



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. 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 and the PFIP Timely Use of Funds Policy, posted on DLA PFIP website:

<https://dot.ca.gov/programs/local-assistance/fed-and-state-programs/port-and-freight-infrastructure-program>

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.

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.