



DLA Process Guidance - for Ports and Freight Infrastructure Program (PFIP) Projects

I. BACKGROUND

As part of the Fiscal Year (FY) 22/23 Budget, the California State Legislature enacted Governor Newsom's Port and Freight Infrastructure proposal through Senate Bill 198 (SB 198; Section 13 of Chapter 71, Statutes of 2022). SB 198 provides policy direction for the California State Transportation Agency (CalSTA) to implement the Port and Freight Infrastructure Program (PFIP). PFIP Guidelines are available on CalSTA website <https://calsta.ca.gov/subject-areas/freight-rail-border> along with additional information and program updates.

Caltrans will administer the CalSTA awarded PFIP projects and is the authorizing agency for the allocation of the funding provided by CalSTA for the PFIP projects. This document will act as guidelines for the allocation and administration of PFIP funds.

The purpose of this process guidelines is to inform the Local Public Agencies (LPAs) and Caltrans staff on how to administer PFIP funds. This guidance includes:

- How to submit the Request for Allocation and Finance Letter.
- Project reporting.
- Invoicing for eligible project expenditure.
- Project changes and time extensions

II. POLICY

1. Agreements

- (a) Caltrans Master Agreement. The LPAs receiving PFIP funds must have a Master Agreement (MA) on file with Caltrans. If an agency does not already have a State MA, and a federal MA if federal funding is involved, with Division of Local Assistance (DLA), the agency needs to contact the respective DLAE about the process for acquiring a new MA. As the MA and related pre-award audit process can take a considerable amount of time, alternatively an agency that does not already have an MA may instead choose to partner with another agency that already has an MA with Caltrans.
- (b) Caltrans PFIP Program Supplemental Agreement (PSA). A PFIP PSA to the Master Agreement will be created specifically for the project allocation of the PFIP funds to address funding, scope, schedule, cost and deliverables.
- (c) PFIP funds that are awarded to Caltrans sponsored projects (if applicable) shall be administered and paid for directly by CalSTA.

2. PFIP Funds

In January 2022, one-time funding totaling \$1.2 billion was proposed by State for Port and Freight Infrastructure Program to help ease supply chain congestion and increase the capacity to move goods in California. State budget appropriated \$600 million FY22/23, which will be rolled over to FY23/24, and another \$200 million each for FY23/24, FY24/25, and FY25/26 for the program. PFIP funds will be allocated through reimbursement of eligible project expenditures (see Invoicing section below for eligible expenditures).



Caltrans will reimburse for eligible project expenditures incurred after the effective allocation date. The effective date of the component specific allocation will constitute the start of reimbursable expenditures for that component. Any expenditures incurred prior to the effective date are not eligible for reimbursement.

The PFIP does not have a minimum match requirement, but a substantial committed federal, state, local, regional, or private match is desirable.

These funds may be used as matching funds for other programmed projects if that program allows State funding as a match. If used for matching funds, the project scope will need to identify which phase of the project the PFIP funding are being applied. The State funds may be provided under one or more components/phases, which are Environmental and Permits (E&P) Plans, Specifications and Estimate (PS&E), Right-of-Way (R/W) and Construction (CON).

Caltrans will reimburse for eligible project expenditures incurred after the effective allocation date. The funding for this grant program requires expenditure or encumbrance and liquidation by June 30, 2028, for first half of the available funding and June 30, 2029, for the second half of the available funding.

The LPA must provide a project scope, schedule, and estimated project cost, including cost per phase. All sources of funding approved or anticipated, per phase must be identified, including the PFIP funds, and identify if federal funds will be used. Caltrans may delay allocating funds until all funding sources per phase have been identified.

If FHWA federal funding is anticipated on any portion of the project, Caltrans will need to be the delegating authority for the National Environmental Policy Act (NEPA) document. As such, additional documentation and reporting will be required in accordance with the Local Assistance Procedures Manual (LAPM) for federally funded projects. At a minimum, the project environmental documents will need to be submitted for review and approval by Caltrans.

