-30-2009)

Distribution: DLAE Use

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DIRECT COSTS

Direct costs are expenditures incurred solely for a specific federal-aid/state funded transportation project. These include contract payments, right of way acquisition, direct material, salaries, wages, fringe benefits and related costs, which become eligible when an individual participates in project-related activities. Typical direct costs chargeable to federal-aid/state funded projects are:

- Compensation of employees for the time devoted and identified specifically to the performance of the project phase for which the federal-aid/state funding was approved. This is usually permissible up to and including the first level of supervision dedicated to the project.
- Costs of materials consumed, or expended specifically for the purpose in which the participating federal/state funds were authorized.
- Equipment and other approved capital expenditures.
- Expense items or services contracted, or furnished specifically for the project to carry out the purpose in which the participating federal/state funds were authorized.
- Supervisory activities above the first level of supervision are recoverable as indirect costs.

INDIRECT COSTS

At the discretion of the local agencies, indirect costs may be included when seeking reimbursement for their federal-aid transportation projects, as well as STIP projects and state funded projects. Specifically, this applies to federally authorized work with costs incurred after June 9, 1998, as well as STIP projects and state funded projects. However, any completed project with a Final Report of Expenditures will not be eligible for retroactive indirect cost reimbursement. The Environmental Enhancement and Mitigation (EEM) program does not allow reimbursement for indirect costs. The Freeway Service Patrol program does not allow the use of state funds for administrative purposes pursuant to S&H Code Section 2564.

The sample invoice exhibits in the back of this chapter (Exhibit 5-A to Exhibit 5-G) show how the indirect costs should be billed. Also see Section 5-14 “Obtaining Approval for Indirect Costs” in this chapter for details on obtaining approval of indirect cost rates.

UNDERFUNDED PROJECTS

When local agency personnel request for the E-76 for a project it is either:

1. Fully funded (federal funds requested at maximum federal reimbursement rate, i.e., 88.53% for STP projects), or
2. Underfunded, (federal funds requested at “less than” maximum reimbursement rate, i.e., 60% vs. 88.53% see example below), or
3. There is nonparticipating work (costs that are not eligible for federal reimbursement).

The calculated federal reimbursement ratio is computed by dividing the amount of federal funds authorized by the total participating costs as shown on the E-76. If the local agency has obtained a better estimate of the project costs, it is the responsibility of the agency to contact the DLAE to request a revision of the E-76 to reflect the proper reimbursement ratio.

For example, project CML – XXXX (XXX) has:

- Federal participating ratio of 100%
- Normal pro-rata share of 88.53%.
- Total estimated costs of the project are \$100,000.00
- Total federal funds are \$60,000.00
- The Federal Appropriation Code is Q240
- The reimbursement ratio would be: $\$60,000.00 / \$100,000.00 = 60\%$

If the federal funding (\$60,000) divided by the federally participating costs (\$100,000) is less than the full pro-rata share (88.53%), the project is considered under funded. In this case, the progress payments must be reimbursed at the lower reimbursement ratio, which is 60%. On the **final invoice**, the reimbursement ratio may float up to 88.53% to allow all of the federal funds to be used as long as the total payments for the project do not exceed the total federal funds authorized.

Using the example above, project CML-XXXX (XXX) has incurred actual costs of \$100,000.00. The federal reimbursement would cap at \$60,000 since that was the amount requested/allocated for this project. If the project was fully funded, the federal reimbursement would have been capped at \$88,530 (\$100,000 x 88.53%).

*** Please round down the figures to the lowest cent. Federal rules do not allow rounding up.

- ****
- Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

Note: For R/W acquisition use Exhibit 5-D.

Distribution: 1) (Original & 2 Copies) Local Program Accounting (progress invoices)
2) District Local Assistance Engineer (final invoices)

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- Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
- Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
- An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

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PS&E AND CONSTRUCTION ADMINISTRATION PROCEDURES

When Caltrans requires a field review for major NHS projects, PS&E and construction administration procedures (standards, agencies involved, use of consultants, project management, value engineering analysis, specifications, materials testing, etc.) will be discussed. The PS&E procedures will be put in writing for Caltrans' and FHWA's approval before the local agency starts final design (see Chapter 12, "Plans, Specifications & Estimate," of the LAPM).

The construction administration procedures will also be put in writing. The procedures must be approved by Caltrans and FHWA before construction will be authorized (see Chapter 15, "Advertise and Award Project," of the LAPM).

NHS projects that are not considered "major" will not require these approvals.

OPTIONAL REVIEW

A field review is optional for all projects off the NHS (non-NHS). The field review is also optional for all NHS projects determined by Caltrans to be minor in nature. It is a suggested practice for all projects.

7.3 NOTIFICATION

The local agency contacts the DLAE to discuss when and how they wish to proceed with project implementation, if this was not already done as part of the initial project authorization process.

REQUIRED REVIEWS

For required field reviews, the DLAE determines the type of field review required and coordinates, as appropriate, with the local agency on scheduling. The DLAE notifies Caltrans and FHWA attendees. The local agency is responsible for making other review preparations and notifying other interested parties. Each attendee should receive a copy of the draft Field Review Form before the actual field review.

In addition to the District Local Assistance (DLA) representative, Caltrans attendees, when applicable, should include an environmental reviewer, a right of way reviewer, and a representative from the Office of Structure Design (if a structure is involved). In order to optimize their value to the local agencies, these Caltrans specialists should become familiar with the project prior to attending the field reviews. Others may attend as appropriate. If the project involves a state highway, a representative from the appropriate District Project Development or Traffic Branch must be contacted to determine their involvement in the project development, and the need for a Project Report and encroachment permit.

A representative from FHWA should be consulted for all projects on the NHS for which FHWA has Full Oversight. Request for FHWA consultation should be coordinated through the DLAE (see Chapter 2, "Roles and Responsibilities," and Chapter 6, "Environmental Procedures," for further details).

OPTIONAL FIELD REVIEWS

For projects that Caltrans has determined, a field review is not required. The local agency is responsible for deciding whether to perform a field review (formal or informal) and for notifying all potentially affected agencies, utility companies, etc. and making arrangements for any on-site or office meetings. In deciding whether and how to conduct a review, an agency should consider the following factors: functional classification, project type and State-Authorized/FHWA Full Oversight status, project complexity, total cost, interested, and affected parties and type of funds.

If a local agency wishes Caltrans (or FHWA) staff to participate in the field review process, a request must be made to the DLAE. Caltrans' participation is based on the following factors:

- Availability of Caltrans staff and time requirements
- Experience of local agency staff
- Complexity of project, type of structures
- Funding program
- Right of way and design issues

For railroad crossing projects, the PUC participates in the review process.

Discussions with the DLAE should also indicate whether Caltrans' participation in any subsequent phases of the project is expected. This is especially important if PS&E reviews are needed for structures. Caltrans and the agency should reach a clear agreement early in the process on the extent of Caltrans' staff participation in any phase of project development.

7.4 TENTATIVE PLANS

The local agency should have a tentative plan as well as horizontal and vertical alignment sketches available for review by participants, either prior to, or at the field review. On projects that involve bridges, the agency should also provide preliminary hydrologic and hydraulic data (see Exhibit 11-D). This information need not be in great detail, but sufficient to make an engineering review of the proposal.

7.5 PREPARATION OF FIELD REVIEW FORM

The local agency shall prepare and complete the Field Review Form (Exhibit 7-B [or DAF for ER projects]) for all federal-aid projects, even if a Field Review were not required. (For ER projects, the DAF is used in lieu of the Field Review Form-see Chapter 11 of the LAPG) The field review form documents the results and decisions of the field review and other initial project research. It also provides data necessary to prepare the "Request for Authorization" and the Program Supplement Agreement.

The field review process and documents should be completed, as early as possible. For Highway Bridge Program (HBP) funded (Bridge) projects, the field review documents, including major structure data sheets, must be completed prior to any request for authorization. For other types of projects, authorization for preliminary engineering may be granted prior to submittal of the field review to Caltrans when federal reimbursement is needed, to hire consultants or others in order to obtain information needed to complete the field review. The field review document must be completed and submitted prior to, or concurrently with the first occurrence of either step below:

RAILROAD GRADE CROSSING DATA

(Separate Sheet for each crossing)

Project Number /Name: _____

Name of Railroad: _____

Location (Road, City, or County, and Xing No.): _____

Vehicular Traffic: Daily Traffic using crossing _____ No. of Lanes _____ Speeds (mph) _____

No. of Exist. Tracks: Main Line _____ Branch Line _____ Passing _____ Other _____

No. of Future Tracks: _____ No. of Daily Trains; Passenger _____ Freight _____ Total _____

Maximum Speeds: Passenger _____ Freight _____

Protection in Place: _____

Protection Proposed: _____

Skew of Xing _____ Min. Sight Dist. (along track when driver is 100 feet from Xing) _____

Trains at Night? (Y/N) _____ Seasonal Train Traffic? (Y/N) _____

Ten-Year Accident Record Accidents _____ Killed _____ Injured _____

Has local agency requested or received PUC decision concerning:

Crossing Protection required: _____

Protective devices proposed by local agency: _____

Proposed financing of crossing protection: _____

Does local agency propose to finance automatic crossing protection as a "G" (safety) project using 100% Federal funds? _____

NOTE: Attach sketch showing relationship of old and new crossing.

Remarks: _____

Distribution: 1) Original with attachments-Local Agency
2) Copy with attachments (2 copies if HBP) - DLAE

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SYSTEMS ENGINEERING REVIEW FORM

This form needs to be filled out for all ITS projects. For all major ITS projects, this completed form needs to be submitted to FHWA for review and approval prior to PE authorization (Phase 1 PE authorization).

For all major ITS projects, a System Engineering Management Plan (SEMP), which includes the seven items below, must be submitted to FHWA for review and approval prior to PE authorization for final or detailed design (Phase 2 PE authorization. The 2-phased authorization only applies to Major ITS projects.

For guidance in filling out the seven items below, see last part of this exhibit.

1. Identification of portions of the Regional ITS Architecture (RA) being implemented:

2. Identification of participating agencies roles and responsibilities:

3. Requirements definitions:

4. Analysis of alternative system configurations and technology options to meet requirements:

5. Procurement options:

6. Identification of applicable ITS standards and testing procedures:

7. Procedures and resources necessary for operations and management of the system:

Address the above items to the degree possible at Field Review stage and acknowledge commitment to address during system design in the early stages of the SE process.

1. Identification of portions of the RA being implemented:

(Identify which user services; physical subsystems, information flows, and market packages are being completed as part of the project, and how these pieces are part of the RA.)

2. Identification of participating agencies roles and responsibilities (concept of operations):

(For the user services to be implemented: define the high-level operations of the system, including where the system will be used; functions of the system capabilities; performance parameters; the life cycle of the system; and who will operate and maintain the system. Establish requirements or agreements on information sharing and traffic device control responsibilities. The RA Operational Concept is a good starting point for discussion.)

3. Requirements definitions:

(Based on the concept of operations in 2. above, define the “what” and not “how” of the system. During early stages of the Systems Engineering [SE] process, they will be broken down into detailed requirements for eventual detailed design. The applicable high-level functional requirements from the RA are a good starting point for discussion. A review of the requirements by the project stakeholders is recommended.)

4. Analysis of alternative system configurations and technology options to meet requirements:

(The analysis of system alternatives should outline the strengths and weaknesses, technical feasibility, institutional compatibility, and life cycle costs of each alternative. The project stakeholders should have input in choosing the preferred solution.)

5. Procurement options:

(Some procurement [contracting] options to consider include: consultant design/low bid contractor, systems manager, systems integrator, task order, and design/build. Deciding on the best procurement option should consider the level of agency participation, compatibility with existing procurement methods, role of system integrator, and life cycle costs.)

6. Identification of applicable ITS standards and testing procedures:

(Include documentation on which standards will be incorporated into the system design and justification for any applicable standards not incorporated. The standards report from the RA is a good starting point for discussion.)

7. Procedures and resources necessary for operations and management of the system:

(In addition to the concept of operations in 2. above, document any internal policies or procedures necessary to recognize and incorporate the new system into their current operations and decision processes. Resources necessary to support continued operations, including staffing and training must also be recognized early and be provided. Such resources must also be provided to support necessary maintenance and upkeep to ensure continued system viability.)

(Attachment to Field Review Form)

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10.2 IDENTIFYING & DEFINING A NEED FOR CONSULTANTS

The need for a consultant is identified by comparing the project's schedule and objectives with the local agency's capabilities, its staff availability of the required expertise, and its funding resources. If the local agency does not have sufficient staff capabilities, it may choose to solicit assistance from another agency, or use a qualified private consultant to perform the required work.

If the local agency determines that there is a need to solicit assistance from another local agency, or to use a consultant, the DLAE should be notified if federal-aid or state funds are to be requested for the project segment to be contracted out.

APPOINTING THE CONTRACT ADMINISTRATOR

The Contract Administrator is responsible for ensuring the quality of consultant contract products or services. The Contract Administrator is appointed as soon as the need for consultant services is identified. The Contract Administrator is involved throughout the development of the selection process and the contract provisions and in the administration of the consultant's work. The Contract Administrator must be a qualified local agency employee, or have staff that is qualified to ensure the consultant's work is complete, accurate, and consistent with the terms and conditions of the consultant contract. The Contract Administrator or staff members must be thoroughly familiar with the work to be contracted out and the standards to be used.

The Contract Administrator's duties include the following:

- Provides direction to ensure the proposed work is advertised properly.
- The Request for Qualifications (RFQ), description of work, and Request for Proposals (RFP), if used, are prepared and distributed.
- Prepares the draft contract.
- Arranges for preparation in advance of an independent estimate of the value of the work to be contracted out.
- Ensures that the selection procedures are followed.
- Analyzes the selected/best-qualified consultant's cost proposal.
- Serves as the local agency's primary contact person for the successful consultant.
- Monitors the consultant's progress and providing direction.
- Reviews billings and makes a determination whether costs billed are reasonable in relation to the work performed during billing period.
- Approves the consultant's progress payments.
- Identifies other local agency persons for the consultant to contact, if needed.
- The use of a consultant for a "management" role should be limited to unique or very unusual situations. These situations require a thorough justification as to why the local agency cannot perform the management. Consultants used in management roles must be selected; using the same procedures as those for other consultants specified in this chapter.

