# CHAPTER 3

# PROGRAMMING AND BUDGETING
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# 3.00.00.00 - PROGRAMMING AND BUDGETING

## 3.01.00.00 - DEPARTMENTAL DATA BASES AND SYSTEMS

### 3.01.01.00 General

The Department uses numerous data bases and systems, and those used most frequently by R/W Planning and Management personnel are discussed in the table entitled "Departmental Data Bases and Systems" at the end of this section.

### 3.01.02.00 R/W Management Information System

The R/W Management Information System (RWMIS) consists of a series of monthly reports and special ad hoc reports that draw data from several other systems and files. The primary sources of RWMIS data are listed below.

RWMIS also uses other systems to collect data including TPRX (Excess Land System), TPRU (Utilities System), RWPS (Property System), and IRWS (Integrated R/W System). All R/W functions are responsible for maintaining their own systems and for providing P&M with data for input to R/W's general systems. These systems depend on accurate and timely input by district R/W personnel.

**RWMIS DATA SOURCES**

- **TPRC** - The TPRC file stores all R/W workload and production data by EA and Management System Activity (MSA) or Work Breakdown System (WBS) Codes. It is the source of workload data for estimating resource needs by the various R/W functional areas and of production data for tracking accomplishment and efficiency at the district level and statewide. The file has three record types (screens): Type 1 includes data for Airspace (20.70.040 Program); Types 2 and 3 include project-related data. Data entry can be performed at any time during a given month, except for production input that must be entered during the first six working days of the month. As data is entered, it is stored in an update file until the sixth working day of the month when the TPRC system "rolls" the update file into the Master file and the data becomes available to RWMIS. The Master file remains constant until the next month's "rollover." RWMIS calculates PY data for Airspace, Planning and Management, and Administration from data in TPRC.
- **TRAMS** - RWMIS merges timesheet data from TRAMS with production data from TPRC to produce various reports for monitoring expenditures, establishing norms, and to estimate reimbursement costs for Local Assistance work.
- Project Scheduling Tools – The Department uses project management scheduling tools to assist in project schedule development and maintenance. These products automate the calculations of time and resource relationships and allow rapid analysis of many schedule alternatives. Historically, the Department has used the Person Year Project Scheduling and Cost Analysis system (PYPSCAN) exclusively to schedule and monitor projects. More recently, newer scheduling software tools have been introduced including Primavera, Microsoft Project and eXpert Project Management (XPM). Each of these systems uses differing methodologies and has various features and performance characteristics. Currently, XPM is the departmental tool to provide information for Capital Outlay Support budgeting and monitoring of project schedules.
- Project Management Control System (**PMCS)** - The PYPSCAN (Person Year and Project Scheduling and Cost Analysis) feature of PMCS allows the department to schedule project delivery and estimate PYs required by each capital outlay support function. The PYPSCAN milestones are compared with the scope of the project as determined in XPM.
- **TRS** – The automated Time Reporting System (TRS) provides project managers with timely labor expenditure information. This system passes information on time worked, activities and projects charged, and leave taken to the accounting and personnel systems.

**RWMIS DATA SOURCES**

- **PSCS** – The Project Schedule Control System (PSCS) integrates the data from XPM and TRS so project managers can compare project workplans with actual progress and resource utilization.
- **PMDW** – Project Management Data Warehouse (PMDW) is a database containing general project information, project schedule, capital costs and operating expense data extracted and integrated from existing databases. The data is accessible to project delivery staff and managers for query purposes using desktop computer query tools.

### 3.01.02.01 Integrated R/W System

IRWS is a Teale-based, on-line computer database that collects and ties together information from various R/W functions including R/W Engineering, Appraisals, Acquisitions, Excess Land, Property Management, and Planning and Management. The system is designed to minimize errors caused by repeated copying of routine data. R/W personnel throughout the State can readily access information on parcels and projects.

IRWS produces a number of reports that track workload, project certification, condemnation, and parcel progress. The system is capable of downloading data to personal computers to produce many standardized R/W documents.

IRWS interacts with the Property Management, Excess Land, and Utility Relocation systems and is designed to interface ultimately with PMCS and other systems. IRWS also produces ad hoc reports that provide information to the CTC, FHWA, legislature, governor, and Caltrans management.

**DEPARTMENT DATA BASES AND SYSTEMS**

| Data Base/System | Abbreviation | Description |
|---|---|---|
| Project Management Control System | PMCS | PMCS is a computerized system for managing and controlling highway projects of all sizes from the earliest planning phase to contract completion, then back into the inventory phase. All project data can be viewed on-line, and most data can be updated through computer terminals.<br><br>Since PMCS became fully operational on April 1, 1976, there have been major updates and revisions. R/W capital costs were added in 1982 and the **P**erson **Y**ear and **P**roject **S**cheduling and **C**ost **AN**alysis (PYPSCAN) subsystem was implemented in May 1980.<br><br>Refer to the PMCS User Manual issued by the State and Local Project Development Program for details on how to use the system and the purpose of the screens. |
| Transportation Accounting and Management System | TRAMS | TRAMS was developed in 1983 to provide both accounting and data processing functions. The Accounting Service Center is responsible for the operation, maintenance, and integrity of TRAMS. They are also responsible for publication of the Accounting Manual, Coding Manual, and TRAMS Procedures Manual.<br><br>Accounting inputs TRAMS data primarily from terminals connected directly to TRAMS or to a network of PRIME minicomputers.<br><br>There are various statewide integrated on-line information subsystems linked to TRAMS. Those most relevant to R/W are:<br><br>• PRIME Expenditure Authorization System<br>• PRIME Accounts Receivable System |

| DEPARTMENT DATA BASES AND SYSTEMS | | |
|---|---|---|
| **Data Base/System** | **Abbreviation** | **Description** |
| | | • Capital Outlay Monitoring System<br>• Current Billing and Reporting System<br>• R/W Property System<br>• Excess Land Management System<br>Data passes back and forth between TRAMS and most subsystems automatically or is entered from magnetic tape media provided externally. |
| Capital Outlay Monitoring System | COMS | COMS uses a minicomputer to assemble data for tracking encumbrance and expenditure of funds for capital outlay projects.<br>The system has two files, the EA Table and a temporary holding file. The EA Table stores the masterfiled EAs, and the temporary file stores the EAs being processed. The districts key, modify, and supplement EAs; Project Control in Accounting reviews the work and assists the districts. |
| PRIME Expenditure Authorization System | EAS | EAS was developed as part of COMS and allows districts to enter data directly into their own data bases. The PRIME System expedites preparation, review, and approval of EAs.<br>See EAS User Guide issued by the Accounting Service Center. |
| PRIME Accounts Receivable System | ARS | ARS is an automated accounts receivable system that draws information from other subsystems such as the R/W Property System (RWPS). ARS produces billings and accounts for the collection of R/W rentals, excess land sales, airspace income, overpayment of utility relocations, logo, and kiosk program revenues. |
| Current Billing and Reporting System | CBARS | CBARS is used to obtain reimbursement from FHWA. It allows for efficient and timely billing of eligible and participating expenses after disbursements have been made. CBARS has on-line access to federal project information, provides daily updates of project information, and can produce routine and customized reports either on a periodic or as-needed basis.<br>All accounting transactions in CBARS come from TRAMS and transactions generated in CBARS update TRAMS. The two systems must always be in balance. EAs are added to CBARS nightly based on the Federal Project Numbers on the "U" lines of the EAs. Since inaccurate information could adversely affect billing of eligible costs to a federal project, federal-aid information on the "U" lines must be proper and accurate. |
| Federal Aid Data System | FADS | FADS was created to replace manual processing of E-76s (Request For Approval/To Proceed) and PR-37s (Project Status Records) with an electronic transfer data system.<br>This system allows the Department to enter project information directly and to transmit the data electronically to FHWA's Fiscal Unit in Sacramento. FHWA is able to review and approve project data expeditiously and to process the data into the Transportation Computer System in Washington, D.C. |

| DEPARTMENT DATA BASES AND SYSTEMS | | |
|---|---|---|
| **Data Base/System** | **Abbreviation** | **Description** |
| Data Warehouse Database | | The Project Management Data Warehouse project is a statewide automated computer system that extracts data from existing systems and stores the data on a single relational database for query purposes. The data warehouse contains general project information, project schedule dates, PY information, and capital cost information extracted and integrated from other systems. |
| Person on Board Equivalent | POBE | POBE is a database that stores information to support the Department's hiring process. All district and headquarters offices use the system to track the positions available, add new positions, and update existing positions. |

## 3.02.00.00 - EXPENDITURE AUTHORIZATION (EA)

### 3.02.01.00 General

An EA is a six-digit numeric code used in the Department to identify and classify all increments of work, expenditure or revenue. An EA is a record stored in TRAMS (EA Table) that authorizes, classifies, and reports expenditures. No expenditure may be recorded in TRAMS without a covering EA.

### 3.02.02.00 Multiphase EAs

Multiphase EAs (0X01XX to 4X99X9) are for projects with more than one phase (category) of work that require separate EA accounting for each phase. A multiphase EA is structured as follows:

| **XXXX**<br>Four Characters | **X**<br>Fifth | **X**<br>Sixth |
|---|---|---|
| Basic Serial Number (First character is in range 0-4) | Segment Code | Phase Code (Phases specific to R/W activities are 2, 9, and H) |

The first four digits of the EA comprise the Basic Serial Number of a project. The district assigns this number before work is started on the Project Study Report, and the number is retained for the entire life of the project, including all phases of work.

The fifth digit of the multiphase EA identifies the project segment, if the project is segmented.