3. Reporting

The LPA must submit Quarterly Progress Reports which include the following:

- Name of the Implementing Agency including contact information,
- Project description and scope of work,
- Current budget, including incurred expenditures for all project components/phases, with PFIP and other committed funds identified,
- Project schedule identifying current phase,
- Project scope of work, schedule, or estimated cost, including an explanation for any changes.
- The first quarterly progress report must be submitted 3 months after the effective award date of the project.
- Completion Report must be submitted within 6 months of construction contract acceptance or the project becoming operable (open to the public), whichever comes sooner. Completion Report shall include the scope of the completed project, its estimated final cost, estimated schedule, project benefits, and performance metric outcomes as compared to those included in the approved Project Programming Requests (PPR) and executed project agreements.
- The Final Progress Report submitted shall be identified as the "Final Delivery Report". A Final Delivery Report must be submitted within 180 days of the conclusion of all project activities & final project expenditures or a minimum of 3 months prior to fund expiration date, whichever is sooner. It should include any changes that occurred after submittal of the Completion Report and an updated evaluation of the benefits.



4. PFIP Timely Use of Funds

The PFIP Timely Use of Funds (TUF) guidelines can be accessed on our website at: <https://dot.ca.gov/programs/local-assistance/fed-and-state-programs/port-and-freight-infrastructure-program> and apply to all projects, both infrastructure and non-infrastructure.

Some PFIP projects involve equipment procurement only and differ from typical infrastructure construction projects. However, the PFIP Timely Use of Funds Policy (TUF) policy is applied consistently across all projects. The PFIP TUF guidelines, approved by CalSTA, are similar to CTC TUF policy (not found in the LAPM). They were structured to comply with the tight timelines necessary to meet the PFIP fund liquidation deadline.

5. Contract Award and Completion

All PFIP projects must adhere to the LAPM guidelines for administering construction contracts, as outlined in the MA and PSA. To notify the State of the contract award, projects are required to submit the applicable LAPM contract award package exhibits, which include, but are not limited to:

- A construction contract agreement (for award verification)
- [Exhibit 25-O Award Information \(Word\)](#) (also needed by Accounting prior to CON phase invoice reimbursement)
- [Exhibit 15-M: Detail Estimate](#) (based on contract award)

District DLAE staff may determine additional requirements for specific projects. For example, [Exhibit 3-R: Non-Infrastructure Project Work Plan](#), may be required for equipment-only or other non-infrastructure projects.

For equipment-procurement-only projects, the applicable contract award package requirements should be followed as much as possible. However, depending on scenario, slight adjustments may be necessary to meet contract award milestones, verification requirements, and construction completion timelines. The following provides general guidance for common scenarios and may not cover every possible situation. Any nuances will be evaluated on a case-by-case basis, with the original intent of the policy kept in mind.

- a) If the project is a typical infrastructure project: The standard contract award package and verification requirements outlined in LAPM will apply. The contract must be awarded within 6 months of CON phase allocation, in accordance with the PFIP Timely Use of Funds (TUF) policy. The time allowed to complete the construction contract will begin on the contract award date.
- b) If a local public agency (LPA) is procuring the equipment itself: In this case, the agency may be considered both the owner and the prime contractor. An executed purchase order or agreement with a contractor/vendor, along with a board resolution approving the procurement, can satisfy part of the contract award package and 6-month award verification requirements. The time allowed to complete the construction contract begins on the CON phase allocation date.
- c) If an LPA Operator/Vendor, selected through a competitive process, is procuring the equipment: (e.g. an incentive program) In this case, the operator acts as the prime contractor. An agreement between the agency and the operator, allowing operator to procure equipment, or a Notice to Proceed (NTP) by LPA can satisfy part of the contract award package and 6-month award verification requirements. The time allowed to complete the construction contract begins on the agreement approval or NTP date, whichever is sooner. From that point on, the operator would be responsible for procuring



the equipment from various suppliers within the construction completion deadline.

- d) If a tenant of an LPA is procuring the equipment: In this scenario, the tenant may be considered the prime contractor. An agreement between the agency and the tenant allowing the tenant to procure equipment, or a NTP by LPA, could be used to satisfy part of the contract award package and 6-month award verification requirements. The time allowed to complete the construction contract begins on the agreement approval or NTP date, whichever is sooner. From that point on, the tenant would be responsible for procuring the equipment from various suppliers within the construction completion deadline.

Terminology Used by Ports:

- "Operators" is a general term used by some ports to refer to both terminal operators (who are tenants) and harbor craft operators (who are not tenants).
- The terms "operator" and "vendor" are sometimes used interchangeably by Ports.
- Port operators (whether harbor craft or terminal) typically own the equipment they procure.
- Some ports have Subgrant Agreements, similar to DLA grant agreements (MA and PSA), with selected tenants. These agreements compel tenants follow the same PFIP policies and guidance as the Port, which is the primary PFIP fund recipient.