DETERMINING THE PROJECT SCHEDULE

The local agency develops a schedule for performance of work and completion of the project. The schedule must include sufficient time to allow for:

- Selecting the consultant.
- Developing the consultant contract.
- Completing the pre-award audit.
- Conducting meetings and project reviews.

SEGMENTING CONSULTANT WORK

Consultant services are most effective when consultant work is segmented appropriately. The extent of segmenting depends upon the type and complexity of the work. Combining preliminary engineering tasks with the preparation of the required environmental analysis is normally desirable. Preparing an Environmental Assessment (EA) or Environmental Impact Statement (EIS) is more than simply writing a report. Assessment and impact reports include preliminary engineering needed to analyze project alternatives and produce an engineering and planning assessment. Initial project studies include only as much traffic and engineering analysis of alternatives, as is needed to produce a sound EA or EIS (see Chapter 6, “Environmental Procedures,” of the LAPM and Chapters 31 and 32 of the *Standard Environmental Reference* [SER]). Final detailed design must be delayed until environmental clearance has been received if federal reimbursement is desired.

Refer to Figure 10-1 “Segmenting Consultant Work” in this chapter, which illustrates several satisfactory ways to segment consultant activities.

Figure 10-1 Segmenting Consultant Work

	Well-structured Projects With Simple Right of Way Requirements	Well-structured Projects With Complex Right of Way Requirements	More Difficult Projects	Very Complex Projects
Preliminary Engineering				
Environmental Analysis				
Plans, Specifications & Estimates				
Right of Way Activities				
Utility Relocation				
Construction Engineering				

VALUE ENGINEERING ANALYSIS

For projects on the federal-aid system with a total project cost of \$25 million or more and a bridge project with a total project cost of \$20 million or more, federal requirements included in “SAFETEA-LU” Section 1904 “Stewardship and Oversight” mandate that a “value engineering analysis” be performed on these projects. For more information on this subject, please see Chapter 12 “Plans, Specifications & Estimate,” Section 12.5 “Value Engineering Analysis” of this manual.

For bridge projects, the multi-discipline team shall also include bridge substructure requirements based on construction material and be evaluated as follows:

- On engineering and economic bases taking into consideration acceptable designs for bridges.
- Using analysis of life-cycle and duration of project construction.

SPECIFY PRODUCTS TO BE DELIVERED

The Contract Administrator identifies the products and services to be delivered as a result of consultant contract work. These vary depending upon the type of projects and the phase of project development being addressed.

DEFINE SCOPE OF CONSULTANT WORK

The scope of work, which the contract must include, is a detailed description of the products or services the consultant is to provide. From a detailed scope of work, consultants respond to a project advertisement; determine personnel and time requirements; and develop a technical proposal. Therefore, the scope of work must be clear, concise, complete, and describe the deliverables and deadlines.

DBE PARTICIPATION

The provisions of 49 CFR, Part 26 require that a local agency receiving federal-aid funds comply with the Disadvantaged Business Enterprise (DBE) program, and that DBE firms have the opportunity to participate in the projects (see Chapter 9, “Civil Rights and Disadvantaged Business Enterprises,” of the LAPM). Such steps include the considering of DBE firms by the proposing consultants. When feasible, organize the project schedule and task requirements to encourage participation in the contract by DBE firms. Local agencies should be fully aware of all of the subcontracting opportunities in their consultant contracts. Below are some examples of subcontracting opportunities for various types of contracts:

- For the design of a bridge (surveys, geotechnical, hydraulics, hydrology, seismic studies, cost estimating, traffic control, as-builts, etc.).
- For the seismic retrofit of an existing bridge (surveys, geotechnical, forensic studies, seismic studies, cost estimating, as-builts, etc.).
- For the design of roadways (surveys, hydrology, geotechnical, cost estimating, traffic control, as-builts, etc.).

The consultant shall ensure that certified DBE firms have the opportunity to participate in the performance of the contract and shall take all necessary and reasonable steps for such assurance.

REPORTING DBE PARTICIPATION

DBE language must be included in the RFQ or RFP, if the proposed contract will include federal-aid funds. “Notice to Bidders/Proposers Disadvantaged Business Enterprise Information” (see Exhibit 10-I), is to be included in all consultant contracts with federal-aid funds. In addition, certain DBE contract clauses must be included in the consultant contract.

“Local Agency Proposer/Bidder DBE (Consultant Contract) Information” (see Exhibit 10-O) should be submitted by the successful consultant to the local agency with the award.

For reporting purposes, immediately after award of the contract, a copy of the completed “Local Agency Proposer/Bidder DBE (Consultant Contract) Information” should be sent by the local agency to the DLAE. Upon completion of the contract, regardless of whether DBE participation is obtained, a summary of the DBE records shall be prepared, certified correct, and submitted on the form “Final Report - Utilization of Disadvantaged Business Enterprises (DBE) First-Tier Subcontractors” (Exhibit 17-F) or equivalent, by the consultant contractor to the local agency showing total dollars paid to each DBE subcontractor and supplier. The local agency will send one copy of the completed “Final Report-Utilization of Disadvantaged Business Enterprises (DBE) First-Tier Subcontractors” with the final invoice to the DLAE within 30 days after completion of the contract for purposes of reporting DBE utilization.

ESTIMATED COST OF CONSULTANT WORK

An independent cost estimate is needed for consultant contracts (required for contracts over \$100,000) to ensure that consultant services are obtained at a fair and reasonable price. The estimate is prepared in advance, so the local agency’s negotiating team has a detailed cost analysis of the project to evaluate the reasonableness of the consultant’s cost proposal. The estimate, which is specifically for the use of the local agency’s negotiating team, is to be kept confidential.

A good cost estimate can be prepared only if the scope of work is defined clearly. The scope of work must include a list of the products or services which the consultant is required to deliver, and a time schedule of when they must be delivered.

It should be stressed that all work to be derived from the consultant services (i.e. preliminary design, environmental, final design) must be clearly identified in the solicitation of consultant services (i.e., RFQ, RFP) and included in the cost estimate. The addition of work to the original scope by amendment should be avoided whenever possible.

The cost estimate must include a breakdown of:

- Direct labor costs
- Indirect costs
- General and administrative costs
- Other direct costs such as equipment and materials
- Subcontractor costs
- Net fee or profit

If more than one project or phase of work is to be developed within the consultant contract, separate cost estimates are required for each project or phase of work. Separate cost estimates are required for each milestone and portion of the work expected to be subcontracted.

DETERMINE TYPE OF CONTRACT

The type of contract must be specified. Four types are permitted depending on the scope of services to be performed.

- Actual Cost-Plus-Fixed Fee
- Cost Per Unit of Work
- Specific Rates of Compensation
- Lump Sum

ACTUAL COST-PLUS-FIXED FEE

The consultant is reimbursed for actual costs incurred and receives an additional predetermined amount as a fixed fee. The determination of the amount of the fixed fee shall take into account the size, complexity, duration, and degree of risk involved in the work. The fixed fee is not adjustable during the life of the contract unless there is a significant change in the scope of the work; in which case the fee may be renegotiated.

This method of payment is appropriate when the extent, scope, complexity, character, or duration of work cannot be precisely predicted. Fixed fees apply to the total direct and indirect costs. Fixed fees over fifteen (15) percent must be justified and documented in the files prior to commencement of work. (See Exhibit 10-H “Sample Cost Proposal” form and Exhibit 10-E “Sample Payment Clauses” form in this chapter.)

COST PER UNIT OF WORK

The consultant is paid based on the work performed such as: per plan sheet, report, etc. This method of payment is appropriate when the cost per unit of work can be determined with reasonable accuracy in advance; but the extent of the work is indefinite. Contract payment provisions must specify what is included in the price to be paid for each item.

SPECIFIC RATES OF COMPENSATION

The consultant is paid at an agreed and supported specific fixed hourly, daily rate, weekly or monthly, for each class of employee engaged directly in the work. Such rates of pay include the consultant’s estimated costs and net fee (profit). The specific rates of compensation, except for an individual acting as a sole proprietor, are to include an hourly breakdown, direct salary costs, salary additives, indirect costs, and net fee.

Other direct costs may be set forth as an element of the specific rate or may be included as independent cost items. This type of contract is used for on-call contracts and is considered only when none of the other three contract types can be used. It is used only for emergency work when the tasks are relatively minor, or for equipment (such as material testing equipment), and vehicles.

LUMP SUM

The consultant performs the services stated in the agreement for an agreed amount as compensation. It is appropriate only if the extent, scope, complexity, character, duration, and risk of the work have been sufficiently defined; to permit fair compensation to be determined and evaluated by all parties during negotiations.

10.3 CONSULTANT SELECTION METHODS

Flow Chart 10-1 “Selecting Consultant” shows the three methods normally used in selecting a consultant. They are:

- One-Step Request for Proposals (RFP)
- One-Step Request for Qualifications (RFQ)
- Two-Step Request for Qualifications/Proposals (RFQ/RFP)

The method used depends upon the scope of work, the services required, the project’s complexity, and the time available for selection of the consultant.

Beginning with Section 10.4 “Consultant Selection Using the One-Step RFP Method,” each of the selection methods is explained in detail.

ONE-STEP RFP (REQUEST FOR PROPOSAL)

The One-Step RFP method may be used when the scope of the project is well defined. Other considerations include when the consultant’s services is highly specialized and there are few qualified consultants. This method is also used when a local agency has a modest number of projects per year, and the expected number of proposals is small—generally, less than ten.

ONE-STEP RFQ (REQUEST FOR QUALIFICATIONS)

The most common selection process is the One-Step RFQ method. It is used when typical services (such as preparation of PS&E, environmental documents, or construction management services) are required, and there are many consultants. The One-Step RFQ method is also used when a local agency produces many projects, and there are numerous consultants who wish to participate.

Exhibit 10-F Certification of Consultant, Commissions & Fees**CERTIFICATION OF CONSULTANT**

I HEREBY CERTIFY that I am the _____, and duly authorized representative of the firm of _____, whose address is _____ and that, except as hereby expressly stated, neither I nor the above firm that I represent have:

- (a) employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above consultant) to solicit or secure this agreement; nor
- (b) agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the agreement; nor
- (c) paid, or agreed to pay, to any firm, organization or person (other than a bona fide employee working solely for me or the above consultant) any fee, contribution, donation, or consideration of any kind, for or in connection with procuring or carrying out this agreement.

I acknowledge that this Certificate is to be made available to the California Department of Transportation (Caltrans) in connection with this agreement involving participation of Federal-aid Highway funds, and is subject to applicable state and federal laws, both criminal and civil.

(Date)

(Signature)

Distribution: 1) Local Agency Project File (original & Contract)
2) DLAE (copy)

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Exhibit 10-G Certification of Local Agency

CERTIFICATION OF LOCAL AGENCY

I HEREBY CERTIFY that I am the _____ of the

(local agency) _____, and that the consulting firm of
_____, or its representative has not been required (except
as herein expressly stated), directly or indirectly, as an express or implied condition in connection
with obtaining or carrying out this Agreement to:

- (a) employ, retain, agree to employ or retain, any firm or person, or
- (b) pay or agree to pay, to any firm, person or organization, any fee, contribution, donation, or
consideration of any kind.

I acknowledge that this Certificate is to be made available to the California Department of Transportation
(Caltrans) in connection with this Agreement involving participation of federal-aid highway funds, and is
subject to applicable state and federal laws, both criminal and civil.

(Date)

(Signature)

Distribution: 1) Local Agency Project File (original & Contract)
2) DLAE (copy)

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3. FEDERAL OR FEDERAL HIGHWAY ADMINISTRATION (FHWA)

- 23 USC Standards
- 23 CFR Part 650 Bridges, Structures and Hydraulics
- 28 CFR Part 36 Nondiscrimination on Basis of Disabilities by Public Accommodations and in Commercial Facilities, Appendix A Standards For Accessible Design
- 28 CFR Part 35 Nondiscrimination on the Basis of Disability in State and Local Government Services
- 41 CFR Part 101
- *Designing Sidewalks and Trails for Access (Part 2)*, FHWA-EP-01 027
- *Federal-Aid Policy Guide, Subchapter G, Engineering and Traffic Operations, Part 625 - Design Standards for Highways*
- FHWA Internet Home Page: <http://www.fhwa.dot.gov>
- *FHWA Contract Administration Core Curriculum Participant's Manual and References Guide*, 2006
- Hydraulic Engineering Circulars
 - *Design of Riprap Revetment* - Hydraulic Engineering Circular #11,
 - *Evaluating Scour at Bridges* - Hydraulic Engineering Circular #18,
 - *Stream Stability at Highway Crossings* - Hydraulic Engineering Circular #20,
- *Manual on Uniform Traffic Control Devices (MUTCD)*, current edition
- *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridge*, Report No. FHWA-ED-89-044

4. OTHER

- *Designing Safer Roads - Practices for Resurfacing, Restoration and Rehabilitation*, Special Report 214, Transportation Research Board
- *Multiple-Service-Level Highway Bridge Railing Selection Procedures*, National Cooperative Highway Research Program Report 239
- *Roadside Safety*, Transportation Research Record 1065, Transportation Research Board
- *Recommended Procedures for the Safety Performance Evaluation of Highway Appurtenances*, National Cooperative Highway Research Program Report 230
- *Recommended Procedures for the Safety Performance Evaluation of Highway Features*, Report 350
- *Standard Plans for Public Works Construction*, developed and promulgated by the American Public Works Association, Southern California Chapter, and the Associated General Contractors of California, Southern California Districts
- *Standard Specifications for Public Works Construction*, developed and promulgated by the American Public Works Association, Southern California Chapter, and the Associated General Contractors of California, Southern California Districts

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CHAPTER 14 UTILITY RELOCATIONS

14.1 INTRODUCTION

The procedures in this chapter have been designed to comply with the FHWA's regulations and requirements under Code of the Federal Regulations (CFR) governing utility relocations. The purpose of this chapter is to provide guidelines to the local agency when performing Right of Way Utility Relocations on projects outside of the State Highway System (SHS) and financed with federal funds ("Off-System" project).

Utility Relocation procedures in this chapter only apply when relocating public utility facilities that serve the general public. Service connections and private utilities are handled through Right of Way Acquisition under Cost to Cure (23 CFR710.203.)

