

Project Delivery Directive

To: Project Delivery Employees

Number: PDD-11-R1
References: Director's Policy DP-07
Director's Policy DP-16
Director's Policy DP-25
Deputy Directive DD-93
Project Delivery Directive PDD-09R1
Office of Federal Resources Directive OFR 16-01
Effective Date: 01/01/2021
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TITLE: Management of Major and Minor A Capital Project Support Budgets

DIRECTIVE

The California Department of Transportation (Caltrans) creates, monitors, manages, reconciles and closes out capital project support budgets throughout the life of capital outlay projects.

Project support budgets will be updated when changes occur. At a minimum, project budgets will be assessed:

- At the completion of Project Approval and Environmental Document and Ready to List milestones
- During the annual Capital Outlay Support (COS) workload development process (January 9 workload pull)
- In preparation for the biennial adoption of the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP) by the California Transportation Commission.
- Prior to an allocation by the California Transportation Commission, if allocation is required.

Project expenditures will be monitored and managed within the approved budget for each project component, and within approved programming guidelines and delivery performance goals.

Where expenditures are projected to deviate from the approved

budget, actions will be taken by the appropriate managers to control remaining planned expenditures or modify the component budget within approved programming and change management guidelines and available resources. Additional funding will be secured before expenditures exceed the approved budget for each project component.

Project Managers will coordinate with the Office of Federal Resources and ensure federal authorizations are adjusted to reflect the current cost estimate whenever the approved budget changes.

Budget performance metrics will be assessed by project component and reported quarterly to assess statewide delivery and achievement of program performance goals.

BACKGROUND

The 1996 Budget Act required Caltrans to develop COS budgets for Major projects using a project development workload model that estimates resources at the project level.

The basis for the project support budget is the project workplan. All capital projects have a workplan that describes the cost and schedule for support resource needs.

Many capital projects have multiple funding sources, often with contributions from external partners. Caltrans must be able to provide an accurate and timely accounting of support costs to all funding contributors and control agencies.

Periodic assessment of support budget performance metrics will indicate if Caltrans is earning product value on schedule and meeting delivery commitments within the authorized resource allocations.

RESPONSIBILITIES

Deputy Director, Project Delivery (Chief Engineer):

- Issues policy on managing capital project support budgets.

District Directors:

- Ensure implementation of this directive.
- Ensure appropriate support for activities outlined in this directive.
- Ensure that this directive is shared with the district functional

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support units that are responsible for delivering products and services related to the capital projects.

Chief, Division of Project Management:

- Provide statewide direction to ensure compliance with this directive.
- Develop and implement procedures, guidance and tools to assist with workplan development, support budget development and management, and change management.

Division Chief of Environmental Analysis, Division Chief of Design, Division Chief of Right of Way and Land Surveys, Division Chief of Engineering Services, and Division Chief of Construction:

- Provide statewide direction to ensure compliance with this directive.

Deputy District Directors, Project Management (Single Focal Points):

- Communicate to project managers, corridor directors, and involved functional managers the intent and requirements of this directive.
- Ensure project support phases are monitored and managed within approved budgets.
- Develop expenditure management plans or prepare project change requests (PCRs) in a timely manner when project support phase expenditures are projected to exceed the approved budget.

Deputy District Directors, Project Delivery Functions and Engineering Service Deputy Division Chiefs:

- Ensure policy and standards are met.
- Ensure all functional managers providing products or services on capital projects, including non-project delivery functions, are aware of this directive.

Chief, HQ Project Management Office of Project Delivery and Workload Development

- Assess and report budget performance metrics by project component each quarter to assess statewide delivery and achievement of program performance goals.

Project Managers:

- Ensure all Major and Minor A projects have resource-loaded workplans in accordance with the Division of Project

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Management's Project Delivery Workplan Standards Guide and project management directives governing the business rules.

- Develop a project delivery schedule and support budget estimate prior to programming a project, in collaboration with functional managers from various divisions.
- Apply the appropriate escalation rates to the project estimate.
- Allocate resources in project workplans to the functional units adequate to carry out their assigned tasks.
- Ensure project workplans are updated to reflect the current delivery status and that assigned resources represent the level of effort required to deliver the project within approved scope, schedule and cost parameters.
- Ensure the resource estimates in workplans are reviewed, discussed, and updated as needed on an ongoing basis by the Project Development Team.
- Ensure that projects remain within the approved budgets.
- Identify, monitor and manage risks to project support budgets. Communicate risks to Single Focal Point as necessary.
- Follow appropriate change management practices to manage costs that are projected to exceed the approved budget.
- Coordinate with the Office of Federal Resources and ensure federal authorizations are adjusted to reflect the current cost estimate whenever the approved budget changes.

Project Delivery Task Managers and Functional Managers:

- Develop "most likely" resource estimates, which consist of a lean base estimate supplemented with quantified risks, while balancing scope, schedule, and quality in coordination with other functional units.
- Request adequate resources to carry out their assigned tasks.
- Allocate, monitor and transfer resources at the task level.
- Update project workplans to reflect the current delivery status.
- Monitor and update resource estimates at the task level.
- Ensure that tasks remain within the approved budgets.
- Identify, monitor and manage support budget risks at the task level and communicate and coordinate with Project Managers.

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Date Signed