The last or sixth digit represents the phase of the project. The functional phase codes are as follows:

| Phase | Description |
|---|---|
| K | Project Study Report |
| 0 | Project Report |
| 1 | Plans, Specification, and Estimate/Design |
| 2 | R/W Operations |
| 3 | Construction Engineering |
| 4 | Construction (Major, Minor A, Maintenance Contracts) |
| 5 | Minor B Contract |
| 7 & 8 | Miscellaneous-Service Agreements, Co-op Agreements, Day Labor |
| 9 | R/W Capital |
| H | R/W Hardship or Protection |

### 3.02.02.01 Phase 2 - Support

A multiphase project EA ending with 2 accounts for R/W support expenditures. The Phase 2 EA covers labor charges and all operating and equipment expenses chargeable to a project.

### 3.02.02.02 Phase 9 - Capital

A multiphase project EA ending with 9 accounts for R/W capital outlay expenditures. The Phase 9 EA usually covers costs of:

- R/W acquisition.
- Excess land.
- Inverse condemnation.
- Gains and losses from sales of excess land.
- Title and escrow fees.
- Condemnation expert witnesses.
- Condemnation deposits.
- RAP.
- Demolition.
- Clearance.
- Utility relocation.

### 3.02.03.00 Single Phase EA

The types of Single Phase EAs (9XXXXX) are:

- **Overhead** - to record costs incurred by each function/organization in managing, supervising, and supporting the work and personnel of their areas of responsibility.
- **Owner-Operator** - to record costs considered necessary to ensure the integrity of the Highway System, but which do not directly relate to delivery of a project. (Effective July 1, 1999, it is no longer a valid EA category.)
- **Programmatic** - to record costs associated with achieving the goals of the Department's noncapital outlay programs (e.g., Airspace, Outdoor Advertising).
- **Single Task** - for projects with only one phase (function of work).
- **Service Center** - to record time spent by Caltrans employees for technical services for the department's functional units (e.g., Information Services, Equipment, and Legal).
- **Reimbursed Work for Others** - to record costs of performing work requested by and for the benefit of an entity external to Caltrans.

### 3.02.04.00 Establishing EA

The District Project Control Officer assigns EA numbers sequentially, and district P&M is responsible for creating R/W EAs. Normally, R/W EAs are created from the K, 0, or 1 phases established by the District Project Control Officer. This enables the Department to maintain standard identification of projects for proper tracking and management of project costs.

District P&M must ensure that EAs for federal-aid projects are masterfiled before commencing R/W work. Also, if EAs were previously established as State only funded, and federal participation is now secured on the project, then District P&M must adjust the EA funding source effective with the approval of the E-76.

Accounting occasionally establishes nonproject-related EAs for special purposes; for example, EA 0R0009 for recording credits on excess land sales where the original project EA cannot be identified or no longer exists.

Headquarters Project Control Branch provides "clearinghouse" controls on EAs input to the TRAMS EA Table for consistency with legal, financial, and administrative authorities or policies on work and maintains the integrity of the overall system and process.

R/W must conform to the standard identification system to avoid discrepancies between identification of the same project in TRAMS and PMCS. (See Project Management Directive Number PMD 99-02 on Project Identification.)

The table on the following page entitled "EA Process" provides an overview of the process for establishing or supplementing R/W EAs.

### 3.02.05.00 EA Adjustments for Combined and Split Projects

Upon notification from Project Development to combine or split projects, R/W must adjust project EAs according to instructions in Exhibit 3-EX-1.

The correct use of the EA under specific conditions is as follows:

- **Split Projects** - When a project is split into two or more smaller projects, each resulting project shall be treated as a segment of the original project. The reason for not keeping the original EA is to separate costs incurred before and after the split.
- **Combined Projects** - When two or more projects are combined, the EA of the largest project shall have a "U" substituted for the fifth character as the new EA, which is used in both TRAMS and PMCS. Subsequent combinations should use V, W, X, and Y in the fifth character of the EA.

**NOTE:** Largest project means the project with the highest estimated cost. This means **Minor B** projects are combined into **Minor A** projects; **Minor A** projects are combined into **Major** projects and **NOT** the other way around.

| EA PROCESS | | |
|---|---|---|
| **Step** | **Responsible Party** | **Action** |
| 1 | District P&M | Accesses the PRIME System using EA phase-in method to create R/W Phase EA. |
| 2 | | Approves authorized amounts for R/W EA. |
| 3 | | Sends EA to District Project Control via electronic processing of the PRIME System. |
| 4 | District Project Control | Reviews EA for proper coding. |
| 5 | | Forwards EA via electronic PRIME system to HQ Project Control. |
| 6 | HQ Project Control | Reviews and approves EA for masterfiling in TRAMS. |

### 3.02.06.00 Suspending EA

The EA is suspended when district R/W determines that R/W work is completed and expenditures are fully recorded. District P&M initiates this action by changing the status code from 40 to 70 in accordance with instructions for PRIME EAS.

Occasionally, Headquarters Federal Program Accounting requests a change in the status code for R/W EAs (from 40 to 70) related to a federal-aid project after the federal-aid project is in the final vouchering stage.

### 3.02.07.00 Purging EA

Headquarters Project Control annually purges the EA Table of all EAs that are in Status Code 90 (Closed) once purge criteria for an EA is met.

## 3.03.00.00 - RESOURCE MANAGEMENT - SUPPORT

### 3.03.01.00 General

Capital Outlay funds construction contracts, right of way capital and utility relocations for State Highway improvements. Capital Support is work required to produce Capital Outlay. Support personnel provide staff assistance for support matters concerning the Project Management Control System (PMCS), eXpert Project Management (XPM), PYPSCAN (Person Year and Project Scheduling and Cost Analysis) and Capital Outlay Support budgets. This includes performance of studies and recommendations for improvement of right of way capital outlay support in XPM, PYPSCAN, Work Estimating Norms and Work Breakdown Structure (WBS) in P&M, as well as related workload statusing. Also included is identifying, monitoring, and evaluating workload for R/W minor program projects, projects under construction, Hardship and Protection projects, R/W clean-up projects and preparing budget calculations used to determine capital resource needs (PYs) for current and future years.

### 3.03.01.01 PYs - Capital Outlay Support

XPM calculates capital outlay support PY allocations for R/W from Project Workplans. PMCS's PYPSCAN is used as a check and starting place for the development of these workplans. Detailed information on PMCS and how to access and input data into the system is contained in the PMCS Users Manual. Workplan guidelines and details on the use of XPM in the calculation of PY allocations can be found on the Project Management Intranet site.

### 3.03.01.02 XPM Calculations

The XPM scheduling tool uses Project Workplan information to determine the required hours by WBS code to complete a particular project. Project workplans are developed by the Regions/Districts based on the number of hours they feel it will take to complete a project. To assist the Regions/Districts in determining the hours required to produce a project, Work Estimating Norms (WEN) have been developed. Refer to the R/W Intranet site for an example of a WEN tool.

Once the Project Workplan is developed, it is submitted along with the R/W Datasheet to the Project Manager and he/she approves or rejects the plan. Negotiations with the Project Manager may occur as the parties work out an agreement of the plan and the number of hours required to complete the necessary work. Once the plan is approved, it is input into XPM through various front-end computer programs (e.g., FileMaker Pro). These front-end computer programs vary between regions/districts. PYs are then generated based on project workplan data. For a region/district to receive support resources for a given project, there must be an approved project workplan in XPM and the project must have up-to-date information in PMCS.

### 3.03.01.03 PMCS Calculations

PMCS is Caltrans' Project Database. PYPSCAN, which is part of the PMCS database, is used as a check of resources that are generated by XPM. It is also used as a starting place for the development of the project workplans. PYPSCAN uses project types and costs to determine the number of people (PY resources) required to complete a particular project. In PYPSCAN, PYs for R/W activities are calculated based on direct R/W workload; R/W capital dollars do not affect the calculations. Activities that are considered part of direct R/W workload are:

- Number and type of parcels
- RAP displacements
- Improvement clearances
- Condemnations
- Number and type of railroad and utility involvements

The system multiplies these quantities by built-in factors to determine the number of PYs needed for each project. The PYs are spread among R/W functions over the life of the project based on built-in lead time requirements. (See Phase II Right of Way Involvement in Project Delivery, Exhibit 3-EX-3.)

Each PMCS project file consists of several individual screens, which are divided into families as follows:

| Screen Family | Subscreens |
|---|---|
| CALC | CA, DI, SI |
| COST | EST, FND, CAP-X, -I, -D or O, RW1-5 |
| EVNT | ADV, RPT, DTE, RW, RW2, LND, CLR, ACT |
| FUNC | ADV, CAT, FAC, INT, MPO, PLN, RPT, STA, STR, TAS, WPR, & 105 |
| GEOM | EXT, FUT |
| STRC | PRJ, BR, BR2 |
| TEXT | PC, PR, SF, ST, TI |
| TRAF | ACC, PRJ, SEG |

AGRE, PYRS, NIPS, MAKE, SCAN, CLAS, SPEC, FACT, and STIP are individual screens that do not contain subscreens.

### 3.03.01.04 Projects Involving Work by Others

To receive PY resources to perform oversight, the district must identify projects where personnel other than region/district R/W will do the R/W work. The region/district must properly flag these projects and prepare, submit and obtain approval of project workplans. Project workplans must be input into XPM by Project Management staff so budget personnel can identify the resources needed.

### 3.03.01.05 PYs on Hardship and Protection Parcels

District P&M should follow the procedures below to establish R/W hardship and protection workload.

- Early in the budget process (for example, prior to March 2001 for the 2002/03 Fiscal Year), identify projects where there is a high likelihood of encountering hazardous waste or hardship and protection acquisitions. Make an estimate of the number of parcels that may be involved on each project.