Forms and Exhibits included in this chapter are to provide the local agency with working samples. The language in these forms has been reviewed and approved by Caltrans Legal Department. The local agency has the option to modify the format of these forms or to use its own forms. However, the local agency's own forms have to satisfy all required elements under 23 CFR 645.113, and the use of non-approved forms and clauses will require reviewing and approval by Caltrans Legal Department on a case-by-case basis.

For any locally sponsored project that involves any portion of a state's right of way under a Cooperative Agreement ("On System" Project), Right of Way Utility Relocations will be accomplished in accordance with the Utility Procedures described in the *Caltrans Right of Way Manual* (ROW Manual) and *Encroachment Permits Manual*.

These manuals are available online at the following URLs:

ROW Manual:

<http://www.dot.ca.gov/hq/row/rowman/manual/>

Encroachment Permits Manual:

http://www.dot.ca.gov/hq/traffops/developserv/permits/encroachment_permits_manual/

DEFINITIONS

Public Utility Facilities - publicly and privately owned utility facilities, which serve the public.

Impacted Utility Facility - a public utility facility has been identified as in conflict with the proposed activity of a transportation project.

Utility Relocation - any adjustment to the impacted utility facility required by the proposed transportation project.

Owner - utility company, municipal utility department, who owns the impacted facility.

Utility Coordinator - local agency's person who acts as a liaison with owners.

District Utility Coordinator: Caltrans Right of Way Utility Coordinator assigned to this project.

Conflict Resolution Plan - (a.k.a. Relocation Plan) plan from owner to resolve the conflict with activity of a transportation project. This plan should clearly define scope of work and the duration of construction.

Claim Letter - owner's liability determination along with supporting documentations. It is the owner's responsibility to support their claim.

Unanticipated Utility Relocation – unforeseen, or discovery utility relocations as a result of accident or incomplete utility verification/conflict identification.

UTILITY RELOCATION PROCEDURES

The following steps have been modeled after the Caltrans Right of Way Utility Relocations procedures. These activities are performed in different stages of project development (see Exhibit 14-H, "Stages of R/W Utilities Through Stages of Project Development") to ensure proper and complete utility clearance prior to Right of Way Certification.

This procedure is designed to identify utility conflicts early in the design stage. It provides the Project Engineer with an opportunity to evaluate the proposed plan and make adjustments to avoid or lessen the impact on existing utility facilities. Thus, it reduces utility relocation cost, saves time, and prevents discovery conflicts during construction.

It is strongly recommended that each local agency adopt and follow these procedures:

UTILITY VERIFICATION:

- In the early phase of the Design process, the Utility Coordinator sends a proposed project plan to owner and request for owners' facility map(s) of any facility located within project limits.

Utility Coordinator forwards owners' map(s) to the Project Engineer. The Project Engineer plots all existing facilities onto UTILITY SHEET (refer to Caltrans *Design's Standard Plan* or *American Society of Civil Engineers [ASCE], Standard Guidelines for the Collection and Depiction of Existing Subsurface Utility Data*).

IDENTIFYING CONFLICT:

- Project Engineer identifies all impacted utility facilities within project limits.
- Provide conflict maps for each impacted facility to the Utility Coordinator.

REQUESTING CONFLICT RESOLUTION PLAN: (This step would be done only after National Environmental Policy Act [NEPA] approval.)

- Utility Coordinator contacts and informs the owner(s) of the conflict(s) and requests conflict resolution plan(s), detail cost estimate(s), and owner's liability determination.
- When the above items are received from owner(s), the Utility Coordinator will forward the plan(s) to the Project Engineer for approval.

LIABILITY DETERMINATION:

After the conflict resolution plan(s) is approved by the Project Engineer:

- A liability determination must be made to determine whether the local agency is legally liable for any portion or all of the relocation cost. (See Chapter 13, "Utility Relocation," Section 13.04.00 of *ROW Manual* for guidance.)

- Liability can be determined by property rights, franchise rights/agreements, state and local statutes/ordinances, permits, or finding by the local agency's counsel.
- Complete "Report of Investigation" (ROI) (see Exhibit 14-E.) This is the document that determines the local agency's liability for relocation costs.
- The cost of relocating such facilities is eligible for federal participation:
 - a) Only when the relocation is made necessary by the proposed construction.
 - b) Only when the local agency is legally liable to pay for any portion of the relocation.

Utility Coordinator shall send proposed copy of ROI, Notice to Owner (NTO), and Utility Agreement to District Local Assistance Engineer (DLAE) and Caltrans District Utility Coordinator for review and approval, prior to sending out to owner.

NOTE: For an "On-System" project, the local agency must ensure that all utility relocations and encroachments are accomplished in accordance with Caltrans policies, procedures, standards, practices, and statutes. In addition, any existing agreements or contracts between the Department of Transportation (Caltrans) and a utility owner will also obligate the local agency in such circumstances.

NOTIFYING OWNER:

- After the conflict resolution plan is approved and liability is determined, Utility Coordinator shall seek concurrence from the owner in case the liability determination is different from owner's claim letter.
- Once the owner concurs with liability (this is referred to as "Meeting of the Minds"), the Utility Coordinator will issue a written NTO ("Notice to Owner," see Exhibit 14-D) to the owner. The local agency must make all necessary arrangements with the owners of affected utility facilities for their relocations.
- The NTO will clearly define the impacted facility, owner's conflict resolution plan number and date, estimated completion date, and liabilities.
- The local agency shall provide all other necessary permit(s) related to the relocation to the owner prior to the commencing of work. **Only when any ordered work is located within the SHS, a Caltrans Encroachment Permit is required.** Utility Coordinator can request the permit through the Caltrans District Utility Coordinator.
- If the local agency is liable for any portion of the relocation, a Utility Agreement (see Exhibit 14-F, "Utility Agreements" and Exhibit 14-G, "Utility Agreement Clauses") will also be prepared and sent to owner along with the NTO.
- The local agency's liability portion and authority to pay for the relocation must be clearly cited in its Utility Agreement and in the "liability" section of the NTO.

NOTE: For an "On-System" project, on freeway projects, state policy and procedure take precedence for cost liability determination even where relocation work to support or accommodate the project may take place outside of the state's right of way.

RIGHT OF WAY UTILITY CLEARANCE MEMO:

- Once all utility conflicts have been resolved, the Project Engineer and the Utility Coordinator will issue a Utility Clearance Memo that clearly lists all conflicts, locations, the NTO numbers and issued date, liability, and estimated completion date.
- The information on this memo will be incorporated into the Right of Way Certification.

MANAGING THE PHYSICAL RELOCATION:

- Prior to any physical relocation work being commenced, the Project Engineer and Utility Coordinator shall make sure all agreements have been executed, Specific Authorization/Approval of Utility Agreement has been approved (if federal funding is sought), and funding has been secured.
- Project Engineer and Utility Coordinator shall monitor the progress and verify that the relocation has been carried out according to the conflict resolution plan and schedule.

MANAGING RELOCATION INVOICES:

- The Utility Coordinator will process utility relocation invoices for reimbursement in accordance to the procedures described in Chapter 5, "Accounting/Invoices," of the *Local Assistance Procedures Manual* (LAPM).
- Project Engineer and Utility Coordinator shall make sure the owner provides credit when applicable, for salvage value, betterment, and all supporting documents are attached to the invoice.

UTILITY RECORDS KEEPING:

Utility Coordinator will create a Utility File for each impacted facility. These records will be retained by the local agency as required by FHWA regulations.

Section 23 CFR 645.119 (c)(1)(iv), Alternate Procedure approval, requires documentation of actions taken in compliance with state and federal policies. All engineering decisions affecting the utility relocation from the beginning of planning to the completion of relocation and billing, should be documented in the local agency's Utility File diary.

It is essential that documented field verification of the progress and completion of all reimbursable utility work be provided by the local agency. This required documentation is met by the use of detailed inspector's diaries or their equivalent.

If the local agency wishes not to request federal participation for the utility relocation work on projects off the SHS, even though they will be requesting federal participation in other right of way activities and/or the construction phases of the project, the local agency may use its own utility relocation policy and procedure as long as they comply with FHWA's regulations and requirements under 23 CFR Part 645 and other related federal regulations. However, the local agency must provide the proposed utility relocation plan to the DLAE for forwarding to the Caltrans District Utility Coordinator for review so that proper right of way certification on utility relocation matters may be given prior to construction.

**RESIDENT ENGINEER'S CONSTRUCTION CONTRACT
ADMINISTRATION CHECKLIST**

This form is to be completed and signed by the local agency's Resident Engineer, and submitted with Local agency's Award Package

This form was created to help local agency Resident Engineers with the administration of the federal-aid projects. This list does not contain all the Federal-aid requirements for administration of federal-aid projects. Resident Engineers are advised to review the *Local Assistance Procedures Manual* to be familiar with all the federal-aid requirements.

This form shall be used as reference if the local agency's federal-aid project is subject to a Process Review.

Local Agency Name _____

Federal-aid Project No. _____

1. Contract Staffing:

☐ Names and titles of all staff assigned to the contract shall be in the contract files and shall be adequate (see Chapter 16, Section 16.3 "Project Supervision and Inspection").

☐ Date of Preconstruction Conference (Attendees list in contract file) _____

2. Authorization:

☐ Date of the "Authorization to Proceed with Construction" _____
(Shall be prior to date project was advertised)

☐ Date the project was advertised _____

3. Contract Files:

☐ Files shall be in an established order and separate from other contracts (see Chapter 16, Section 16.8 "Project Files").

Check one of the following: Index used on this project is ☐ Local agency's standard for all jobs, or
☐ For federal-aid jobs only.

4. Resident Engineer's/Construction Inspectors Daily Diaries:

☐ Shall be current, thorough and neat with detailed information on all work performed (see Chapter 16, Section 16.7 "Engineer's Daily Reports").

5. Construction Records and Accounting Procedures:

☐ Detail Estimate(s) and Finance Letter(s) are in the project files.

☐ Amount of federal-aid funds encumbered for the project, _____

☐ Program Supplemental Agreement is in the project files.

Distribution: 1) Local Agency Project File 2) DLAE (please put on first page only)

- ☐ There shall be source documents supporting progress payments made to Contractor.
- ☐ There shall be separate item sheets for each contract item paid.
- ☐ There shall be a procedure for Administrative or Labor Compliance deductions.
- ☐ Invoices to the State shall match progress payments made to the Contractor.
- 6. Contract Time:**
☐ A method shall be established to determine contract time (see Chapter 16, Section 16.5 "Contract Time").
- 7. Labor Compliance:**
☐ Certified payrolls shall be spot-checked against daily diaries and prevailing wages (see Chapter 16, Section 16.11 "Labor Compliance").
Local agency's Labor Compliance Officer: _____
- 8. EEO:**
☐ Maintain records to ensure EEO requirements are performed and documented in contract record (see Chapter 16, Section 16.12 "Equal Employment Opportunity").
Local agency's EEO Compliance Officer: _____
- 9. EEO/Wage Rate/False Statements Posters:**
☐ Federal posters shall be posted for every worker to see at, or near, the contractor's office at the construction site or at the workers central gathering point.
- 10. Employee Interviews:**
☐ There shall be employee interviews conducted (see Chapter 16, Exhibit 16-N).
- 11. OJT:**
☐ Are OJT requirements included in the contract, yes ☐ no ☐.
- ☐ If yes, documentation will be retained in project files to account for the apprentices on the job.
- 12. DBE:**
☐ Local agency's Annual Anticipated DBE Participation Level,
☐ Local agency's DBE Liaison Officer: _____
☐ Contractor's completed Local Agency Bidder-DBE-Information Form (Exhibit 15-G) in project files.
- ☐ Contractor has been provided "Monthly DBE Trucking Verification" Form (see Chapter 16, Exhibit 16-Z)

13. CCOs/CLAIMs:

- ☐ A cCO approval process shall be established. For NHS projects, major change orders will be approved by DLAE prior to performance of work (see Chapter 16, Section 16.13 "Contract Change Orders").
- ☐ There shall be a list of the approved CCOs.
- ☐ All CCOs shall note federal-aid eligibility or not.
- ☐ Pending claims to be identified and documentation in contract file

14. Traffic Safety in Highway and Street Work Zones:

- ☐ Traffic Control Plan (TCP)/Traffic Management Plan (TMP) in the PS&E? Yes ☐ No ☐
(see Chapter 16, Section 16.6 "Traffic Safety in Highway and Street Work Zones")
Comments:

Responsible Person _____ (if not the RE)

- ☐ Local Agency shall field review the project to see that the TCP agrees with the actual conditions.
- ☐ Local Agency shall be analyzing construction work site accidents for the purpose of correcting deficiencies which might be found to exist on these projects and to improve the content of future TCPs.

15. Materials Files:

- ☐ The Quality Assurance Program (QAP) is in the project files (see Chapter 16, Section 16.14 "Quality Assurance Program").
- ☐ There shall be procedures for and filing of: (if appropriate)
 - Notice of Materials to be used
 - Certifications of Compliance
 - "Buy America" Requirements
- ☐ Acceptance Sampling and Testing Reports shall be in the files.
- ☐ There shall be a "Summary Log" of tests.
- ☐ Frequency tables shall be used.
- ☐ Failed tests shall be documented in the files with cross references to re-tests.
- ☐ Resident Engineer shall review all test reports.

16. Environmental

- ☐ The approved NEPA document is in the project files.
- ☐ The construction project shall adhere to the mitigation requirements in the approved NEPA document.

17. For Projects on the State Highway System

- ☐ A Caltrans Encroachment Permit has been issued.
- ☐ Local Agency shall comply with State's Representative's oversight requirements.

Local agency's Resident Engineer
agency employee or Consultant,
(Consultants on retainer are considered
Local agency employees)

Local agency's person in "Responsible (Local)
Charge" if Resident Engineer is a Consultant.

Date: _____

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conflicts at the lowest possible management level. A Caltrans special provision on partnering is included as a sample in the “Boiler Plate” contract documents in Section 12.8 of this manual.

Partnering is not a requirement of the federal-aid program, but it is eligible for participation as part of the construction engineering cost of the project. Generally, the costs are shared between the contractor and administering agency. Partnering can be a valuable extension of the pre-construction conference.

Partnering is not an alternate dispute resolution method. It is a change in the attitude and the relationship between owner and contractor. Partnering is the creation of a relationship between the owner and contractor that promotes achievement of mutual and beneficial goals. Partnering is where trust, cooperation, teamwork and the successful attainment of mutual goals are the hallmark.