6. Non-Competitive Bidding or Sole Sourcing

State contracting laws require competitive bidding for first-tier project fund recipients, but this requirement does not extend to second-tier recipients. For example, a local public agency (e.g., a port) may be considered the project owner, and their vendors selected through competitive bidding would be considered the first-tier prime contractors. Secondary tier recipients, such as subcontractors and suppliers of the prime contractors, are not subject to the competitive bidding requirements.

However, if a prime contractor, such as a vendor, tenant, or lessee, is selected through non-competitive bidding process (including cases where only a single bid is received), a sole source justification letter and the sole source form (12-F) must be submitted for each local public agency project. Legal guidance indicates that even if the contractor, tenant, or lessee is named in the PFIP application, the agency must still comply with state procurement laws.

When a local public agency enters into a subgrant agreement with a tenant, and the tenant selects a prime contractor for the PFIP project, the tenant must follow the same competitive bidding requirements. The agency remains responsible for enforcing this policy.

To justify sole sourcing, a sole source justification letter and LAPM Exhibit 12-F must be submitted, explaining why no other contractors or tenants expressed interest in the project.

Either for equipment-only contracts or for construction contracts, make sure to use the "for CONSTRUCTION CONTRACTS" section (not the A&E section) of LAPM [Exhibit 12-F: Cost Effectiveness / Public Interest Finding / A&E Noncompetitive](#). The checkboxes should be filled out as follows: select "Other" in first column, and "Use of contracting method other than competitive bidding" in 2nd column, and under reasons in the form, provide appropriate explanations to support the justification.



Exhibit 12-F: Cost-Effectiveness / Public Interest Finding / A&E Noncompetitive

COST-EFFECTIVENESS / PUBLIC INTEREST FINDING for CONSTRUCTION CONTRACTS	
COST-EFFECTIVENESS DETERMINATION REQUIRED	PUBLIC INTEREST DETERMINATION REQUIRED
<input type="checkbox"/> Use of force account (23 CFR 635.204, 205)* <input type="checkbox"/> Use of publicly owned equipment (23 CFR 635.106) <input checked="" type="checkbox"/> Other*: <input type="text"/>	<input type="checkbox"/> Use of publicly furnished materials (23 CFR 635.407) <input checked="" type="checkbox"/> Use of contracting method other than competitive bidding (23 CFR 635.104/204)* <input type="checkbox"/> Use of mandatory borrow/disposal sites (23 CFR 635.407) <input type="checkbox"/> Advertising period less than 3 weeks (23 CFR 635.112)* <input type="checkbox"/> Other*: <input type="text"/>

7. Invoicing

Invoicing will be completed in accordance with the LAPM Chapter 5, Invoicing.

Project costs eligible for reimbursement include:

- Preliminary Engineering including environmental clearance,
- Plans Specifications and Estimates (PS&E)
- Right of Way Support
- Right of Way Capital
- Construction Capital (including pre-construction, and close out)

All projects are required to follow reimbursement requirements in LAPM Chapter 5 Invoicing.

Invoicing must occur at least once every 6 months. The agency must identify the final invoice when it is submitted, along with the Final Delivery Report.

In addition to LAPM Chapter 5 reimbursable project costs, PFIP specific participating/eligible items are listed under [CalSTA PFIP Guidelines document](#) under Eligible Projects posted on their website at <https://calsta.ca.gov/subject-areas/freight-rail-border>.

III. PROCEDURE

To receive funds, the LPA must submit a PFIP Request for Allocation and PFIP Finance Letter to Caltrans. The following information must be included in the Request for Funding Allocation Package:

- Project location,
- Project description and scope,
- Estimated project cost by phase,
- Project schedule and status of project by phase, and
- Project funding plan which identifies PFIP funds and additional committed funds if applicable.

Scope of work needs to be consistent with the project application and PFIP award and guidelines. LPA can further define the scope when submitting the PFIP Request for Allocation. Any changes to original scope must be approved by CalSTA. Scope change review, analysis and approval can be a lengthy process and should be considered in project scheduling.

The LPAs can request PFIP Request for Allocation and PFIP Finance Letter templates from the District Local Assistance Engineer.

The LPA will receive an Allocation Letter once the PSA has been approved, indicating that the funds are available.



IV. APPLICABILITY/IMPACTS

These PFIP Process Guidelines are applicable to all agencies who have been authorized to receive PFIP funds through CalSTA PFIP project award process and assigned to Caltrans for allocation. The process and procedures outlined in these guidelines will allow the funds to be efficiently allocated and ensure the funds are used for the purpose specified in the legislation. These guidelines may be revised and updated in the future.