- With the help of Project Development personnel, create a project for R/W activities only by using "H" as the last digit of the EA. For example, if the master project EA is 123400, the hardship and protection EA is 12340H. Enter the necessary data on the required PYPSCAN screens and prepare, submit, and obtain approval of a project workplan. Project workplans must be input into XPM by Project Management staff so resource hours and PYs will be generated.

- After the proper data has been entered, and the project workplan submitted, request the RW PMCS Coordinator to PYPSCAN the project and add the S-0 flag. If there is any overlapping of calculated PYs between the hardship and protection project when compared to the master project, the hardship and protection project will not be valid and must be removed from PMCS and adjusted in the workplan for inclusion into XPM.

- Update data in these projects as information changes to ensure they are current.

### 3.03.01.06 Reimbursable Work

District R/W may perform R/W work on projects funded by local sales tax and be reimbursed pursuant to a cooperative agreement. The district must carefully differentiate between projects where Caltrans resources will be used and projects where costs will be reimbursed for work done by Caltrans R/W Agents. Project workplans are required for resource generation through XPM. Refer to Chapter 17 – Local Programs.

### 3.03.01.07 Duties of R/W Coordinator

Different Headquarters units use and control different project designation flags. R/W has primary responsibility for maintaining the "3" flag. District R/W is responsible for maintaining the R/W data on the EVNT RW Screens for these projects as accurately as possible.

### 3.03.01.08 PYs for R/W Clean-up Activities

Normally once a month, HQ Project Management requests that HQ R/W Planning and Management provide them with the status of post construction R/W effort. Included in the request is a list of recently completed construction projects. All the completed construction projects have an S-0 flag in PMCS (S-0 denotes either Construction Completed or Hardship and Protection workload). After HQ P&M receives this request, they will notify the regions/districts that these construction projects are complete and request that they identify which projects on the list have post construction R/W work and require the retention of the S-0 flag. Region/district must provide this information to HQ P&M in a timely manner. HQ P&M then compiles a statewide list and forwards it to HQ Project Management. Projects not on the list will have the S-0 flag removed and will be closed for post construction resources by HQ Project Management.

To receive resources for post construction R/W work, the regions/districts must have the following items:

1. An Approved Project Workplan in XPM
2. Up-to-date PMCS information
3. An S-0 flag in PMCS

**NOTES:**

## 3.04.00.00 - RESOURCE MANAGEMENT - R/W CAPITAL OUTLAY

### 3.04.01.00 General

R/W capital is administered through use of PMCS COST RW1-10 screens and is officially accounted for through use of TRAMS.

The CTC is responsible for allocating legislatively approved capital outlay appropriations to projects that have been included in the department's program documents (see table on the following page). The CTC may only allocate funds to projects that are environmentally clear.

### 3.04.02.00 Transportation Programming

The Government Code provides for establishing various project candidate lists that are used to plan and prioritize the State's Transportation Program. Projects are segregated into two separate program documents as shown on the table on the following page.

### 3.04.02.01 Fund Reservation

Each year, the R/W Capital Plan contains dollars in a Fund Reservation. These dollars are necessary to sustain the R/W program, but cannot be readily tied to specifically programmed projects. Examples of such costs are:

- Unidentified right of way.
- Inverse condemnation.
- Right of way for minor projects.
- Hardship and protection acquisitions.
- Post certification R/W costs, such as utility overruns, expert witnesses, excess condemnation awards, goodwill payments, interest costs, and split funded costs (title company services, rights of entry, RAP payments), the balance of which is encumbered after R/W certification.
- Unprogrammed, but departmentally approved projects.

RW develops the Fund Reservation each program cycle based on anticipated costs derived from the COST screens. The Fund Reservation is included in the allocation request submitted to the CTC.

Dollars from the Fund Reservation are allocated to each district based on needs identified in each district's COST screens.

### 3.04.02.02 Project Programming

The adopted programming documents are statements of the CTC's intent to allocate funds during the span of years for each plan. To be considered for programming, a project must have an approved Project Study Report (PSR) **or equivalent**. Each PSR will contain an escalated estimate for R/W capital outlay (R/W Data Sheet).

The adopted programs are resource management documents to assist in planning and implementing transportation improvements and utilize available resources in a cost-effective manner. The programs include:

- Scope.
- Current and escalated construction capital outlay costs.
- Escalated R/W capital outlay costs.

Additionally, the STIP includes estimated support costs for environmental studies, preparation of PS&E, Right of Way, and Construction.

When a project is initially programmed, programmed dollars represent the total estimated cost. As expenditures against the project occur, dollars in subsequent program documents represent remaining estimated costs. The program document should indicate if the programmed project is underfunded.

| **PROGRAM DOCUMENTS** | | | |
|---|---|---|---|
| **Plan** | **Abbreviation** | **Description** | **Explanation** |
| State Transportation Improvement Program | STIP | A four-year capital improvement program of transportation projects funded with revenues from the State Highway Account and other sources on and off the State Highway System. | Listed projects are found in the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). The CTC adopts the STIP prior to the beginning of each even-numbered fiscal year. |
| State Highway Operation and Protection Program | SHOPP | A list of projects programmed over a four-year period that are required for rehabilitation, traffic safety, seismic safety, and traffic operational improvements on the State Highway System. These projects are not found in the STIP. | The Department adopts the SHOPP every even-numbered year. SHOPP projects are developed jointly from candidate lists submitted by staff in Headquarters, districts, and regional transportation commissions. |

### 3.04.02.03 R/W Project Programming Coordination

- **Candidate Projects** - District P&M must work closely with District Programming and Project Development to ensure that a candidate project have R/W estimates. Agency policy requires that a candidate project have an approved PSR or equivalent to be considered for programming. Each district should have R/W estimates for all candidate projects entered into the PMCS COST Screens.
- **Initial Program Placement** - Normally, initial programming of projects will place the construction dollars/schedule into one of the last two years of the STIP. District R/W must check with District Project Management regarding project construction schedules to ensure that R/W needs are reflected in accurate and realistic schedules.
- **Subsequent Program Placement** - Normally, projects will not be programmed for right of way or construction in the first two years of the STIP if the project is not environmentally clear. However, this does not preclude R/W dollars from being programmed into the first two years pending environmental clearance or for hardship or protection acquisitions. Again, District R/W must work closely with District Program/Project Managers to ensure that R/W dollars are accurate and reflect realistic schedules.

### 3.04.03.00 R/W Estimate

Chapter 4, Estimating, sets forth in detail the Department's policies regarding R/W project estimates. The estimate is the first step in building a credible budget. The initial R/W estimate must be as accurate as possible so informed decisions can be made as the project progresses through the project development process.

The R/W Data Sheet is the base from which escalated R/W dollars are entered into PMCS via the COST screens. Only one estimate is entered into the COST screens, and it is based on the preferred alternative or on the alternative used for the construction cost estimate. If the alternative for the construction cost estimate has not been selected, the highest estimated alternative, considered by district management to be adopted, shall be used.

### 3.04.04.00 Budget Development Process

The Department's proposed budget is submitted to the Business, Transportation and Housing Agency and the Department of Finance in October. To accomplish this, RW provides a R/W capital outlay budget estimate (R/W Capital Plan) to Budgets annually by August 1. The budget estimate is a combination of state and federal dollars.

At the same time, RW provides a R/W capital outlay plan for reimbursed spending authority to Budgets. Reimbursed spending authority covers dollars contributed by local agencies or others that are paid through the Department's accounting system and must be included in the annual budget. Contributor dollars that are paid directly by the locals or others without passing through the Department's accounting system are not included in this process, nor are they included in the annual budget. The base used for reimbursed spending authority is the COST screens. Generally, contributor dollars are identified in a cooperative agreement or other form of agreement between the State and local agencies or others.

Ordinarily, R/W dollars contained in the latest approved programming documents (STIP and SHOPP) are used as the basis for budgeting R/W capital outlay dollars.

The R/W Capital Plan for the current fiscal year's budget is updated concurrent with submittal of the plan for the next fiscal year's budget. The updated budget is generally consistent with the R/W allocation approved by the CTC the previous June plus any known significant changes. The current plan for reimbursed dollars is also updated and generally reflects the July 1 allocation plus any significant changes.

The R/W Capital Plan as submitted to Budgets includes current programming and any anticipated amendments to the STIP and SHOPP, as well as known significant differences. RW also identifies and submits to Budgets any known special projects, programs, or situations outside the scope of the CTC-approved programs that may require R/W capital outlay expenditures in the next fiscal year. These situations require district concurrence and Transportation Programming Program approval.

The Department of Finance forwards copies of the proposed Department budget to the Legislative Analyst's Office to aid in review of the Governor's Budget.

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

The Governor signs the Budget Bill, which becomes the Budget Act, after it is passed by both Houses. The Budget Act is a one-year document beginning July 1 and ending the following June 30. This period is referred to as the State Fiscal Year or Funding Fiscal Year (FFY).

CTC and Department policy for R/W capital outlay is to allow one year to encumber and a total of five years to liquidate.

### 3.04.04.01 Hardship and Protection

Chapter 5, Corridor Preservation, Hardship and Protection, contains detailed information on review and approval of hardship and protection (H&P) acquisitions. This section provides guidance and sets limitations for funding of H&P acquisitions. Other limiting conditions may be set forth in the budgetary control memo issued annually with the district capital allocation.

There are two types of H&P:

- Those which occur in advance of the regular R/W acquisition process.
- Those which occur when the requirements for commencement of the regular R/W acquisition process have been met, but funding and activity on the project have been deferred.

Authority to approve both types has been delegated to the DDC-R/W.