The keys to making partnering work include communication, willing participants, senior management support, up front commitment, and a plan. Communication starts early in the process through a team-building session. All the key managers for the project are assembled for a workshop which focuses on team building, goal setting, identifying issues, and solving problems. The workshop is run by a facilitator who ensures all issues are brought out into the open. Authority to solve problems is delegated to the lowest level. Follow up meetings are held to evaluate goals and objectives.

When a local agency chooses to use the partnering approach, the partnering workshop can be independent of the pre-construction conference or integrated as a breakout session

When formal partnering is desired the contract should contain appropriate specifications for partnering. The Caltrans Office Engineer in each district is available to assist in providing specifications for the process. Partnering is not always appropriate and judgment should be exercised when selecting which projects this process would be beneficial to. Informal partnering may also be beneficial and does not require contract provisions to be implemented.

PRE-CONSTRUCTION CONFERENCE

For all construction projects, the administering agency shall schedule a pre-construction conference, unless the administering agency determines that the project is of such a minor nature that a meeting is not necessary.

The meeting shall be attended by representatives of the local agency and contractor. It is suggested that other affected agencies, local authorities (police, fire, etc.), and public utilities personnel be invited to attend. When an invitation is extended to Caltrans, representation will be up to the DLAE when he/she determines resources are available. Additional meetings may be advisable where considerable effort and time is required to cover specific areas, such as labor compliance, Equal Employment Opportunity (EEO), record keeping, etc.

Local agency representatives shall explain the various forms, reports, as well as sanctions for noncompliance with local, state, and federal requirements. Discussion is to include requirements for Equal Employment Opportunity, state and federal safety, labor compliance and DBE. Potential utility and traffic safety problems should also be discussed, as well as National Environmental Policy Act (NEPA) compliance requirements.

A written record of attendance and items discussed shall be made by the administering agency. A copy of the written record or the reasons for not holding the pre-construction conference shall be kept in the project files.

16.5 CONTRACT TIME

PROCEDURES

The administering agency is responsible for reviewing working days, contract time requirements, and documenting time extensions according to their own requirements. These requirements must be consistent with other similar projects not using federal-aid. Contract time extensions proposed after acceptance of the contract must have written approval of the administering agency. Generally the approval is made by change order for a specified amount of working days. Approvals can be made if the justification demonstrates a delay to the controlling item of work in the contractors schedule

The administering agency shall maintain a written record of project progress. This record must indicate factors which may affect the work, such as weather conditions, utility delays, strikes or labor disputes, and material shortages. Based on these factors a record of working days shall be maintained.

Documentation similar to Exhibit 16-A, "Weekly Statement of Working Days," Form CEM-2701 (Old HC-146) is an acceptable record of project progress and shall be retained in the project file. A discussion of the use of the form is contained in Section 2-08 of the State's *Construction Manual*.

16.6 SUBCONTRACTORS

INTRODUCTION

Subcontracting procedures apply to all federal-aid highway projects.

PROCEDURES

1. FEDERAL-AID PROJECTS

Contracts for federal-aid projects shall specify the minimum percentage of work that a contractor must perform with "its own organization." This percentage shall be not less than thirty percent (30%) of the total original contract price excluding any identified "specialty items"¹. When "specialty items" are specifically identified, they may be performed by subcontract and the amount of any such specialty items may be deducted from the total original contract before computing the amount of work required to be performed by the contractor's own organization. The contract amount upon which the above requirement is computed includes the cost of materials and manufactured products which are to be purchased or produced by the contractor under the contract provisions.

¹ Local agencies which use *Caltrans Standard Specifications* or the *Standard Specifications for Public Works Construction (Green Book)* and choose to use the thirty percent (30%) specified for federal-aid projects must include a special provision to override the *Caltrans Standard Specifications Section 8-1.01*, or the *Green Book specifications Section 2-3.2*, which require that the minimum percentage of work that a contractor must perform with its own organization is fifty percent (50%) excluding any identified specialty items.

2. SUBCONTRACTING

- a. The contractor must request permission in writing and receive written consent from the local agency **before** subletting any portion of a contract to a first tier subcontractor. This is accomplished by using the "Subcontracting Request" (FORM DC-CEM-1201). This form is included as Exhibit 16-B, of this chapter and states what portion of an item is to be subcontracted along with the dollar value of that item. The requirement for written consent does not apply to second and lower tier subcontracts. However, all weekly payroll, labor compliance, EEO, insurance and other contractual obligations remain in effect regardless of tier. All subcontracts shall be in the form of a written agreement and contain all pertinent provisions and requirements of the prime contract including all or a portion of the federal boiler plate specifications. Certain provisions of the boiler plate are required based on the dollar amount of the contract, or type of facility being constructed. Refer to Chapter 12, "Plans Specifications & Estimate," for specific details of these requirements.
- b. There are special requirements for DBE trucking as reporting must be done monthly on all trucking done by DBE subcontractors in order to document DBE participation. Monthly reporting will be accomplished using Exhibit 16-Z, "Monthly DBE Trucking Verification".

3. TERMS: Terms used above are defined as follows:

"its own organization" - includes only workers employed and paid directly by the prime contractor, and equipment owned or rented, with or without operators. Such term does not include employees or equipment of a subcontractor, assignee, or agent of the prime contractor.

"Specialty Items" - are limited to items of work that require highly specialized knowledge, craftsmanship or equipment not ordinarily available in the type of contracting organizations qualified and expected to bid on the contract as a whole. The items are generally limited to minor components of the overall contract. However, the fabrication and erection of certain types of steel structures are of such a nature and intricacy that they should be considered "specialty items" even though the cost of this work may constitute the major portion of the contract amount. For each individual construction contract, the administering agency must select any items that are to be treated as "specialty items" and list such selected items in the Special Provisions, or bid schedule.

16.7 ENGINEER'S DAILY REPORTS

PROCEDURES

The administering agency's Resident Engineer, Assistant Resident Engineers, and construction inspectors shall keep daily reports to record work in progress.

The Daily Reports shall record the hours worked by men and equipment:

- Where work is being paid for based on the cost of labor, equipment, and material
- When there is an anticipated change in character of work
- When there is a potentially significant overrun or underrun, or
- When there is disputed work or a potential claim

The detail should be sufficient to permit review of the contractor's costs of the work in a manner similar to force account. Equipment should be identified sufficiently to enable determination of the applicable rental rates and operator's minimum wage. In some cases it may be desirable to record dates of arrival or departure of equipment, as well as idle time for breakdown or other reasons.

The narrative portion of the report should include a description of the contractor's operation and the location where the work was performed. It should also include statements made by the contractor or agency personnel, which are pertinent to the work. The report must also contain the name of the contractor or subcontractor performing the work.

When the report is used to determine compliance with the labor provisions (see (Section 16.11, "Labor Compliance") of the contract, include the following additional information:

- The names or identification numbers of the contractor's personnel
- The respective classifications of the work being performed
- The number of hours worked on the date covered by the report

Reporting for labor compliance shall be done on a random spot-check basis only. The number of reports for labor compliance purposes should vary with the size and duration of the contract and the degree of compliance revealed by checking previous reports. One report per week for each operation being performed on the project should be used as an initial guide. The frequency may be reduced after a high degree of compliance has been verified.

An example of both the Resident Engineer and Assistant Resident Engineers daily report forms used by Caltrans are shown as Exhibit 16-C.

The engineers' daily reports discussed herein are required in addition to the extra work reports submitted by the contractor. For more information on the organization and use of the daily reports see the Caltrans *Construction Manual*, Chapter I, Section 1-10, and Chapter III, Section 3-00 and Section 3-01.

16.8 PROJECT FILES

An administering local agency must establish a separate record file for each federal-aid highway project. The project file shall contain all data pertinent to the work and to the

the requirements of the specifications. In general, project files should support: 1) adequacy of filed control, 2) conformance to contract specifications, and 3) contract payments to the contractor. The file must be complete, available at a single location, and organized and maintained in a manner that permits inspection by Caltrans and FHWA personnel during process reviews or random checks.

Generally, whenever the local agency is unable to produce requested data or information, it shall be assumed by reviewing personnel the required actions were either never performed or not properly recorded. Organized project files can minimize these negative assumptions.

DLAEs shall periodically perform process reviews and inspect, during construction, local agency project files for compliance with federal and State requirements. Organization and content of the project file is one indicator of the effective and efficient management of the project by the resident engineer. It also minimizes resources necessary for conducting process reviews.

ORGANIZATION OF FILES

Local agency administered federal-aid highway project files shall be organized and include the following information indicated below:

Project Record Filing System - Locally Administered Federal-aid Projects

1. Project Personnel
2. Correspondence
 - a. Contractor
 - b. General
3. Weekly record of working days (if contract time is specified. See Sections 12.9 and 16.5 of this manual)
4. Materials Data¹
 - a. Certificate of Proficiency -Form 03-HC-1 (Exhibit 16-D)²
 - b. Independent Assurance Sampling and Testing - Form MR-0102 (Exhibit 16-E)⁴
 - c. Report of Witness Tests- Form MR-0103 (Exhibit 16-F)⁴
 - d. Project Acceptance Test Results and Initial Tests (no form available)
 - e. Project Independent Assurance Tests (no form available)⁴
 - f. Report of Comparison Between Independent Assurance Tests (IAT) and Acceptance Tests - Form MR-0104 (Exhibit 16-G)⁴
 - g. Summary of Independent Assurance Testing - Form MR-0105 (Exhibit 16-H)⁴
 - h. Notice of Materials to be Used - Form HC-30 (3/81) (Exhibit 16-I)⁴
 - i. Notice of Materials to be Furnished - Form MR-0608 (Old: TL-608) (Exhibit 16-J)⁴
 - j. Notice of Materials to be Inspected - Form MR-0028 (Old: TL-28) (Exhibit 16-M)⁴
 - k. Report of Inspection of Material - Form TL-29 (REV. 2-80) (Exhibit 16-K)⁴
 - l. Field Laboratory Assistant Reports

¹ Material Data will vary according to the Local Agency's Quality Assurance Program (QAP). Items listed are required for the Caltrans QAP if adopted by the local agency.

² Used for NHS projects only.

² Note that these forms are not standard and vary by agency and manufacturer

- m. Certificates of Compliance¹
 - n. Material Testing Summary Log (as specified in Section 16.14, “Quality Assurance Program”)
- 5. Engineer’s Daily Reports
 - a. Resident engineer
 - b. Structure engineer
- 6. Contract Item Pay Quantity Documents
- 7. Contract Change Orders
- 8. Extra Work Reports
- 9. Progress Pay Estimates and Status of Funds
- 10. Labor Compliance and EEO records
- 11. Contractor’s Payrolls
- 12. Final Report
- 13. Materials Certificate
- 14. DBE Records

Other sections of this chapter explain the contents of the above listed file categories.

A large and complex local agency project usually requires a more detailed record-keeping system. The record-keeping system described in Caltrans *Construction Manual*, Section 3-01-1 is suggested for large projects. This chapter includes a standardized category system which helps the Resident Engineer and staff keep their files organized.

AVAILABILITY

All contract documentation and backup records shall be available at any time for inspection by Caltrans and FHWA reviewing personnel. Use of a uniform project record-keeping system, together with diligent maintenance of the system, greatly facilitates a process review and minimizes negative findings. Good records of all construction activities clearly demonstrate to all concerned that project supervision and control were attained on the project.

16.9 CONSTRUCTION RECORDS AND ACCOUNTING PROCEDURES

PROCEDURES

On “State Administered” projects, the procedures outlined in the State’s *Construction Manual* shall be followed. On “Locally Administered” projects, a similar accounting system should be used. The essential elements of the system are as follows:

¹ Note that these forms are not standard and vary by agency and manufacturer

1. It must contain a file of source documents supporting payments made to contractors. Source documents shall be any written record(s) prepared by the administering agency which clearly record:
 - To what specified portion of work it applies;
 - The necessary measurements and/or calculations by which the quantity is Determined; and
 - The name of the individual who made the determination.
2. The calculations on source documents are to be checked in accordance with good engineering practice and the name of the checker included thereon. Checking should be performed as soon as practicable, but in any event prior to payment of a final estimate. Quantities from source documents must be entered in the appropriate project records.
3. Weighmaster certificates are source documents and must be validated by a representative of the administering agency at the point of delivery.
4. It should contain a separate item sheet for each contract item and each other appropriate accounting category such as; adjustments of compensation; extra work payments; payments for materials not yet incorporated into the work; and deductions.
5. It should contain a contingency balance and anticipated changes sheet, on which the current estimated probable final cost of the work is recorded.
6. It must provide for retention of the records in accordance with the local agency-State Agreement. This agreement requires that records be retained by the local agency for a period of three years from the date of final payment under the project program supplement.

Progress Estimates must be prepared and a copy submitted to the Caltrans Accounting Service Center Attention: Local Programs Accounting Branch with each invoice requesting reimbursement. The local agency may use its own format. The Progress Estimate shall be used as part of the back-up for the invoice shown as Exhibit 16-L.

Chapter III, Section 3-02, of the Caltrans *Construction Manual* is a good reference document to assist local agencies in organizing their accounting system for a typical federal-aid project.

16.10 SAFETY PROVISIONS

INTRODUCTION

This section applies to all federal-aid projects.

Federal and State laws have established occupational safety and health standards with which all employers must comply. These laws basically require an employer to provide a safe place of employment; i.e., one that is reasonably free from danger to life, or health.

PROCEDURES

The contractor shall be required under the contract specifications to comply with

safety rules and regulations (see the FHWA Form 1273 section titled "Safety - Accident Prevention"). The "Construction Safety Orders" of the California Division of Industrial Safety apply to all federal-aid contracts.

In administering this part of the contract, the engineer is required to see that the contractor properly provides for the safety of the workmen. **Under no circumstances should the contractor be instructed orally or in writing on how to correct a deficiency.** The unsafe condition should simply be identified as well as the specific regulation involved if it is known. In carrying out the responsibilities of assuring safety compliance as a contract requirement, the following guidelines shall be used:

1. **Imminent Hazard** -- These are conditions that, if not corrected, would likely result in an accident causing severe or permanently disabling injury, or death.

