

PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT
AND SERVICE ENHANCEMENT ACCOUNT Bond Fund Letter
of No Prejudice (LONP) Guidelines

1. Authority and Scope: Government Code Section 8879.501, added by Chapter 463 (Assembly Bill 672) of the Statutes of 2009, directs the California Department of Transportation (Caltrans) to establish guidelines for approval of Letters of No Prejudice (LONP) for projects or project components approved for funding from the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA).

2. Intent of LONP: A project sponsor under PTMISEA may apply to Caltrans for a LONP for a new or approved PTMISEA project. If approved by Caltrans, the LONP allows a project sponsor to expend its own funds (i.e. incur reimbursable expenses) for any Caltrans approved project component and to be reimbursed in the future if bond funds become available.

Caltrans gives equal opportunity of available funding to project sponsors with an approved LONP as well as those that require an allocation approval to begin.

Project sponsors proceed at their own risk, as project expense reimbursement under the LONP depends on the availability of Proposition 1B bond funds.

3. Content and Format of LONP Request: An LONP request must include the following:

- A letter requesting LONP approval.
- A summary of sources, amount and proof of commitment (e.g., resolution, minute order) from the source's policy board of funding to be used in place of estimated bond funds.
- A completed Allocation Request from the project sponsors.

4. Review and Approval of LONP Requests: Caltrans will review LONP requests within 45 days of receipt and approve requests for LONPs that meet PTMISEA Bond Funds LONP Guidelines.

A LONP will only be approved for work consistent with a project's approved scope, schedule and funding.

6. Initiation of Work: The project sponsor must report to Caltrans the date the project component covered by an LONP is ready to proceed. In its first PTMISEA Semi-Annual Report, the project sponsor must report to Caltrans on progress in executing necessary agreements and third-party contracts.

7. Monitoring Progress of Projects with a LONP: The project sponsor with an LONP must report on progress to date, in accordance with PTMISEA Bond Program Guidelines. This report must include expenditures to date, work completed, problems or issues with the project, and funding plan updates.

8. Project Changes: Proposed changes in funding, schedule or scope (i.e., a Corrective Action Plan) must be submitted to Caltrans per PTMISEA Bond Program Guidelines.

9. Rescinding a LONP for Lack of Progress: If a project sponsor's PTMISEA Semiannual Report shows little or no progress, Caltrans may request an explanation. Caltrans may rescind the LONP, or may direct the project sponsor to show progress within the next reporting period.

10. Allocations Covered by LONPs: A project sponsor must identify the source of funds and actual expenditures before receiving a LONP allocation from the State Controller's Office. Allocations by the State Controller's Office are to reimburse eligible expenditures only, and are subject to availability of bond funding to support the PTMISEA.