H&P acquisitions should be considered during the estimating process so funding can be included in the annual allocation to districts. After the initial allocation, the district should consider priorities for spending its allocated dollars and, if necessary, seek additional funding from HQ R/W.

H&P acquisitions are charged as follows:

- **Acquisitions Resulting from Deferred Projects** - charged to the appropriate "9" phase EA and included in an approved E-76 if federally participating.
- **Acquisitions Prior to Environmental Clearance** - charged to the appropriate "H" phase EA. Must have a Stage 1 authorization from FHWA if federally participating.
- **Protection Acquisitions** - charged to the appropriate "H" phase EA with Subjob Number 3P999.

For additional information, see Section 3.05.05.01, Stage 1 Authorization - Hardship and Protection.

### 3.04.04.02 Inverse Condemnations - Damages to Property

Inverse condemnation settlements or settlements for Damages to Property and the associated costs (Expert Witness Fees, court costs, attorney fees) are funded from the district R/W capital outlay allocation. For more information, refer to the Inverse Condemnation Manual on the HQ R/W P&M Intranet Page.

### 3.04.04.03 Hazardous Waste/Materials Funding

The source of funds for identification of hazardous waste and hazardous materials and subsequent abatement may vary from fiscal year to fiscal year. District R/W should contact the District Resource Manager for the current funding source and consult with Headquarters P&M to ensure consistent application of funding policies.

### 3.04.04.04 Title and Escrow Fees

Title and escrow fees are part of the R/W estimate, are reported as such on the R/W Data Sheet, and are entered in the TITLE column on the COST RW screens.

Title and escrow services are contracted out annually to title companies through negotiations by District R/W. The time span of each service contract is generally four years. Since the Department's policy is to bring encumbrances in line with expenditures, the dollar amount of each contract usually must be split-funded in the accounting records over the life of the contract.

Contracts for title and escrow services are state funded and ineligible for federal reimbursement. In certain instances, they may be funded in part with contributor dollars when the contract services will be reimbursed by others.

### 3.04.04.05 Federal Participation in Right of Way

District R/W should follow the guidelines below in determining federal participation in R/W projects and deciding when to complete and submit Request for Approval/To Proceed, Form E-76:

- All Interstate Completion, Park and Ride facilities, and highway transit-related facilities should qualify for federal aid regardless of total acquisition costs.
- All projects with R/W estimates of $1,000,000 or more are eligible for federal participation.
- Projects previously approved for federal aid under former policies continue as federal projects, and supplemental E-76s should be submitted, if necessary.

See Deputy Directive Number DD-11, Exhibit 3-EX-4, and Section 3.05.00.00, Federal-Aid Project Funding, for detailed guidelines.

R/W costs for projects eligible for federal participation must be in the COST FND screen, which automatically rolls over from the COST screens.

### 3.04.04.06 Accountability of Donated Lands

When land is donated to the Department for right of way purposes, the land's fair market value, based on an approved appraisal at the time of the donation (see Acquisition Chapter), can be used in certain circumstances in lieu of state matching fund requirements.

- District P&M submits pertinent data for tracking the availability and use of fair market value to Headquarters P&M.
- Headquarters P&M notifies Budgets and Accounting in writing.
- Budgets notifies Resource Management and Project Control if fair market value is applied to a capital outlay project.

Refer to Accounting A-Memo Number A-92-02 for procedures on tracking donated lands.

### 3.04.04.07 R/W Capital Plan

The R/W Capital Plan is a schedule of projected annual expenditures for projects. The District's Plan is the foundation from which R/W capital outlay is programmed, budgeted, allocated, monitored, and reported.

R/W estimates are reviewed whenever project scope, scheduling, or cost changes occur. (Refer to Chapter 4, Estimating.) The DDC-RW determines if the change is significant and warrants revising the estimate in PMCS. If the estimate requires revision, a copy shall be forwarded to P&M to update cost screens and to the Project Manager and Program Management. Approvals for program document changes may be required as a result of estimate increases or decreases in accordance with the Project Change Request (PCR). (See Section 3.04.13.00.)

Changing the R/W estimate should not be confused with moving the estimated dollars between fiscal years. The district can and should move R/W dollars to reflect its most current R/W Capital Plan and should inform the Program Manager of changes as they occur.

### 3.04.05.00 Distribution of Allocation

Budgets makes a lump sum allocation to Headquarters R/W after CTC approval of the R/W Allocation Plan. Funds are then suballocated to the districts on a lump sum basis according to the District's R/W Plan for major and minor projects, programmed H&P acquisitions, and post certification R/W costs (Fund Reservation). The initial allocation does not contain funds for projects that are not programmed or are not yet environmentally clear. The allocations are usually made to districts by July 1st of each year, but are not available for encumbrance until the Governor's budget is signed.

### 3.04.06.00 Budgetary Controls

R/W capital outlay allocation policies and guidelines are issued each fiscal year outlining restrictions and expenditures allowed on capital spending.

Even though the district allocation is in a lump sum, the basis for the allocation is the project level detail. The CTC reviews and approves the R/W Capital Allocation Plan.

Since the CTC requires the Department to report annually on actual R/W total commitments compared to the approved R/W Capital Allocation Plan, each district must provide a detailed explanation of such differences.

### 3.04.06.01 Allocation Limitations

District R/W expenditures shall not exceed the district total R/W allocation except with prior approval of the HQ P&M Capital Manager.

See Section 3.04.04.01 for funding and controls regarding hardship and protection.

### 3.04.06.02 Movement of Capital Outlay Dollars

Programmed dollars for projects may be adjusted from project to project by the districts as shown on the table entitled "Adjusting STIP Programmed Dollars" on the following page and following PCR procedures for STIP and SHOPP projects.

## 3.04.07.00 Allocation Augmentation and Supplements

Each district has some discretion to advance R/W capital outlay dollars between fiscal years subject to the guidelines set forth above. Movement of capital dollars between years or between projects does not change the district's lump sum allocation. If redistributing the district's allocation does not meet R/W capital needs, the district may request additional funds from HQ R/W

HQ R/W will look for additional funds from any reservations withheld from the initial district allocation. If none exists, it will look for funds available from other districts. If funds are not available from either of these sources, HQ R/W may ask the CTC to trade-off other capital funds to increase the R/W allocation.

| ADJUSTING STIP PROGRAMMED DOLLARS | |
|---|---|
| **STIP Adjustments** | **Restrictions** |
| On projects where total programmed R/W dollars exceed planned R/W expenditures, the excess is available for use on other projects, provided construction will occur in a future year. | Consistent with these policies and PCR procedures. (See Section 3.04.13.00.) |
| R/W expenditures on a STIP project cannot exceed 120 percent of the total programmed in the last approved program document. | Expenditures on such projects are restricted until one of the following occurs:<br>• There is a new district or HQ-approved cost increase using the PCR process.<br>• The district advises HQ using the PCR process that a R/W-Construction dollar switch has been made. R/W changes can only be made at the time of the annual R/W allocation in June. |
| R/W dollars suballocated to a STIP project in the next fiscal year may exceed programmed R/W dollars. | Consistent with this section:<br>• R/W dollars are programmed in one of the first two years of the latest program document. If the first R/W programmed dollars are in the third or later years of the latest program document, the district must obtain approval through the PCR process since this is considered a project advancement; or<br>• If no R/W dollars are programmed for the project, the district must obtain approval through the PCR process before R/W dollars can be expended on the project. |

Any request for additional R/W capital funds shall:

- Demonstrate the need for the funds and why that particular alternative is necessary.
- Show the effect on project scheduling.
- Demonstrate that redistribution of existing dollars cannot meet the need.
- Demonstrate that at least 90% of the initial allocation will be encumbered by the end of the fiscal year.

### 3.04.08.00 July (1st) CTC Reporting Requirements

At the beginning of the fiscal year, HQ R/W presents the proposed R/W Capital Expenditure Allocation Plan to the CTC annually for review and acceptance after consulting with Budgets and Transportation Programming.

The R/W Capital Expenditure Allocation Plan presented to the CTC shall:

- Show proposed expenditure levels by program, district, and project.
- Show projected environmental clearance dates and project certification dates.
- Relate the budget plan to the program and identify significant ($100,000+ differences between the plan and the program) R/W advancements and delays.

Each year during April/May, RW generates reports from the COST RW screens to develop the annual allocation. Districts may be requested to provide the following R/W capital project level information:

- Amount of planned (allocated) but unspent encumbrances to be carried-over from the current year to the next fiscal year.
- Amount proposed for advancement from future years to the next fiscal year.
- Amount planned for expenditure in the next fiscal year moved to the current year.
- Amount programmed in excess of planned encumbrance in the next fiscal year.
- Amount deferred from the next fiscal year to future years.
- Amount of increases that have been approved through the PCR process.
- Amount of increases that have not yet been reviewed through the PCR process.

The district should be prepared to provide an explanation for each item listed in the report. If the programmed amount for R/W in any given year is the same or nearly the same as the planned amount, the programmed amount will be used as the basis of the annual allocation and no explanation is required.

### 3.04.08.01 Quarterly CTC Reporting Requirements

During the fiscal year, HQ R/W prepares a quarterly report to the CTC. This report compares original lump sum capital allocations to year-to-date commitments and project delivery milestones (certifications) planned to milestones completed, and evaluates the status of year-to-date expenditures on specific major projects. The districts should be prepared to provide an explanation, when requested, for specific items listed in the report.

### 3.04.09.00 Year-End CTC Reporting Requirements

CTC Resolution G91-1 requires that after the end of the budget year the Department report the following based on the Department's official book closing statement:

- Actual R/W capital program level encumbrances against the R/W allocation.
- Any environmental clearance dates that have not been met and any consequences to scheduled project delivery.