When an imminent hazard is found to exist or when the Contractor permits repeated occurrences of a hazardous condition the Resident Engineer should take the following steps:

1. Advise the Contractor verbally of the condition and the need for immediate correction.
2. Remove all employees from the hazardous exposure.
3. Have the Contractor remove all personnel not necessary to make the corrections. Complete all necessary abatement actions.
4. If the Contractor complies, document the incident in the contract's Safety Diary with appropriate references in the Resident Engineer's Diary.
5. If the Contractor does not comply, shut-down the affected operation(s). Document the condition(s) and your order in writing.

Whenever it is necessary to shut-down a Contractor's operation the Local Agency Construction Safety Coordinator and the Division of Occupational Safety and Health should be notified of the hazardous condition and the actions taken. Diaries giving all details leading up to the suspension and copies of orders by the Resident Engineer and/or the Division of Occupational Safety and Health shall be maintained in the contract files (Category 6 if Caltrans' filing system is used).

2. **Dangerous Conditions (Serious Hazards)** -- These are conditions that do not present an immediate danger to workers, but if not corrected could result in a disabling injury and possibly death, or could develop into an imminent hazard.

When a dangerous condition (sometime referred to as a Serious Hazard) is found to exist the Resident Engineer should take the following steps:

1. Advise the Contractor verbally of the condition and the need for timely correction. If appropriate, set a compliance deadline.
2. Remove State and Consultant employees from the hazardous exposure.
3. If the Contractor complies, document the incident in the contract's Safety Diary with appropriate references in the Resident Engineer's Diary.

NON -NHS PROJECTS

For federal-aid projects off the National Highway System, local agencies may adopt their own Quality Assurance Program used for transportation projects not utilizing federal-aid funds, or adopt the Caltrans QAP described in this section. Caltrans will not process a Request for Authorization for Construction without verification of an adopted QAP.

For local agencies that adopt the Caltrans QAP procedures the following shall apply:

- Caltrans will not certify the local agency's (or their consultants') laboratory or acceptance testers unless the local agency is also administering a project on the NHS or State Highway System at the same time.
- If the local agency's QAP includes IAST as required for NHS projects, Caltrans will not conduct the testing unless the local agency is also administering a project on the NHS or State Highway System at the same time. The local agency shall either conduct the testing or contract out with a consultant that meets local agency requirements.
- Acceptance of manufactured and prefabricated structural materials shall be based on either a Certificate of Compliance and/or source inspection by the local agency or a qualified consultant. If the administering agency cannot perform the source inspection and qualified consultants are not available, the agency may request that Caltrans conduct the inspections on a reimbursed basis (see "Source Inspection" in this chapter for details on requesting Caltrans' services).

For local agencies that do not adopt Caltrans QAP, they shall develop their own QAP that includes as a minimum:

- Acceptance Testing - procedures for regular testing of materials entering a construction project to verify that the materials, or products, comply with contract specifications or standards
- Independent Assurance Sampling and Testing - procedures to verify that acceptance testing is being performed correctly by:
 - a) Verifying that equipment used for acceptance testing is properly calibrated and in good working condition.
 - b) Witnessing sampling and testing by the Acceptance Tester.
 - c) Splitting material samples and comparing the test results between the Acceptance Tester and Independent Assurance Sampler and Tester.
- Testing of Manufactured Materials - procedures for inspecting, accepting and testing of manufactures and prefabricated materials either by source inspection, job site inspection, or certificate of compliance

Whatever QAP the local agency chooses for projects off the NHS, the program decided upon shall be documented and approved by the Public Works Director. A non-registered Public Works Director must delegate the approval to the City/County Engineer if such individual is appropriately registered. If the City/County Engineer is not registered, the delegation can be made to the highest level engineer in the agency who is. Copies of the approved quality assurance program shall be kept on file and available for State review.

If the local agency chooses to follow the Caltrans QAP it must perform its own IAST. Caltrans will not provide IAST service for personnel and equipment being used only on Non-NHS projects. It is the local agency's responsibility to perform IAST with its own staff, or hire a consultant determined qualified by the local agency.

NHS PROJECTS

It is Caltrans' responsibility to have a Quality Assurance Program (QAP) for use on both State highway and local street and road federal-aid construction projects. The QAP described in this section meets the requirements of the Federal Highway Administration (FHWA) for local agency projects. **Local agencies must follow the QAP procedures described in this section for all projects on the NHS.**

The Caltrans QAP requires IAST as a check on the reliability of sampling and testing performed during acceptance testing. The independent assurance sampling and testing is not to be used for determining quality and acceptability of material incorporated into the job. Such tests are used only for the purpose of determining the reliability of testing personnel, procedures used, and calibration of testing equipment. When the local agency elects to use ASTM test methods, it is Caltrans' responsibility to perform necessary IAST with its own ASTM proficient staff and equipment, or hire a qualified consultant to perform the ASTM IAST.

GENERAL PROCEDURES

Local projects covered by a cooperative agreement may be administered by the State. All material sampling and testing required for State-administered cooperative projects is performed as described in Chapter 6 of the Caltrans *Construction Manual* and the *Quality Assurance Program Manual*. Local projects typically are administered by the local agency. Materials sampling and testing for these projects must use the procedures described in this manual.

NHS PROJECTS

Correlation Testing Program

Testing and inspection of materials that cannot be adequately performed by the awarding local agency must be arranged for in advance of advertising a project. Testing options are permitted provided the laboratory utilized is a participant in a correlation testing program approved by the Caltrans Office of Materials Engineering and Testing Services. Three correlation testing programs approved by Caltrans are:

- The AASHTO Materials Reference Laboratory (AMRL)
- Cement and Concrete Reference Laboratory (CCRL)
- Caltrans' own Reference Samples Program (RSP)

These correlation testing programs conform to the FHWA requirement that each State Transportation Agency must participate in an approved laboratory inspection and comparative sample testing program. All laboratories which use Caltrans' test methods must participate in the Caltrans Reference Sample Program. Those laboratories which do not use Caltrans' test methods may participate in the AMRL and CCRL programs to fulfill correlation testing program requirements.

FEDERAL REPORT OF EXPENDITURES CHECKLIST

Federal-aid Project Number: _____

Project Name: _____

Project Location: _____

- ☐ Final Inspection of Federal-aid Project (See Exhibit 17-B for FHWA Full Oversight projects) or Local Agency Final Inspection Form (See Exhibit 17-C for State-Authorized projects)
- ☐ Final Invoice (See Exhibit 17-D)
- ☐ Final Detail Estimate and Detail Estimate Summary (See Exhibit 15-M)
- ☐ Change Order Summary (See Exhibit 17-E)
- ☐ Statement of the existence or absence of liquidated damages and/or contractor's claims (See Exhibit 17-E)
- ☐ Date of completion: _____
- ☐ Date of acceptance: _____
- ☐ Final Report- Utilization of Disadvantaged Business Enterprise(DBE), First-Tier Subcontractors (See Exhibit 17-F)
- ☐ Materials Certificate (Exhibit 17-G)
- ☐ Statement of Materials and Labor Used by Contractors Involving Federal Funds, FHWA Form-47 (See Exhibit 17-H) (for all NHS projects > \$1.0 million, except for force account, installation of protective devices and railroad grade crossings, or highway beautification)
- ☐ * Report of Completion of Structure (two copies) (*Shall include one set of "As Built" Plans*)(See Exhibit 17-I and Exhibit 17-J)
- ☐ Disadvantaged Business Enterprises (DBE) Certification Status Change (Exhibit 17-O)

Note: A single submittal of all these documents will facilitate timely project closure.

* Additional documents required on bridge/major structural project or projects which meet specified conditions (described under **Reports at Completion of Contract**). Send Original copy to structures

Distribution (All projects): (1) Original Report of Expenditures
(2) Local Agency project files

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EXHIBIT 17-G MATERIALS CERTIFICATE

Materials CertificateCITY/COUNTY LETTERHEAD
(Sample)Date: _____
Federal-Aid Project No.: _____
Caltrans File Category 61: _____
Job Stamp _____

Subject: Materials Certification

This is to certify that:

The results of the tests on acceptance samples indicate that the materials incorporated in the construction work and the construction operations controlled by sampling and testing were in conformity with the approved plans and specifications.

☐

Exceptions to the plans and specifications are explained on the back of this memorandum (or on attached sheet).

☐

No exceptions to the plans and specifications were found.

Signature of local agency engineer in responsible charge of project and title

Distribution: (*For all projects*) 1) Local agency Project Files (original)
2) DLAE (1 copy in Report of Expenditures)
(*For projects on the NHS*) 3) FHWA (1 copy)

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[illegible]

RE = Relocated and/or Reconstructed roads
OR = Other roads - connections, cul-de-sacs
MC = Mileage correction

LPP 05-04

**Department of Transportation
Mileage of Maintained County Roads
Certified to State Controller
February 28, 2009**

COUNTY	NET CHANGE FROM LAST REPORT	TOTAL	COUNTY ^{ccc}	NET CHANGE FROM LAST REPORT	TOTAL
Alameda		495.39	Placer		1052.75
Alpine		134.96	Plumas		678.96
Amador		410.84	Riverside		2671.26
Butte		1293.87	Sacramento		2194.40
Calaveras		689.22	San Benito		383.63
Colusa		716.75	San Bernardino		2774.07
Contra Costa		659.84	San Diego		1921.25
Del Norte		300.88	San Francisco		930.75
El Dorado		1075.19	San Joaquin		1672.32
Fresno		3563.16	San Luis Obispo		1321.49
Glenn		863.19	San Mateo		313.12
Humboldt		1205.06	Santa Barbara		892.68
Imperial		2561.46	Santa Clara		684.10
Inyo		1133.10	Santa Cruz		602.94
Kern		3327.67	Shasta		1191.19
Kings		946.10	Sierra		391.18
Lake		612.36	Siskiyou		1361.34
Lassen		878.87	Solano		586.95
Los Angeles		3212.54 ^{cccc}	Sonoma		1384.62
Madera		1532.06	Stanislaus		1545.37
Martin		419.82	Sutter		786.69
Mariposa		560.41	Tehama		1089.38
Mendocino		1018.92	Trinity		692.30
Merced		1726.96	Tulare		3046.33
Modoc		988.29	Tuolumne		607.16
Mono		684.42	Ventura		547.69
Monterey		1242.60	Yolo		795.10
Napa		445.01	Yuba		658.07 ^{cccc}
Nevada		560.79			
Orange		316.51	Grand Total		66353.33

Distribution: 1) Local Agency
2) DLAE file
3) HPMS Branch HQ Caltrans
4) State Controller

CHAPTER 1 INTRODUCTION/OVERVIEW

1.1 PURPOSE

The purpose of the *Local Assistance Program Guidelines* (LAPG) is to provide local project sponsors with a complete description of the federal and state programs available for financing local public transportation-related facilities. Each program is discussed in detail in the following chapters and addresses such topics as: project eligibility, project selection process, funding levels, key decision-makers, significant dates, relevant statutory references and related publications.

With the 1997 State enactment of Senate Bill 45 (SB 45), the enactment of the 1998 federal “Transportation Equity Act for the 21st Century” (TEA-21), superseded by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), new programs and increased funding levels have become available for local transportation projects.

Exhibit 1-A State & Federal Programs Available for Local Transportation Projects, illustrates the various federal and state programs available for financing local transportation projects and the typical annual funding level for each of the programs. Note that state program funding levels are subject to inclusion in the annual state budget approved by the Governor.

Exhibit 1-B, Local Assistance Programs, lists the various federal and state programs available for financing local transportation projects and includes a brief discussion of the programs and the eligible uses of the funds.

1.2 BACKGROUND

On September 12, 1997, the Governor signed SB 45, making substantial changes in the State’s transportation programming process.

SB 45 was enacted with the following basic objectives:

(SB 45 amended, added, and repealed sections 14523-55 and 65071-86 of the Governmental Code, 99310-18 of the Public Utilities Code, and 163-7, 188, 199 and 2600-02 of the Streets and Highways Code.)

- Preserve the basic planning and programming process, avoid legislative budgeting of projects, while changing the State Transportation Improvement Program (STIP) from a project delivery document to a resource management document.
- Transfer transportation decision-making responsibility to those who are closest to the problem.
- Eliminate artificial constraints and barriers to programming.
- Place state highways, local roads and transit projects on equal footing for access to support costs.
- Recognize the Caltrans role as owner-operator of the State Highway System (SHS), while removing Caltrans from lead responsibility for resolving urban congestion problems created largely by local decisions.
- Provide incentives for regional accountability for the timely use of funds.
- Retain the California Transportation Commission (CTC) role as guardian of state capital dollars, with responsibility for determining how best to manage those dollars in a wise and cost-effective manner.

In June 9, 1998, the President signed TEA-21 authorizing highway, highway safety, and other surface transportation programs for the next six years, which significantly increased federal funding

authorizations for state and local highways, and mass transportation. Federal funds allocated to California and available for state, local, and mass transportation projects were increased to approximately \$2.5 billion annually.

SAFETEA-LU signed into law by President George W. Bush on August 10, 2005, guaranteed funding for highways, highway safety, and public transportation totaling to \$244.1 billion for the five-year period 2005-2009. SAFETEA-LU promotes more efficient and effective federal surface transportation programs by focusing on transportation issues of national significance, while giving state and local transportation decision-makers more flexibility for solving transportation problems in the communities.

The types of projects and activities now eligible for federal funding provide state and local governments with unprecedented flexibility in developing a mix of highway, transit and other alternatives to address statewide, regional and local transportation needs.

The CTC intends to carry out these objectives through its guidelines, stressing accountability and flexibility.

1.3 ROLES OF THE LOCAL AND REGIONAL AGENCIES

Cities, counties, Metropolitan Planning Organizations (MPOs), Regional Transportation Planning Agencies (RTPAs), and other authorities work independently as well as with Caltrans in the development of long and short-range improvement plans. The role of local communities in the design of transportation improvement programs and selection of projects has continued to expand through the enactment of ISTEA, TEA-21, SB 45, and SAFETEA-LU. Transportation planning begins at the city and county level with the inclusion in their “General Plan” of a transportation (circulation) element. One key in local decisions is land use. The transportation elements developed in a local General Plan are incorporated along with air, water, congestion and environmental concerns into planning and programming documents developed by RTPAs and Metropolitan Planning Organizations (MPOs). Exhibit 1-C, MPO RTPA Map, is a map showing the location of MPOs and RTPAs in the state.

Transportation planning begins at the city and county level with the inclusion of a transportation element in a local “General Plan.” The transportation elements developed in a General Plan are incorporated along with other concerns into planning and programming documents that RTPAs and MPOs develop.

The CTC is responsible for the programming and allocating of funds for the construction of highway, passenger rail and transit improvements throughout California. The CTC also advises and assists the Secretary of Business, Transportation and Housing Agency and the Legislature in formulating and evaluating state policies and plans for California’s transportation programs. The Commission is also an active participant in the initiation and development of State and federal legislation that seeks to secure financial stability for the State’s transportation needs.

Various local agency specialty plans (e.g. air, water, land use, and congestion) influence and are incorporated (as needed) into the Regional Transportation Plan (RTP). An RTP is a 20-year transportation plan that describes policies, strategies, needs and goals. An RTP presents the local area’s vision for local multimodal transportation systems. RTPs are required by state and federal law. Caltrans cooperates in the development of the regional documents by providing expertise and information. RTPs must be consistent with Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) planning regulations. These regulations impose conditions for receiving federal-aid funds that require each urbanized area to have a continuing, comprehensive and coordinated transportation planning process that results in RTPs and Federal Transportation Improvement Programs (FTIP) consistent with planned development of the area.

Key documents in transportation planning and programming are defined below. Also shown are an outline of roles and a flowchart overview of the planning and programming process. For more details, go to the Transportation Programming Web site at: www.dot.ca.gov/hq/transprog/ and also refer to Chapter 23, “Local Agency State Transportation Improvement Program (STIP) Projects,” of the Local Assistance Program Guidelines (LAPG).

RTIP: The Regional Transportation Improvement Program (RTIP) is the RTPA’s share of the state STIP and must be consistent with the RTP. Updated every two years, the RTIP is a five-year program identifying projects based on funding availability from the STIP fund estimate. Upon adoption by the RTPA, the RTIP is submitted to Caltrans for approval and incorporation into the STIP.

STIP: The State Transportation Improvement Program (STIP) is a five-year capital improvement program of transportation projects, on and off the State Highway System (SHS), with a 2-year project list amendment, funded with revenues from the State Highway Account (SHA) as well as other funding sources.

FTIP: Each of California’s 18 MPOs prepares a Federal Transportation Improvement Programs (FTIP) that includes a four-year priority list of highway and transit projects that are federally funded or are of regional significance. FTIPs also include federally funded capital improvements to the regions’ transit systems along with associated federal operating assistance programs.

FSTIP: Prepared by Caltrans in cooperation with the MPOs and RTPAs, the Federal Statewide Transportation Improvement Program (FSTIP) is a four-year statewide intermodal transportation program that contains all projects in California that are federally funded or regionally significant.

Local — Cities, Counties & Other Agencies:

- Cities and counties set land-use policy and nominate transportation projects for funding by the RTPA.
- Transit agencies, such as Bay Area Rapid Transit (BART) and Los Angeles County Metropolitan Transportation Agency (LACMTA), nominate projects for funding and deliver transportation services and improvements.
- Environmental agencies at the local, State, and federal level review transportation projects and issue permits to ensure transportation improvements comply with environmental law.

Regional — Metropolitan Planning Organization (MPO)

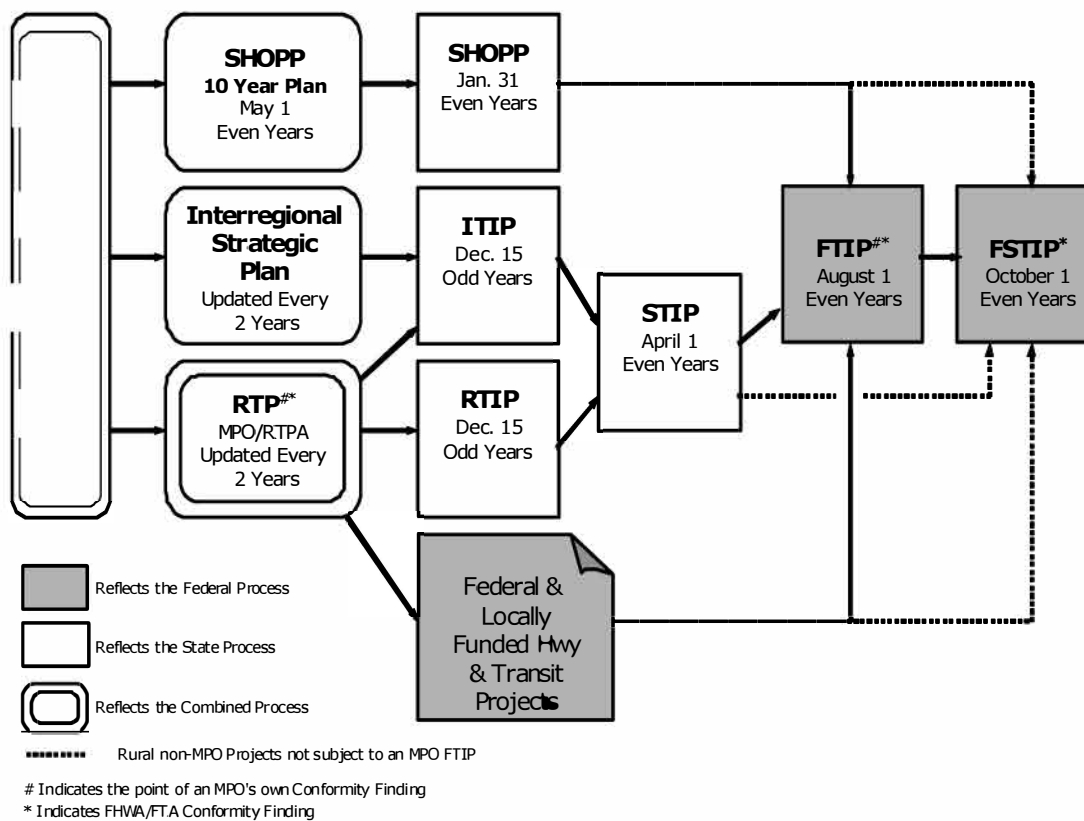
- Currently there are 18 MPOs in California.
- Prepares the 20-year RTP and selects projects.
- The Governor designates an MPO in every urbanized area with a population over 50,000 as defined by US Census.
- Federally required planning bodies, typically, the same as an urban region’s RTPA.

Regional — Regional Transportation Planning Agency (RTPA)

- Includes 48 agencies formed by special legislation, council/association of governments, and local transportation commissions.
- Administers State funds and allocates federal and local funds to projects.
- Selects projects for the Regional Transportation Improvement Program (RTIP) in the STIP.

PROCESS FLOWCHART

FEDERAL/STATE PLANNING & PROGRAMMING PROCESS



Transportation Programming
September 2000

For more information, go to Transportation Programming Web site at: www.dot.ca.gov/hq/transprog/

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1.4 FEDERAL PROGRAMS

The three major funding categories for local assistance projects are: the National Highway System (NHS), the Surface Transportation Program (STP) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ).

NHS funds, typically restricted to projects located on the NHS, are programmed for local projects through the STP. See Exhibit 3-A, California Local Routes on the National Highway System, of this manual for a complete listing of local routes on the NHS.

STP funds may be used on any public road except those functionally classified as local roads or rural minor collectors. These roads are collectively referred to as federal-aid roads (or highways). The exception to the functional classification criteria is that bridge, safety, carpool related, and bicycle/pedestrian projects may be located on any road. SAFETEA-LU allows a portion of the STP funds for rural areas to be used on rural minor collectors (see Chapter 4, “Surface Transportation Program (STP),” of this manual).

The CMAQ program provides a flexible funding source for transportation projects and programs that help meet the requirements of the Clean Air Act. Eligible activities include transit improvements, travel demand management strategies, traffic flow improvements, and fleet conversions to cleaner fuels, among others. Funding is available for areas that do not meet the National Ambient Air Quality Standards (non-attainment area), as well as former non-attainment areas that are now in compliance (maintenance areas) (see Chapter 5, “Congestion Mitigation and Air Quality (CMAQ),” of this manual).

Other funding categories for local assistance projects are described below.

The Highway Bridge Program (HBP) provides federal funds for bridgework on and off federal-aid highways. The purpose of this program is to help fund major reconstruction and replacement bridge projects. (see Chapter 6, “Highway Bridge Replacement and Rehabilitation (HBRR),” of this manual).

Ten percent of the STP apportionment authorized by SAFETEA-LU is reserved for Safety Programs: Highway Safety Improvement Program (HSIP) (see Chapter 9, “Highway Safety Improvement Program (HSIP)” and Chapter 24, “Federal Safe Routes to School,” of this manual).

Another ten percent of the STP apportionment is reserved for Transportation Enhancements (TE). This reservation is used for projects directly related to surface transportation that are over and above normal and mitigation work, and are within the twelve categories in federal statute (see Chapter 8, “Transportation Enhancements (TE),” of this manual).

Emergency Relief funds are used for the reconstruction of roads, streets, and bridges on federal-aid highways that are damaged by floods, earthquakes, hurricanes or other catastrophes. These funds become available when the damage is extensive and an emergency is formally declared by the Governor and approved by the Federal Highway Administration (FHWA) (see Chapter 11, “Disaster Assistance,” of this manual).

Minor federal programs, including the Public Lands Highways (PLH), Scenic Byways, High Priority Projects (name changed under TEA-21 from Demonstration projects), and Intelligent Transportation System (ITS) programs are discussed in Chapter 12, “Other Federal Programs,” of this manual.

1.5 STATE PROGRAMS

SB 45 terminated three state funded local assistance programs:

- State & Local Transportation Partnership Program (SLTPP or Partnership Program)
- Flexible Congestion Relief (FCR)
- Traffic System Management Program (TSM)

State funds that were available for local agencies under SLTPP, FCR and TSM are now available for local agencies under the STIP program. Also, old state STIP funds and new TEA-21 funds allocated to the state are available for local agencies. Locally sponsored transportation projects receiving STIP funding may receive either state funds, or federal funds with a state funded match.

Article XIX of the California Constitution permits the use of state revenues in the SHA only for state highways, local roads and fixed guide way facilities. This means, for example, that rail rolling stock and buses may be funded only from the federal revenues in the SHA. For such projects, the nonfederal match will have to be provided from a non-STIP source (see Chapter 23, “Local Agency STIP Projects,” of this manual).

Other state programs available for locally sponsored transportation projects include:

- Environmental Enhancement and Mitigation Program
- Bicycle Transportation Account

The Optional Exchange program provides for qualifying RTPAs and counties to exchange their annual apportionment of Regional Surface Transportation Program (RSTP) funds and regional TE funds for state cash. The State Match program provides state funds to match federal RSTP funds. Exchange and Match funds are not tied to federal requirements, but instead must comply with Article XIX of the State Constitution (see Chapter 8, “Transportation Enhancements” and Chapter 18, “Optional Federal Exchange and State Match Programs,” of this manual).

The Grade Separation Program provides state funds for the: 1) construction, reconstruction and alteration of grade separations to eliminate proposed or existing grade crossings, and 2) the removal or relocation of highways or railroad tracks to eliminate grade crossings (see Chapter 19, “Grade Separation,” of this manual).

The Environmental Enhancement and Mitigation (EEM) program provides state funds for the transportation project to mitigate the environmental impacts of new or modified public transportation projects above and beyond that required by the environmental document (see Chapter 20, “Environmental Enhancement and Mitigation (EEM),” of this manual).

The Bicycle Transportation Account (BTA) provides funds to cities and counties for projects that improve safety and convenience for bicycle commuters (see Chapter 21, “Bicycle Transportation Account,” of this manual).

The Safe Routes to Schools (SR2S) program provides funds to local governmental agencies based on the results of a statewide competition that requires submission of proposals for funding and rates those proposals on all of the following factors:

1. Demonstrated needs of the applicant.
2. Potential for reducing child injuries and fatalities.
3. Potential for encouraging increased walking and bicycling among students.
4. Identification of safety hazards.

5. Identification of current and potential walking and bicycling routes to school.
6. Consultation and support for projects by school-based associations, local traffic engineers, local elected officials, law enforcement agencies, and school officials.

(See Chapter 24, “Federal Safe Routes to School,” of this manual.)

For further information about both federal and state programs contact the District Local Assistance Engineer (DLAE) for your area shown in Exhibit 1-D Caltrans District Local Assistance Offices.