To meet this requirement, district R/W must provide a project-level detail report showing actual R/W encumbrances from TRAMS compared to the allocation for those major R/W projects that formed the basis of the R/W allocation. In addition, each district must provide a detailed explanation for each project where the encumbrance substantially deviated from the allocation. Districts are not required to report on minor projects or activities involving Fund Reservation dollars.

Even though the initial allocation did not include funds for projects not yet environmentally clear, the district must report those projects that were scheduled for environmental clearance during the year but failed to receive such clearance, as well as the effect of not meeting environmental clearance on scheduled project delivery.

Each district must also prepare a detailed report on encumbrances for major projects that were not programmed (not in the STIP/SHOPP) or were not programmed for R/W expenditures in that year.

Year-end detailed project reports are due to RW each year no later than August 15.

### 3.04.10.00 PMCS Reports

R/W capital worksheets and summary reports (PMC 602 and 603) of the COST screens will assist the capital manager in developing a capital plan. The district may order these reports using the FUNC RPT screen. Procedures for ordering reports are described in Section 6-24 of the PMCS User Manual. In addition, the Planned Expenditure Report (Molly Report) pulls dollars planned for a given fiscal year from the PMCS Cost RW screens and includes project descriptions and program and funding elements. This report also assists the capital managers in developing a capital plan and may be requested by contacting the HQ R/W Capital Manager.

### 3.04.11.00 PMCS COST RW Screens

The COST screens provide on-line information to management about the most current district approved* R/W estimate for capital outlay for a specific project. The COST screens are the R/W Capital Plan as defined in Section 3.04.04.07.

The COST screens provide information to support the R/W costs used for programming, budgeting, and allocating R/W capital outlay. The COST screens also contain data regarding contributor dollars, federal participation, and project schedules. The COST screens are used for monitoring R/W capital outlay needs and for reporting purposes.

The DDC-R/W is responsible for ensuring the screens are initiated and maintained whenever there is an anticipated need for R/W capital outlay.

See P&M Reference File Document 95-1 for additional information on COST screens.

***NOTE:** "Approved" means the R/W estimate is the same as contained in the R/W Data Sheet or, if different, the Project Manager is aware of the change and will take appropriate action to amend the R/W program through PCR procedures.

## 3.04.12.00 Keeping PMCS Current

Project information in PMCS must be kept current since it is used throughout the Department. District P&M is responsible for ensuring that R/W project cost data on the COST screens is current. The decision to revise R/W project cost information on the COST screen is a district responsibility and should be done only after careful analysis. The R/W estimate data on the COST screens is used as a tool for project programming and subsequent budget and allocation purposes; it should not change frequently. Changing the estimate will likely trigger review of the project through the PCR procedures described below.

Once developed, escalated, and entered into the COST screens, the R/W project cost estimate should not be changed unless there is a substantial change in project scope, project schedule, or project cost. For purposes of this chapter, a substantial change is one brought about by a material change to the project (e.g., expressway to full freeway, additional lanes or interchanges with resultant R/W needs, substantially advanced schedule, significant change to land use at time of acquisition not foreseen in the estimate, and acquisition costs tending more than 20-30% above estimate).

Periodic estimate revisions that reflect only changes to normal inflationary factors should be analyzed, noted, and reviewed with later project estimate revisions and at project milestone dates. R/W costs on the COST screens should not change automatically because of this type of estimate update.

## 3.04.13.00 Project Change Request Process

On September 21, 2000, the Project Management Program issued a memorandum entitled "Project Change Requests." (See Exhibit 3-EX-7.)

This directive supersedes the previous policy titled "Project, Scope, Cost and Schedule Management Procedures" dated May 15, 1992. The new directive identifies when corporate management must make a decision on a project prior to proceeding with processing an amendment to make a programming change. All programmed projects (STIP, SHOPP, TCRP) and Special Program projects (Toll, Seismic, and Retrofit Soundwall) are required to follow this process.

### 3.04.13.01 R/W Project Cost Changes

Scope and schedule changes may have dramatic effects on R/W costs, and district R/W must coordinate closely with district Project and Program Management to determine those effects.

For SHOPP Projects, a cost change approval is required if the sum of escalated construction and escalated R/W costs exceeds the sum of programmed construction and R/W costs as indicated in the latest adopted SHOPP document. A cost change should be requested for UNPAR, deletions, or cost reductions of projects.

For STIP Projects, a cost change approval is required if the sum of the right of way support and capital costs varies from the programmed amount by twenty percent or more. All cost increases must include a plan outlining how required funds will be obtained. Trade-offs can only be used between projects listed in the same programming document, and in some cases the projects must be in the same county.

### 3.04.13.02 Reporting R/W Project Cost Changes

District P&M shall report cost increases to district Project Management and Program Management as soon as possible after it determines a reportable cost change is required.

District Project or Program Management submits all district-approved cost and schedule changes to the Program & Project Management Program, Office of Engineering Project Management (EPM). Information needed to maintain the PMCS database must be submitted to EPM immediately after district approval. Amendments to programming documents normally reflect changes in scope, cost, and schedule if the changes are reported and the database is amended to reflect the changes.

All scope, cost, or schedule changes not delegated to the district shall also be submitted to EPM with the information outlined in the procedures.

Even if the action consists of a R/W cost increase that can be handled through anticipated savings in construction, it must be reported through PCR procedures to be recorded properly for future programming.

### 3.04.13.03 R/W Capital Cost Control

The CTC has expressed continuing interest in R/W activities related to accomplishing the capital outlay program on time and within budget. As a result, the Department has increased its efforts to improve effectiveness in managing its R/W program. Proper management of R/W capital costs includes the ability to know at any given time the relationship between the R/W Plan, program allocation, and total commitments to date against the allocation.

### 3.04.13.04 PMCS COST APV Screen

The Office of Project Management and Evaluation developed the COST APV screen in PMCS to assist in managing capital costs. The screen derives data from a number of other screens and displays information relating to planned and programmed project information.

The screen shows project R/W and construction costs as originally programmed, as programmed in the latest approved program document, and as indicated for the latest approved project costs (R/W and construction) with the dates for approval of the latest costs. The current costs and dates are taken from the COST EST screen except for R/W costs, which are taken from the COST RW screen.

### 3.04.13.05 R/W Capital Cost Control Plan

Each district is responsible for developing and maintaining (staffing) a cost control methodology that allows the district to respond on short notice to requests for R/W cost information. The cost control system must be active and current (daily) and must contain information consistent with statewide sources the Department uses. Data in the system is the basis for information used in the R/W cost screens and by Project Management.

At a minimum, the system must contain information that makes and displays a comparison of the status of R/W as estimated (remaining), programmed (remaining), allocated, expended, and approved (if different from programmed). The district must be able to explain any differences between the amounts and indicate when and to whom cost changes were reported. The plan shall also provide for R/W follow-up on reported cost increases.

Day-to-day management of capital outlay resources, including monitoring and reporting R/W cost changes, rests with each district.

R/W reviews each district's cost control methodology/plan for conformance with minimum requirements set forth above and for compliance with Department policies and procedures.

Once project information is gathered, it must be constantly monitored. When the district reviews its projects and determines that estimated remaining R/W costs are significantly greater than programmed R/W costs, it must report the increase using PCR procedures.

R/W must take an active and aggressive role in project cost management. It is not sufficient to merely report cost changes to project managers. R/W must follow up on what course of action the Project Manager takes and must record this information for future reference.

If district R/W does not get a response from Project Management, it should advise district Program Management of the cost change. The date the report is made to Program Management and the response should be recorded. Any changes must be reported to the Program & Project Management Program.

### 3.04.14.00 Reconciliation with TRAMS

The CTC requires the Department to report annually on total commitments compared to approved capital outlay allocation. R/W must manage its capital outlay allocation to ensure the allocation and the commitments do not exceed the allocated state, federal, or reimbursed amounts.

Managing the allocation includes ensuring that expenditures are within the available balances of state, federal, and reimbursed dollars. In addition, R/W expenditures should be properly recorded in TRAMS. If R/W ledger balances do not agree with TRAMS balances, the discrepancy must be resolved. It is R/W's responsibility to inform Accounting of any discrepancy. Accounting has primary responsibility to isolate the transaction(s) causing the discrepancy and adjust TRAMS accordingly. From the statewide allocation, regions/districts are given allocations based on their workload. Regions/districts are delegated responsibility to manage their allocations and to notify RW Accounting of any discrepancies. If necessary, RW Accounting will adjust TRAMS accordingly.

It is recommended that P&M reconcile expenditure transactions on a weekly basis between TRAMS and the R/W ledger to reduce the time necessary to conduct the reconciliation process at fiscal year end. The "Title" (TRAMS IIIA Report) is a weekly report provided by HQ RW Accounting to the districts. R/W ledger information or RW 8-16 information should be compared against the TRAMS IIIA Report to ensure that each transaction (EA, object code, special designation, transaction codes and amount) are properly recorded.

Available balances are the annual district allocation and encumbrances.

- Allocations increase or decrease due to district need and R/W revisions.
- Encumbrances are depleted as payments are made.

### 3.04.14.01 RW Accounting Reports

Accounting Service Center, RW Accounting, generates and distributes monthly reports to district P&M. Other reports are available for R/W use and are summarized in the table below entitled "Reconciliation Reports."

### 3.04.14.02 Allocations and Suballocations

Each July, Budgets issues the District R/W Allocation for state, federal, and reimbursed dollars. The allocation is available for expenditure and encumbering only after the Governor signs the budget.