1.6 REFERENCES

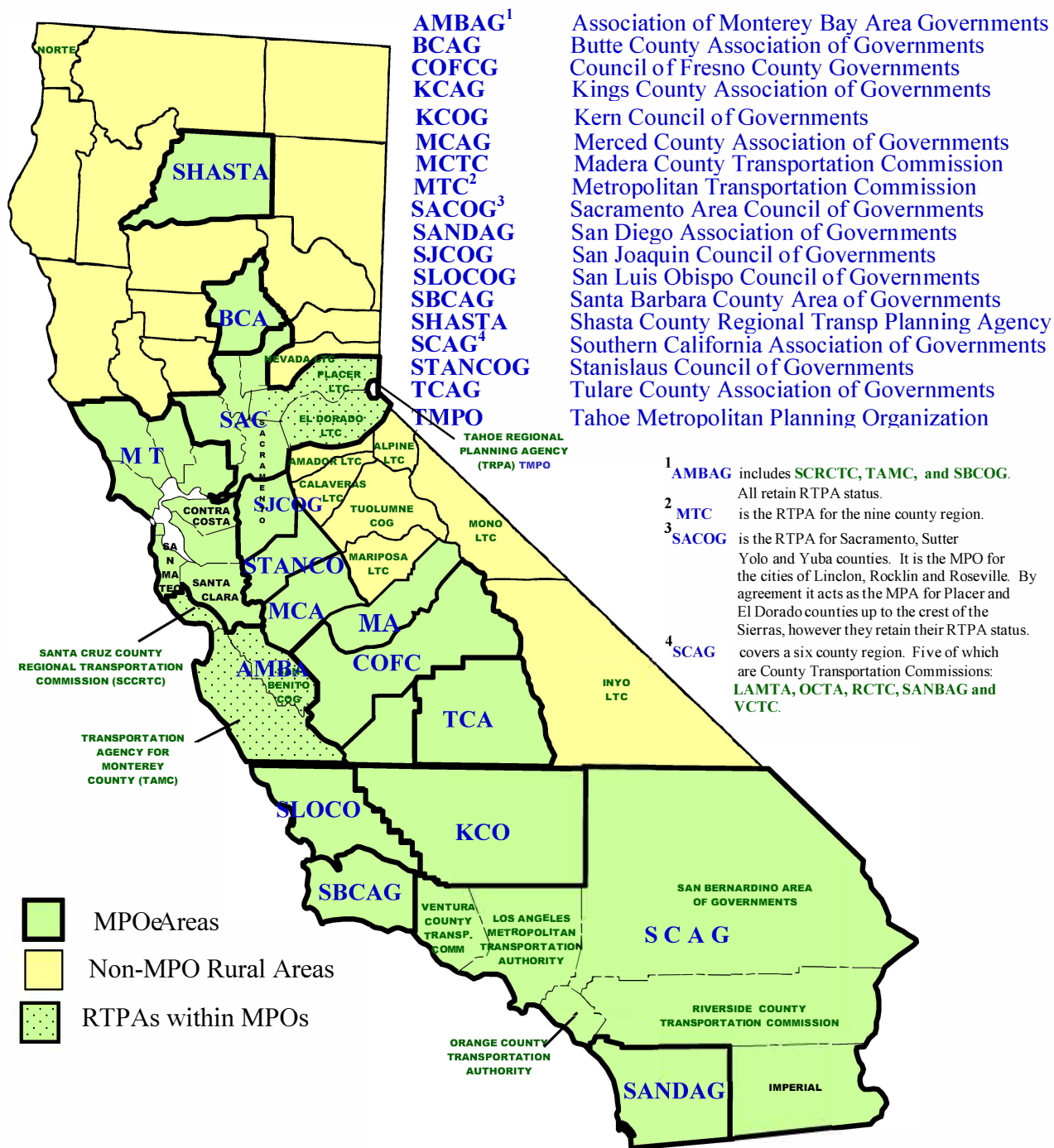
- “*A Summary – Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)*” FHWA August 25, 2005”-
- California Transportation Commission – “*2006 STIP Guides*, ”
- “*Statutes Relating to the Programming and Funding of Transportation Projects*,” May 2006 State of California, Department of Transportation, Division of Transportation Programming
- SAFETEA-LU Web site: <http://www.fhwa.dot.gov/safetealu/index.htm>

CALIFORNIA

METROPOLITAN PLANNING ORGANIZATIONS (MPOs)

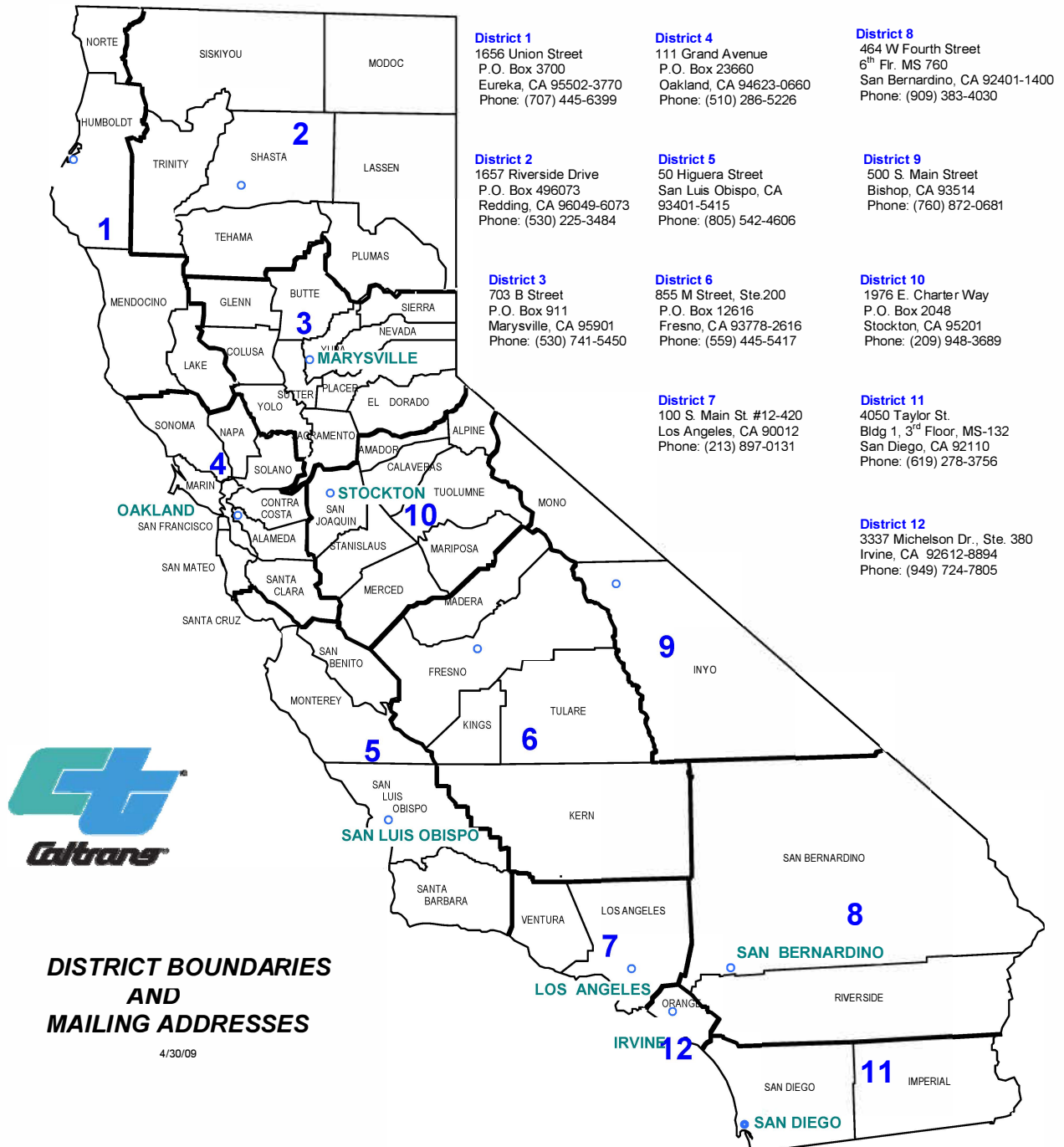
and

Regional Transportation Planning Agencies (RTPAs)



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CALTRANS DISTRICT LOCAL ASSISTANCE



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PROJECT INCLUSION IN THE FTIP/FSTIP AND APPROVED ELIGIBILITY LISTS

All projects, except Emergency Relief (ER), must be included in a Federal Statewide Transportation Improvement Program (FSTIP) before work can be authorized and initiated. ER projects must be included in the FTIP/FSTIP only if they involve substantial functional, location or capacity changes. Local agencies are responsible for ensuring that their project is programmed correctly with an FTIP prior to requesting authorization to proceed for that project. For additional information on FTIP/FSTIP, see Chapter 1, “Introduction/Overview,” of this manual.

To provide local agencies with the increased flexibility in handling projects, expedite project delivery, and reduce paperwork, certain categories of projects (see Exhibit 2-A, “Transportation Improvement Program (TIP) Exempt Projects” - “Table 1”) may be excluded from project-specific listing in Metropolitan Transportation Plans and TIPs. This exemption does not apply to Table 1 projects; if the MPO in consultation with other state and federal agencies under the interagency consultation requirements concurs that the project has potentially adverse emissions impacts for any reason.

Funding for Table 1 projects still must be listed in TIPs to meet the programming requirements under SAFETEA-LU, but that requirement may be fulfilled by an appropriate grouped project listing. For more information on lump sum listings, see the Transportation Programming Web site at www.dot.ca.gov/hq/transprog/fedpgm.htm, under “Grouped Project Listing.”

Additional regulation allows certain types of regional transportation projects to be exempted from regional emissions analyses. These project types are listed in Exhibit 2-A, “TIP Exempt Projects” - “Table 2.” The local effects of these projects with respect to carbon monoxide (CO) or particulate matter (PM10) concentrations must be considered to determine if hotspot analysis is required prior to making a project-level conformity determination (see Chapter 5, “CMAQ,” of this manual). If a local agency determines a hot-spot analysis is not required, the local agencies can then proceed with the project development process and place those eligible projects for exemption under the appropriate lump sum listing. However, the exemption clause does not apply to those projects when the MPO, in consultation with other state and federal agencies under the interagency consultation conformity requirements, concurs that the project has potentially adverse emissions impacts for any reason. In addition, the following projects must also be included on the approved multi-year program lists:

- Grade Crossing Improvement funds - California Public Utilities Commission (CPUC) approved list (see Division of Rail, Rail Crossing Safety and Track Branch for more information)
- Highway Bridge Program (HBP) funds - Caltrans approved list (see Chapter 6, “HBRR,” of this manual)
- Highway Safety Improvement Program (HSIP) funds - Caltrans approved list (see Chapter 9, “HSIP,” of this manual)
- Safe Routes to School (SRTS) – California Highway Patrol and Caltrans approved list (see Chapter 24, “Federal Safe Routes to School,” of this manual)

These multi-year program lists (or plans) are explained in detail in the appropriate chapters of this manual. The multi-year program lists may be downloaded from the DLA Web site.

AUTHORIZATION TO PROCEED

Prior to beginning reimbursable work on a federal-aid project, an “Authorization to Proceed” (E-76) (see Chapter 3, “Project Authorization,” of the LAPM) must be granted by the FHWA or Caltrans (per Stewardship Agreements), which authorizes reimbursement with federal funds. Any work performed prior to such authorization is not eligible for federal participation. The project shall not be advertised prior to authorization of construction phase. The obligation of funds for all federal-aid projects is performed by the FHWA.

“Authorization to Proceed” is required for each phase of work for which federal reimbursement is sought. These include preliminary engineering, right of way, utility relocation and construction, and construction engineering (concurrent phase authorization is permissible). However, right of way and construction cannot be authorized without NEPA approval. “Authorization to Proceed” may also be granted for a portion of a work phase, (e.g., utility work may be authorized as part of the right of way phase). Within a phase of work, the work for partial approval must be at logical break points as agreed to by Caltrans or the FHWA, based on task accomplishments and not a period of time. The work tasks must be specifically attributable to the development of the project.

For declared emergencies approved by the FHWA for Emergency Relief funding, emergency repair work (to open public roads to traffic) and preliminary engineering work may be initiated without prior authorization. Restoration work requires prior authorization. Provide documentation necessary to prepare the Disaster Assessment Form (see Chapter 11, “Disaster Assistance,” of this manual).

For highway related projects, detailed procedures for obtaining federal authorization to proceed and obligating federal funds are contained in Chapter 3, “Project Authorization,” of the LAPM.

SAFETEA-LU funds made available for public transit projects, which are typically administered by the Federal Transit Administration (FTA), must be transferred to the jurisdiction of the FTA. The procedures for transferring federal funds and administrative responsibility from the FHWA to the FTA are also discussed in Chapter 3, “Project Authorization,” of the LAPM.

PROGRAM SUPPLEMENT AGREEMENT

A Program Supplement Agreement between the state and local agency must be executed prior to the reimbursement of federal funds for each project. This agreement is a supplement to the above referenced Local Agency-State Master Agreement and addresses project specific financial responsibilities (see Chapter 4, “Agreements,” of the LAPM).

Program Supplement Agreements will no longer display phases of work on the front page of the agreement. Instead, special covenants will be added to the project Program Supplement Agreement that allow funding for future phases of the project to be encumbered upon approval of the “Request for Authorization” of those phases. The DLA will prepare a Program Supplement Agreement upon receiving and approving the agency’s initial Request for Authorization, Finance Letter, and Agreement Checklist.

URBAN

The four functional systems for urban and urbanized areas are 1) principal arterials, 2) minor arterial streets, 3) collector streets, and 4) local streets.

- The urban principal arterial system of streets and highways serves the major centers of activity of a metropolitan area, the highest traffic volume corridors and the longest trip desires, and carry a high proportion of the total urban area travel on a minimum of mileage. The system is integrated, both internally and between major rural connections.

The principal arterial system carries the major portion of trips entering and leaving the urban area, as well as the majority of through movements desiring to bypass the central city. In addition, significant intra-area travels, such as between central business districts and outlying residential areas, between major inner city communities, or between major suburban centers, are served by this system. Frequently, the principal arterial system will carry important intra-urban as well as intercity bus routes. Finally, this system in small urban and urbanized areas provides continuity for all rural arterials which intercept the urban boundary.

- The urban minor arterial street system interconnects with and augments the urban principal arterial system and provides service to trips of moderate length and a somewhat lower level of travel mobility than principal arterials. This system also distributes travel to geographic areas smaller than those identified with the higher system.

The urban minor arterial street system includes all arterials not classified as principal arterials and contains facilities that place more emphasis on land access than the higher system, and offer a lower level of traffic mobility. Such facilities may carry local bus routes and provide intra-community continuity, but ideally should not penetrate identifiable neighborhoods. This system includes urban connections to rural collector roads where such connections have not been classified as urban principal arterials.

- The urban collector street system provides both land-access service and traffic circulation within residential neighborhoods, commercial and industrial areas. It differs from the arterial system in that facilities on the collector system may penetrate residential neighborhoods, distributing trips from the arterials through the area to the ultimate destination. Conversely, the collector street also collects traffic from local streets in residential neighborhoods and channels it into the arterial system. In the central business district and in other areas of like development and traffic density, the collector system may include the street grid which forms a logical entity for traffic circulation.
- The urban local street (local roads) system comprises all facilities not on one of the higher systems. It serves primarily to provide direct access to abutting land and access to the higher systems. It offers the lowest level of mobility and usually contains no bus routes. Service to through traffic movement usually is deliberately discouraged.

RURAL

Rural functional classes are in the areas outside of urban areas. These areas include many small towns that have a population less than 5,000. The classes are similar to the urban functional classes. The differences in the nature and intensity of development between rural and urban areas cause these systems to have characteristics that are somewhat different from the correspondingly named urban systems. Rural functional classes consist of: 1) principal arterials, 2) minor arterials, 3) major collectors, 4) minor collectors, and 5) local streets.

- The rural principal arterial system consists of a network of continuous routes that serve corridor movements with trip length and travel density characteristics indicative of substantial statewide or interstate travel. Rural principal arterials provide an integrated network without stub connections except where unusual geographic or traffic flow conditions dictate otherwise.
- The rural minor arterial system forms a network linking cities, larger towns, and other traffic generators, such as resort areas capable of attracting travel over similarly long distances. Minor arterials, spaced at intervals consistent with population density, ensure that all developed areas of the State are within a reasonable distance of an arterial highway.
- The rural major collector system serves the larger towns not directly served by arterials and other traffic generators of intra-county importance.
- Rural minor collectors are spaced at intervals consistent with population density, collect traffic from local roads and serve the remaining smaller communities.
- Rural local streets primarily provide access to adjacent land and provide service to travel over relatively short distances as compared to collectors or other higher systems.

CHANGES IN FUNCTIONAL CLASSIFICATION

Caltrans has the primary responsibility for determining anticipated functional usage, and initially developing and periodically updating the highway functional classification system.

Changes in functional classification must comply with the requirements described in the *Highway Functional Classification -- Concepts, Criteria and Procedures* manual published by the Federal Highway Administration (FHWA).

- City Streets - Each incorporated city is responsible for initiating requests to change the functional classification of city streets. City staff provides the necessary justification for the proposed classification change. The changes should be consistent with approved FHWA guidelines
- County Roads - Each county is responsible for initiating requests to change the functional classification of county roads. County staff provides the necessary justification for the proposed classification change. The changes should be consistent with the approved FHWA guidelines

- State Highways - Caltrans Districts are responsible for initiating requests to change the functional classification of State highways. District staff provides the necessary justification for the proposed classification change. The changes should be consistent with the approved FHWA guidelines.
- Changes to other facilities - Forest Service roads, State Park roads, Indian Reservation roads, etc. must be initiated by the affected agency that has jurisdiction over the facility. The staff of each agency provides the necessary justification for the proposed classification change. The Caltrans Districts would assist with any questions these agencies may have regarding the proposed functional classification changes.

Once a request is initiated by the responsible agency, it must be submitted to the appropriate Metropolitan Planning Organization (MPO) or Regional Transportation Planning Agency (RTPA) for concurrence. This requirement applies to all public roads (local, state and federal) for which a functional classification change is proposed.

When a MPO/RTPA proposes the change of functional classification of a public road, it must involve the appropriate entity with jurisdiction over the facility to ensure that recommendations are mutually acceptable.

All requests for change, along with all the justifications, are forwarded through the Caltrans Districts to the Headquarters Division of Transportation System Information (TSI) for evaluation and recommendation to FHWA. The Districts review all proposals and submit their independent recommendations to Headquarters TSI. TSI updates the (Functional Classification) maps and sends to FHWA for approval. The change becomes official on the date the FHWA signs the maps.

3.4 REFERENCES

- FHWA, Highway Functional Classification--Concepts, Criteria and Procedures, March, 1989 at: http://www.fhwa.dot.gov/planning/fcsec1_1.htm
- Title 23, Ch 1, Section 103 and Section 1006 of Publication 102-240
- 23 USC, section 130(b)(1)
- Division of TSI, Highway System Engineering Web site: <http://www.dot.ca.gov/hq/tsip/hseb/index.html>
- National Highway System Act of 1995
- SAFETEA-LU Web site: <http://www.fhwa.dot.gov/safetealu/index.htm>

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CHAPTER 13 FINANCING THE STATE FUNDED HIGHWAY PROGRAM

13.1 STATE BUDGET PROCESS

The State Budget process is a continuous operation carried out at various levels within the State of California. The process includes the development, review and adoption of the State's annual financial plan or budget. There are two major decision-making groups in the budget process: the Governor (Executive Branch), and the Legislature. Together, they determine what is or are not included in the budget. Separately, each plays a distinct role in the development and approval of the budget.

EXECUTIVE BRANCH

Article IV, Section 12, of the State Constitution requires the Governor to annually submit to the Legislature, by January 10, a budget for the upcoming fiscal year. The Governor assigns the responsibility for the preparation of the budget to the Director of the Department of Finance and his staff. The Department of Finance works with the various Agencies and Departments on the preparation of the Governor's Budget. The Agency's Secretaries, as a part of the Governor's Cabinet, are called upon to guide the Departments for which they have responsibility. The Departments, in turn, are responsible for the development of the budget for their program areas on behalf of the Governor. It is also the Departments' responsibility to administer and carry out the decisions made during the budget process.

LEGISLATURE

Article IV, Section 12, of the State Constitution requires the Legislature to adopt an annual budget. All funds under the custody of the State (this includes federal-aid funds) must be appropriated by the Legislature before they can be expended. The Legislature approaches its consideration of the Governor's Budget, as it does for all other legislation, as a representative body of the people of the State of California. Since the Government achieves most of its objectives through programs and activities funded by the budget, its review by the Legislature including input from the public, has direct impact upon State policy and may result in significant changes to existing program objectives and activities. The Legislature assigns the in-depth review of the Governor's Budget to the Legislative Analyst's Office which is a non-partisan staff to both Houses of the Legislature. The Legislative Analyst's Office makes recommendations to the Legislature after this review.

CTC

An additional decision-making body in directing transportation policy and programs is the California Transportation Commission (CTC). The CTC plays a dual role by providing input to the Legislature on the adequacy of the Department's Budget in meeting the State transportation objectives and goals, as well as participating in the administration of the budgeted funds for the Department. The primary responsibility for the CTC lies in its authority to allocate funds for all capital projects and local assistance funds which have been appropriated in the annual budget.

THE BUDGET PROCESS CALENDAR

<u>DATE</u>	<u>ACTIVITY</u>
May	1 Budget Guidelines Issued
June	2. Finance Budget Policies
April-June	3. District/Divisions Develop Budget Requests
June	4. Program Managers Formulate Issues
June-July	5. Budgets reviews Preliminary Budget Change Proposals (BCPs)
July-August	6. Director's Decision
September 15	7. Caltrans Proposed Budget to Business, Transportation & Housing Agency (BT&H) and Department of Finance
October-November	8. BT&H Agency hearings
November	9. Governor's Review
December 1	10. BCPs to Legislative Analyst
January 10	11. Governor's Budget - Budget Bill
February	12. CTC Response to Legislature
February	13. Legislative Analyst's Report
March-April	14. Response to Legislative Analyst Report
April	15. Budget Augmentation
March April	16. Supplemental Legislative Analyst Report
April-June	17. Legislative Review
June 30	18. Governor Signs Budget Bill

BUDGET TIMELINE

The following describes the major activities of the budget process:

1. Budget Guidelines Issued (May - 14 months prior to fiscal year)

Caltrans - Division of Budgets (Budgets) issues budget guidelines to the districts/divisions and the program managers/advisors.

2. Finance Budget Policies (June)

Various Budget Letters, price data, and schedules are issued by the Departments of Finance and General Services, and the State Controller, as part of the budget process.

3. Districts/Divisions Develop Budget Requests (April - June)

The focus of budget requests should be on transportation policy, emphasizing what is to be accomplished and how the objectives and goals of the Department are to be achieved. This process is a necessary step, as it is at the district/division level that the actual programs of the Department are carried out and needs are known.

The Division of Local Assistance (DLA) determines Local Assistance Capital Outlay Budget. The budget is an estimate of what the capital outlay requirements will be for each of the local assistance programs.

4. Program Managers/Advisors Formulate Issues (June)

The program managers assign review of budget requests to the appropriate Headquarters' functional program advisors. During their review, the program advisors must take into consideration the current program definitions to make sure that the changes requested are consistent with the stated definitions.

5. Preliminary BCPs (June - July)

The main purpose of this review is to ensure that the BCP is sound and, to the greatest extent possible, will survive the review of the Department of Finance and the Legislative Analyst's Office.

6. Director's Decisions (July - August)

The Director has the responsibility to decide which BCPs will be included in the Department's proposed budget for submittal to the Department of Finance and the BT&H Agency.

7. Departments Proposed Budget BT&H Agency and Department of Finance (September 15)

By September 15, the Department must submit its proposed budget to the BT&H Agency and to the Department of Finance. The proposed budget is structured by program rather than by district/division and is composed of two major parts: 1) Baseline, and 2) BCP

1) The Baseline Budget provides for current programs and activities at adjusted cost levels (Price Letter information) for current and budget years, but does not include any policy or program changes.

2) The BCPs are prepared in response to the Department's desire to change its programs or activities, or to increase or decrease its resources from the level in the Baseline Budget.

8. Agency Hearing (October - November)

During the months of October and November, the Secretary of the Agency, assisted by the Department of Finance, conducts meetings with representatives of the Department to review the Baseline Budget and BCPs.

9. Governor's Review (December)

The Secretary of the Agency with the Director of Finance, present to the Governor the BCPs which require Executive Office review.

10. BCPs to Legislate Analyst (December)

Copies of all BCPs included in the Governor's Budget are forwarded on December 15, to the Legislative Analyst's Office by the Department of Finance.

11. Governor's Budget/Budget Bill (January 10)

On January 10, the Governor submits to the Legislature a budget containing itemized statements of recommended sources and uses of resources for all Departments and activities in the State. This is the printed budget and is referred to as the Governor's Budget.

12. CTC Response to Legislature (February)

Chapter 1106, Statutes of 1977, (AB 402), requires the CTC to submit annually to the Legislature an evaluation of the Governor's Budget and the adequacy of resources available to the Department.

DLA reviews the proposed local assistance budget and provides input on the adequacy of the proposed budget to meet the needs of the local assistance program.

13. Legislative Analyst's Report (February)

The Legislative Analyst reviews the Governor's Budget and prepares its report, "Analysis of the Budget Bill," which is issued in February.

14. Response to Legislative Analyst's Report (March - April)

After the Legislative Analyst's Office issues its report, "Analysis of the Budget Bill," the Department prepares responses to the issues raised in the Report.

15. Budget Amendments (April)

When there is a need for adjustments to the Governor's Budget, the Department prepares a written request to the Department of Finance (called a Finance Letter). Agency and the Department of Finance reviews the requests and decides which requests, if any, should be sent to the Legislature as revisions to the Governor's Budget.

16. Supplemental Leave Analyst's Report (March - April)

After the Legislative Analyst has reviewed outstanding issues and received input from the Department, the "Supplemental Analysis of the Budget Bill" is prepared.

17. Legislative Review (April)

The Financial Committee of each House appoints subcommittee and assigns them review responsibility for portions of the Budget Bill. After completion of its hearing, each subcommittee prepares a report with recommendations on its assigned positions of the Budget Bill and presents it to its respective financial committee for action.

18. Governor signs Budget Bill (June 30)

The Budget Bill becomes the Budget Act after it is passed by both Houses and signed by the Governor.

19. Division of Local Assistance receives local assistance budget allocation. (July)

DLA compares the allocations in the Budget Bill to what was requested earlier. Allocations are then divided among the different local assistance programs.

13.2 PROGRAM MANAGEMENT

Part of the responsibilities of the Office of Resource Management and STIP coordination of the DLA, working with Local Programs Accounting, is to ensure individual program allocation are used effectively and that actual expenditures are within the appropriations made in the Budget Act.

BUDGETED FUNDS

The expenditures of budgeted funds can be spread over several years. There are two important concepts to be considered when talking about expenditures:

13.3 PROJECT EXPENDITURES

As noted in Chapter 1, “Introduction/Overview” of this manual, the legislature has created many different State funded local assistance programs to help finance local transportation projects. Because each of the programs was developed to meet different purposes, the reimbursement process varies from program to program. Each program chapter outlines the reimbursement process for that program. In addition, there is the CTC “Financial Guidelines,” attached as Appendix A that supplements the reimbursement process for several of the programs.

AGREEMENTS

In general, once the Budget Bill is signed by the Governor, the State local assistance funds allocated for that fiscal year are available for expenditure. The key element that has to take place with all the State funded local assistance programs before any expenditures can take place is the execution of an “Agreement.” Depending on the program this could involve a Master Agreement, Program Supplement Agreement and/or a yearly specific Agreement for the funds allocated for that fiscal year, see Chapter 4 “Agreements” in the *Local Assistance Procedures Manual* (LAPM).

More than one local agency has lost out on State funds for their project because they did not execute an Agreement in a timely manner. In the Budget Act or when the programs are established by legislation most of the programs have set “Availability” periods for when the funds are available for encumbrance. To encumber the funds, it requires the **execution** of an Agreement. Just having an Agreement issued by DLA does not guarantee that funds will remain encumbered for a project. If an Agreement is not returned before the end of the availability period then the funds that were encumbered will have to be disencumbered and transferred to another project or program that can use the funds before the end of the availability period.

Local agencies are advised to make sure that when they receive an Agreement that they execute the Agreement in a timely manner. In addition, local agency should read through the individual program guidelines outlined in the following chapters so that they are aware of cut off dates for the availability of the funds. As part of reengineering, the District Local Assistance Offices no longer have the staff to monitor the Agreement; local agencies are now responsible for tracking their own Agreements.

INVOICES

Even with an executed Agreement there is no guarantee that the encumbered funds will always be there. Most State local assistance programs have set “liquidation” periods established by legislation or in the Budget Act. Therefore, local agencies are advised to submit invoices in a timely manner or not receive all the funds that were encumbered for their project. In addition, local agencies should read through the individual program guidelines outlined in the following chapters, so that they are aware of liquidation time limits. Again as part of reengineering, the District Local Assistance Offices no longer have the staff to monitor project progress, local agencies have been delegated this responsibility.

13.4 FUTURE FINANCING RECOMMENDATIONS.

Even with the difference in the reimbursement process for each program, most will find that these processes are far simpler than the reimbursement process required for federal-aid programs. Even though these processes might be simpler that does not mean they are perfect. If you think that there might be areas for improvement, we would welcome your suggestions. As you read the guidelines for each of the different programs you will note that most of the programs have had changes to the procedures and processes. These changes came as a result of recommendations made by those of you that utilize the programs.

Recommendations can be made directly to the District Local Assistance Engineer (DLAE), to the DLA, or through legislative representative in your area. Some of the major changes to the reimbursement process have come from recommendations made via the various organizations, like: Coalition of Self-help Counties, League of California Cities and County Engineers Association of California. You are encouraged to discuss and work with these organizations on any changes which you think should be made.

**ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM ORIGINAL
APPLICATION**

(See attached)

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See Chapter 1, Exhibit 1-A page 1-13 for CALTRANS DISTRICTS LOCAL ASSISTANCE OFFICES

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