Once the budget is signed, P&M can then establish the R/W EAs in the TELNET EAS/COMS system. EAs are electronically forwarded to the District Project Control Unit for coding review, then to Headquarters Accounting Service Center for final approval and entry into TRAMS. This process of establishing (opening) R/W EAs allows R/W to start expending its allocation.

Prior to fiscal year end, HQ R/W P&M conducts a statewide review of R/W capital needs. If the annual allocation is deficient, HQ R/W P&M submits a request to the CTC for additional R/W allocation dollars. The total R/W allocation must be within the R/W Budget Estimate previously submitted to the CTC. This process ensures sufficient allocation is available to support R/W's final annual expenditures.

### 3.04.14.03 Coding

Coding entered on transaction documents determines federal participation eligibility.

FHWA requests that all transaction documents contain a box in which the Federal Participation Number can be exhibited. The number is used to confirm federal participation eligibility during examination or audit of parcel files and helps P&M and Accounting determine if the proper coding has been entered on transaction documents and ultimately in TRAMS.

| RECONCILIATION REPORTS | | |
|---|---|---|
| **Type** | **Title** | **Description** |
| District Summary Report (transmitted electronically on a weekly basis to District P&M) | Report IA - Weekly Funding Status Report (EA Summary) | Fiscal year-to-date summary by funding fiscal year, appropriation symbol, fund, and fund source showing EA and subjob, expenditures, unliquidated encumbrances, and listing of expenditures and unliquidated encumbrances sorted by EA for funds used by R/W Capital Outlay Program. |
| Weekly Report | Weekly Detail Transaction Listing From History File | Weekly history of both expenditure and encumbrance transactions by EA, special designation, object code, process date, reference document number, original document, TRAMS batch identification, transaction code, fund, fund source, claim schedule, reverse code, transaction amount, and liquidation amount. |
| Quarterly Cumulative Report | Report IIIB - Cumulative Listing-Report | Cumulative history of Report IIIA. Provides the same data as IIIA for prior year postings, as well as the current fiscal year to current month ending. |

| R/W CODING ELEMENTS | | |
|---|---|---|
| **Element** | **Abbreviation** | **Explanation** |
| District also referred to as:<br>Source District<br>Unit | D or Dist | Composed of counties<br>District performing task<br>Department or function |
| Charge District | Chg Dist | District task is being charged to |
| Funding Fiscal Year | FFY | Year funds are appropriated by governor |
| Appropriation Symbol | AS | Pot of money funds are assigned from |
| Fund Split | F or FS | Type of money: T = State dollars<br>F = Federal dollars<br>R = Reimbursement from<br>• Local Agencies<br>• Toll Bridge funds<br>• Subvention funds |
| Expenditure Authorization | EA | Project assigned number |
| Subjob | SJ | Number assigned to EA to separate specific activity within a project |
| Document Number | Doc No. | Number assigned to a transaction document, such as a contract |
| Suffix | | Accounting assigned number |
| Special Designation | SD | Field used by each unit for specific identifiers |
| Federal Authority | FA | 6 = eligible for federal participation<br>7 = not eligible for federal participation<br>8 = transaction held in suspense until eligibility is determined |
| Object Code | Obj Code | Determines type of activity, such as acquisition or RAP |

Coding elements and abbreviations used most often by Right of Way are shown in the table above.

### 3.04.14.04 Coding Verification

Verification of coding occurs during examination and completion of RW Accounting payment request forms.

- Reconciliation – District P&M and Accounting verify coding elements and the EA status (opened, closed, suspended) during this process.
- Monitoring Process – District R/W P&M verifies coding for expenditures when reviewing the weekly monitoring report. (See Section 3.06.09.00.)

The weekly IIIA Report is the recommended resource for determining if proper coding has been entered into TRAMS.

**3.04.15.00 R/W Ledger**

R/W developed a system for tracking transaction codes and dollars to correct problems FHWA found in the Department's record keeping for R/W expenses. The R/W ledger is part of that system.

The format of the R/W ledger should parallel the Accounting Reports, particularly Report IA.

The ledger should have a summary face page, preferably set up in landscape format. All EAs with anticipated expenditures/encumbrances are listed in numeric order.

Following the summary face page are the EA statement sheets containing:

- Federal participation percentages*.
- Amounts listed by fund split and totaled.
- Date transaction documents forwarded to Accounting.
- Document number.
- Amount of transaction.
- State portion.
- Federal portion.

*Federal participation percentages can be verified on the E-76, PR2 or C-Bar screen.

| RECONCILIATION PROCESS | |
|---|---|
| **Responsible Unit** | **Process** |
| Accounting Service Center – RW Accounting | Generates accounting reports for reconciliation on a weekly and monthly basis.<br>Distributes these reports electronically to districts and HQ R/W. |
| District P&M | Compares the R/W ledger or processed R/W 8-16 forms against the TRAMS Weekly IA, IIIA or TRAMS Monthly IIIB reports. It is recommended that the reconciliation process be conducted on a weekly basis to reduce the time necessary to complete the fiscal year-end reconciliation of final expenditures.<br>Errors in the TRAMS weekly/monthly reports are reviewed and approved by the P&M Senior. The transactions requiring correction are then forwarded to RW Accounting for correction. |
| Accounting Service Center – RW Accounting | Determines type of errors and distributes them to appropriate Accounting Unit for correction.<br>Verifies that error adjustments do not affect other entries for the EA/parcel.<br>Coordinates with District R/W for R/W adjustments. |
| District P&M | Verifies adjustments in TRAMS via the Accounting Reports the following week or month. |

## 3.05.00.00 - FEDERAL-AID PROJECT FUNDING

### 3.05.01.00 General

To obtain federal financing of projects, the Department must comply with laws, regulations, requirements, and procedures established by Congress and FHWA. The decision to apply for federal participation on a project or phase of a project is made during the programming phase and is guided by the Department's federal-aid policy.

The following are laws and regulations that govern FHWA Program financing:

- Title 23 U.S. Code
- Title 23 Code of Federal Regulations
- TEA-21
- Clean Air Act
- National Environmental Protection Act (NEPA)
- Title 49 U.S. Code
- Uniform Relocation Act
- Annual Appropriation Act
- Special Congressional Action

The Department utilizes FHWA's publication entitled "A Guide to Federal-Aid Programs and Projects" in the administration of the Federal-aid highway program. The guide provides basic information about the Federal-aid programs, projects, and other program characteristics. The publication also includes information resulting from the latest multiyear Federal-aid authorizing legislative act, The Transportation Equity Act of the 21st Century (TEA-21, Public Law 105-178).

Federal-aid to California encompasses federal funding to Local Agencies, and STIP and SHOPP projects. Under SB 45, the STIP provides 75% of new STIP funds for the Regional Transportation Improvement Program (RIP) and 25% for the Interregional Transportation Improvement Program (IIP).

FHWA provides a portion of the total cost of each project in which it participates; the state or local agency must provide matching funds. The Federal Transportation Act sets the federal participating ratio (percentage) for each program.

Title 23, Section 115, of the United States Code, as amended by the Federal Highway Act of 1987, allows states to finance projects with their own funds and later claim reimbursement when new federal funding or authorization becomes available.

Under the conditions in 23 CFR 1.36, FHWA may withhold payment where the state fails to comply with federal laws or regulations, state laws, or under circumstances of waste, fraud, and abuse.

The Federal Highway Administration (FHWA) amended the right of way regulations for federally assisted transportation programs administered under Title 23, United States Code. The FHWA clarified and reduced federal regulatory requirements and placed primary responsibility for a number of approval actions at the state level.

Changes in 23 Code of Federal Regulations (as a result of TEA-21) that affect R/W activities are detailed in the functional sections of the R/W Manual. Significant changes to the federal regulations affecting right of way include, but are not limited to the following:

1. Expanding federal funds to participate in all costs required by state law.
2. Allowing states to receive credits for early acquisition in concurrence with meeting environmental process.
3. Allowing states to advance preliminary acquisition activities under preliminary engineering for requesting federal participation in funding and reimbursement of incidental or support costs.
4. Allowing states to retain the proceeds for the lease or sale of real estate purchased with federal funds as long as the proceeds are used for Title 23USC type projects.
5. Eliminating the federal right-of-way revolving fund for acquiring right-of-way in advance of available state funding.
6. Requiring states to update and submit ROW operations manuals (to document methods and practices to assure compliance with state and federal laws and regulations) to FHWA for approval no later than January 1, 2001.
7. Requiring State Transportation Department to certify to FHWA every five years after January 1, 2001 that the current ROW operations manual conforms to existing practices and contains necessary procedures to ensure compliance with federal and state real estate law and regulation.

### 3.05.02.00 Departmental Policies and Guidelines

The Department has established policies and guidelines for developing budget and programming documents (STIP and SHOPP) and for administering and programming federal-aid projects. The Department maximizes use of federal resources by capturing all federal aid available and applying it to construction, right of way acquisition, and preliminary engineering.

Current policy directs that all projects requesting federal aid must be listed in the current federally approved State Transportation Improvement Program (FSTIP). Departmental directive requires federal aid for both capital and support be requested for all eligible R/W projects. (See Section 3.04.04.05, Federal Participation in Right of Way.)

Refer to Deputy Directive Number DD-11, Exhibit 3-EX-4, for further directions.

It takes several years to expend funds for R/W project costs. To avoid obligating excess federal funds unnecessarily, the Department, therefore, typically does not request the total estimated at one time.

The Federal Resources Office, Headquarters Budgets, is responsible for developing and submitting the Department's Federal Aid Programs to FHWA. In preparing the programs, it must consider the class of funds involved and the relationship of total funds to amounts expected to be available during the programming period.

District R/W submits multiple E-76s to cover incremental portions of R/W work.

### 3.05.02.01 Federal-Aid on State and Local R/W Projects

The Department secures federal funding on State and Local projects that qualify for federal-aid. To request federal-aid, a project must be listed in the FSTIP or FTIP and have an approved environmental document dated within 3 years of the submittal of the E-76.

With the enactment of SB 45, programmed projects on the State Highway System may have a mix of both state and local funds. State funds are STIP funds, which include the Regional Improvement Plan (RIP) and the Interregional Improvement Plan (IIP). Local Agency Funds include tax measure, property tax, developer fees, and Local Assistance federal subventions.

The Federal Resources Office and Office of Local Programs are both responsible for programming federal funds on R/W projects. Headquarters Federal Resources Office is responsible for State projects while Local Programs is responsible for Local Agency projects.

- State Projects are those projects on the State Highway System.
- Local Projects are those projects on Local Streets and Roads.

In administering state and locally funded R/W projects, there must be separate accountability of State and Local federal funds. The Department must establish separate TRAMS EAs with Subjobs to account for separate funding and expenditures on each (State or Local) federal-aid project.

For locally funded (including subvention funds) projects, the Department must enter into a cooperative agreement with a local agency prior to performing any right of way activities.

### 3.05.02.02 Early Acquisition under 23 CFR Section 710.501

Effective January 20, 2000, 23 CFR amended R/W regulations for federally assisted transportation programs to allow the state, under certain circumstances, to initiate early acquisition for corridor preservation, access management, or other purposes and use eligible acquisition costs toward the state's share of the project into which the right of way is incorporated. It specifically provides for early acquisition in advance of final environmental and project approval.

In discussing "early acquisition" and acquisition costs as credit or soft match of federal funds, early acquisition refers to the acquisition of real property by state or local governments in advance of federal authorization or agreement. Early acquisition referenced in this section is not the same as advance acquisition under hardship or protection purchase criteria. See Chapter 5, Corridor Preservation, Hardship and Protection.

Amendments to 23 CFR allow flexibility in considering early acquisition under certain situations. However, state and local governments must conform to statutory requirements in early acquisition approaches and follow federal guidelines that include careful observance to environmental process before obtaining credit. Before initiating early acquisition, proper legal authority must be obtained and careful consideration given to program and project needs.

On December 28, 2000, HQ Right of Way issued a memorandum that sets forth criteria for beginning R/W acquisition on STIP projects prior to approval of environmental clearance. The guidelines are a departmental process only and are not applicable to local agencies. See Exhibit 3-EX-6.

### 3.05.02.03 Credit (Soft Match) toward State's Share of Project Cost

Revisions to 23 CFR (as a result of TEA-21 legislation) allows acquisition costs (capital costs only) incurred by a state agency to become eligible for use as a credit towards the state's share of a federal-aid project provided certain conditions are met. [23 CFR 710.501 (b)] Credits can be applied to projects where the initial project agreement with FHWA was executed after June 9, 1998.

Essentially, this provides that the value of property acquired by state or local governments and incorporated into the project could be credited to the **nonfederal share** in either the right of way or construction component of the total cost of a federal project. However, it is only **land** and **building** costs (state only funded) that are deemed to be qualifying and are permitted as a contribution toward the nonfederal share. (All other costs, such as support, appraisal, related acquisition costs, damages, and RAP are not counted as soft match or credits.) **Credits are not available for lands acquired with any form of federal financial assistance, or already incorporated and used for transportation purposes.**

Prior to TEA-21, publicly-owned property could not be used as credit toward the nonfederal share of the cost of a project. However, with the amended 23 CFR regulations 710.507, state and local contributions of properties (incorporated within a federally funded project) can be used as a credit toward the matching share of the total project cost.

In 23 CFR Part 710, Subpart E, Section 710.501 Early Acquisition, (b) Eligible Costs provides conditions that must be met if eligible acquisition costs are used as credit (soft match) on a federal-aid project. Those conditions are, in part, as follows:

1. The property was lawfully obtained.
2. The property is not Park Land (23 U.S.C. 138).
3. The property was acquired in accordance with 49 CFR, Part 24.
4. The state complied with Title VI (42 U.S.C. 2000d - 2000-4).
5. The FHWA concurs that the action taken did not influence the environmental assessment,
    i. The decision to construct the project;
    ii. The consideration of alternatives; and
    iii. The selection of the design or location; and
6. The property must be incorporated into a federal-aid project.
7. The original project agreement covering the project was executed on or after June 9, 1998.

Provisions of 23 CFR, Section 710.505–Real Property Donations and 710.507–State and Local Contributions, provide opportunities to the State Transportation Department to utilize the value of real properties as credit towards the state share of a project.

Under Section 710.505 (b), donations of real property from a nongovernmental owner may be credited to the state's matching share of the project. The credit is to be based on fair market value established on either the date on which the donation becomes effective, or the date on which equitable title to the property vests in the State.

Under Section 710.507 (d), contributions of real property acquired with State funds may support a credit toward the nonfederal share of project costs provided documentation supporting all credits includes the following:

1. Certification that the acquisition satisfied the conditions in 23 CFR 710.501(b); and
2. Justification of the value of credit applied, Acquisitions costs incurred by the State to acquire title can be used as justification for the value of the real property.

Under Section 710.507 (e), contributions by local government of real property may be offered for credit against the state share of the project at fair market value of the real property. The state agency must assure that the acquisitions satisfy the conditions in 23 CFR 710.501 (b), and that the documentation justifies the amount of the credit.

Sufficient documentation of the financial data to support the soft match or credit must be included in the project file for the final voucher. Expenditure reports from TRAMS will suffice as financial support to document the State's matching share of the project.

HQ Federal Resources Office and Accounting Service Center should also be consulted for further guidance on the application of soft match or credit toward a federal-aid project.

## 3.05.03.00 Federal Participation in R/W Projects

Setting the threshold for federal-aid for R/W projects at $1,000,000 or more has resulted in different criteria being used to determine federal participation in R/W costs. Although federally approved R/W projects are generally 100% participating, only those parcels within the R/W lines and eligible excess land are eligible for federal participation.

There could be federal authorization and participation on a R/W project, but not on specific parcels because acquisitions occurred prior to federal authorization on the R/W project. (Those nonparticipating acquisition costs should be coded in TRAMS as ineligible.) Also, where the Department did not apply for and receive FHWA authorization and specific federal approval for utility relocations, the utility relocation costs may not be charged to the project with federal participation. (See Section 3.05.12.05, Federal-Aid Eligibility Code.)

There may be federal aid for preliminary engineering and construction engineering on a highway project, but not for R/W. The nature and complexity of R/W projects compared to construction or preliminary engineering projects require that extreme care be exercised in identifying federal eligibility and participation. To accommodate the multifunctional R/W costs and credits, various federal participation forms are used to identify federal participating costs and to segregate eligible and ineligible R/W costs for federal reimbursement. Each R/W functional area has included special instructions for properly coding functional costs in its Monitoring Procedures. (See functional sections of the R/W Manual for detailed instructions.)

## 3.05.04.00 Federal Funding Overview

Whenever federal funds provide a portion of a project's funding, the Department must qualify the project for federal participation by meeting applicable requirements of federal laws, and implementing regulations and directives.

The following is a summary of activities necessary for obtaining federal authorization, funding and reimbursement for a federal-aid project:

- Verify project is included in programming documents (e.g., STIP, SHOPP, FTIP, FSTIP).
- Request work/project authorization and execution of project agreement by submitting an electronic E-76 in FADS to the Federal Resources office for processing to FHWA.
- Receive FHWA's approval through electronic signature document in FADS for the work/project, and begin R/W work.
- Bill FHWA for progress payments through the Current Billing and Reporting System (CBARS).
- Initiate and submit, when necessary, an electronic modification of project agreement in FADS to adjust federal funding under agreement with FHWA.
- Prepare a final voucher for the project after all work is completed and close out project with FHWA.

## 3.05.05.00 Federal Authorization/Approval

FHWA has delegated to the Department much of the authority for determining FHWA Involvement and Oversight on projects. Headquarters Federal Resources Office and Local Programs have overall responsibility for the management of federal funds on State and Local projects.

The Department obtains separate authorizations/agreements on capital outlay projects for preliminary engineering, R/W, and construction through the electronic combined authorization/agreement process. This process utilizes the Federal Aid Data System Electronic Signature System (FADS). The FHWA approval of

plans, specifications and estimates, authorization to proceed with work, and obligation of federal-aid funds (for an exception, see Section 3.05.05.01 on advanced construction projects) all occur with the execution of the project agreement. FHWA's approval to proceed with work establishes the date after which expenditures are eligible for reimbursement.

Federal funds may not be used for costs incurred prior to the date of authorization to proceed. Since CBARS precludes costs prior to authorization from billing FHWA, special coding is not needed for segregating costs in the billing.

While many federally funded projects are exempt from FHWA approval and oversight, R/W projects are not exempt. Often R/W projects are authorized and funded for an amount less than the total estimated cost (usually the amount that can be expended on a timely basis, generally one year). Since R/W project limits frequently differ from construction project limits, these projects are programmed separately with FHWA and are assigned different federal-aid project numbers.

The Federal Resources Office and Office of Local Programs coordinate programming of all federal funds with FHWA and submit necessary back-up documentation for the projects.

### 3.05.05.01 Federal Authorization for Advance Construction (AC) Projects

The Federal Resources Office will use its discretion in programming and processing federal-aid projects. When a R/W project is designated as an advance construction (AC) project, it is processed in the same manner as a regular federal-aid project and a project agreement is executed. The only exception is that the FHWA authorization does not constitute a commitment of federal funds on the AC project. The Federal Resources Office at some future date will convert the AC project so that it will be funded through an electronic modification of project agreement.

### 3.05.05.02 Federal Participation in Preliminary Acquisition Activities

23 CFR 710.203 (3) allows preliminary acquisition activities to be advanced under preliminary engineering prior to National Environment Policy Act (NEPA) clearance (42 USC 432 et seq.). Appraisal completion may also be authorized as preliminary right-of-way activity prior to completion of the environmental document. Thus, costs of preliminary R/W activities incurred in conformance with state and federal law requirements may qualify for federal participation.

Districts may prepare and submit an electronic E-76, Project Authorization/Agreement to seek Federal participation in preliminary R/W activities following:

1. June 9, 1994 guidelines that define preliminary right of way (see Exhibit 3-EX-5 and Section 3.08.01.00).
2. Departmental guidelines for federal aid project funding for Right of Way Projects (see Exhibit 3-EX-4).

### 3.05.05.03 Stage 1 Authorization - Hardship and Protection Acquisitions

Federal aid for H&P acquisition is requested only when total R/W capital costs, including H&P acquisition, are $l,000,000 or more. The Department's practice is to budget expenditures for Stage 1 H&P acquisitions showing federal participation.

The provisions of 23 CFR 710.503 (b)(c) allow authorizations for protective buying and hardship acquisitions. FHWA may authorize federal participation in acquisition of a particular parcel or a limited number of particular parcels within the limits of a proposed highway corridor prior to completion of the Environmental Impact Study and selection of the route. Known as Stage 1 Authorization, this is simply a federal authorization to proceed without the obligation of federal funds.

Stage 1 Authorization for H&P parcels requires submittal of a complete justification package, along with the preparation and submittal of an E-76 to FHWA. When submitting the E-76 for a Hardship or protection

acquisition, the FADS SCOMMENT screen must clearly indicate that the request for a Stage 1 Authorization is pursuant to 23 CFR Section 710.503 – Protective buying and hardship acquisition, and authorization to proceed under 23 CFR 630.106 (c) (3).

The following statement must be typed in SCOMMENT screen for the request of Stage 1 Authorization:

> "Authorization to proceed shall not constitute any commitment of Federal funds, nor shall it be construed as creating in any manner any obligation on the part of the Federal funds for that portion of the undertaking not fully funded herein."

The Stage 1 Authorization allows eligible incurred costs be reimbursed after the appropriate requirements are fulfilled provided a revised E-76 (converting from the authorization from Stage 1 to 2 – Regular Right of Way) is transmitted to and approved by FHWA.

Since all eligible Stage 1 costs, including appraisal, acquisition, and rental activities, potentially qualify for federal participation, they must be captured by a multiphase (project) EA and not by a single phase EA. See Section 3.04.04.01 for charging information on H&P acquisitions.

All 2 and H Phase EAs for Stage 1 must be masterfiled in TRAMS EA Table for federal participation and must reflect Federal-Aid Status Code 1, Condition Code 3, and other appropriate federal-aid information.

On Stage 1 Authorization, Federal Program Accounting establishes the R/W project in CBARS under Status Code S to ensure that eligible project costs are not prematurely billed to FHWA.

### 3.05.05.04 Stage 2 Authorization - Conversion to Regular Federal-Aid Project

When an H&P project progresses to the environmental clearance stage, the Stage 1 authorized project must be converted to a Stage 2 regularly funded federal-aid R/W project. As soon as project criteria are met, district P&M must submit a revised E-76 using FADS to receive federal funding obligations.

The following information must be included in the SCOMMENT Screen on the revised E-76 for a Stage 2 Authorization:

- Stage 2 Authorization (Conversion from Stage 1 Authorization)
- Environmental Clearance Document Date
- Route Adoption Date
- Public Hearing Date

Upon approval of the Stage 2 Authorization, Federal Program Accounting changes the federal project status in CBARS from Code S to A to allow billing of H&P costs to FHWA.

Once a project has progressed to Stage 2, R/W capital outlay expenditures are charged to the Phase 9; the "H" phase of the project EA is no longer used. Upon environmental clearance, district P&M should change Phase H EA from Status 40 to 70 so it will no longer accept charges to this EA phase.

### 3.05.06.00 Project Identification

The Federal-Aid Project Number (FPN) is the project identifier on a federal-aid project. For State purposes, the project EA is the project identifier. (See Section 3.02.00.00 for additional information on EAs.) More than one project EA may be assigned to a federal project, and more than one federal project may be assigned to an EA.

Both FPN and EA are referenced on various documents including the E-76. FPNs and EAs are contained in the EAS PMF, PMCS, TRAMS, CBARS, IRWS, RWPS, and ELMS.

The relationship between FPNs and EAs is important, especially with regard to federal authorization and reimbursement. Proper federal-aid information must be established in PRIME on the "U" card of the EA(s) to link an FPN to one or more EAs or vice versa for the department to record project expenditures and to bill and collect federal reimbursement.

### 3.05.06.01 Federal-Aid Project Number

The Federal Resources Office assigns an FPN to identify a specific federally aided highway project or federally approved research study. The number is used to monitor project activities and funding and must be on the E-76, PR2 or PR2A, and any other support documents for the project.

An example of two versions of an FPN is:

- I-105-3 (311) for documentation
- 042 1053 311 for TRAMS and CBARS

The FPN as displayed in the first version above must be shown on R/W plans, contracts, deeds, appraisals, options, vouchers, correspondence, and other documents and papers.

### 3.05.06.02 EA Adjustments for Combined and Split Projects

When combining or splitting project EAs, district R/W must exercise caution to maintain the federal-aid information related to authorized federal-aid R/W projects.

- **One Federal-Aid R/W Project Involved** - newly created EAs must reflect the original federal-aid project number if they are within the project termini authorized by the E-76.
- **Two Federal-Aid R/W Projects Involved** - newly created EAs with Subjob numbers must be established to correspond respectively with each federal-aid project. (Post mile, or kilometer post, identification will be key to relating to appropriate federal aid R/W project.)

Consult with Headquarters P&M if the combined or split projects result in discrepancies with the federal project limits.

### 3.05.07.00 Request for Approval/To Proceed, Form E-76

As a condition for receiving federal-aid, the Department must obtain FHWA authorization of work and execute a project agreement with the Federal Government for contractual obligation of the federal share of a project.

The Department and FHWA use FADS Electronic Signature System to electronically transmit information required to authorize the project, execute the project agreement, and obligate funds for the federal-aid project. (See the table entitled "Departmental Data Bases and Systems" in Section 3.01 for additional information on FADS.).

Section 1305 of the Transportation Equity Act for the 21st Century (TEA-21) amended 23 U.S.C 106(2) and combined authorization of work and execution of the project agreement for a federal-aid project into a single action. Prior to the passage of TEA-21, there was a two-step process for committing federal funds and entering into a formal agreement with FHWA. FHWA regulations [23 CFR 630.303(c)] combined these steps into a single action.

The Department and FHWA division office now handle all project authorizations/agreements as a single action through execution of the project agreement in the FADS Electronic Signature System. After reviewing E-76 data, FHWA Division transmits the FADS data to the FMIS in Washington, D.C. for electronic signature to

finalize the agreement. The process on the E-76, authorization/agreement, is complete when the data is transmitted back to FADS from FMIS with signature names and dates for each project.

The electronic processing of the Authorization to Proceed (E-76), Project Agreement (PR2), and Modification of Project Agreement (PR2A) replaces the hard copies of these referenced documents.

Since costs are not eligible for federal participation if incurred prior to the authorization to proceed date, timeliness of E-76 submittal and authorization is critical. The district must submit an E-76 to Federal Resources Office as soon as possible after environmental approval. Authorization to proceed with preliminary engineering and acquisition of rights of way on H&P projects is obtained in the same manner as regularly financed federal-aid projects.

The E-76 must be prepared for each highway project eligible for federal-aid funding. The purpose of the E-76 is to:

- Cover the various types of projects and kinds of work to be undertaken.
- Indicate the effective date governing FHWA authorization for federal share of eligible costs.
- Show the total amount of project cost requested and federal funds obligated.
- Set forth any special provisions or limits relating to the project.

The E-76 must be submitted at the following milestones for R/W projects:

- Preliminary work - before beginning any effort, such as appraisal maps.
- R/W hardship or protection, appraisal, acquisition, relocation assistance, and utility relocation - before beginning effort.

Capital outlay costs are eligible for participation upon E-76 approval prior to commencement of the activity proposed for participation. For example, acquisition activities commence with the "First Written Offer." Submittal of the "First Written Offer" before the E-76 is approved makes all acquisition costs nonparticipative. The same restrictions apply to other capital outlay activities, e.g., utilities relocation and RAP.

Federal aid must also be requested for R/W support when federal aid is requested for capital outlay costs. Initially an E-76 is submitted to cover preliminary R/W work, such as R/W engineering activities, then subsequent E-76s are submitted for the remainder of capital outlay and support costs.

The E-76 contains basic data about the project and the phase for which participation is being requested. The district drafts the request and the Federal Resources Office finalizes it. The E-76 should include:

- Total estimated support costs and functions involved in the support costs (e.g., acquisition, utilities, and RAP).
- Total estimated capital outlay broken down by costs of acquisition (right of way, excess land, and demolition and clearance), RAP, Last Resort Housing, and utilities.
- Total number of acquisition parcels.
- Total number of RAP families and business relocations.
- Total number of Last Resort Housing units.

## 3.05.08.00 R/W Project Estimate

The Department must provide total R/W costs for an entire project when submitting an E-76 for FHWA's approval to proceed. The total R/W costs must include separate estimates for:

- Acquisition (R/W and excess).
- RAP Families and Businesses.
- Last Resort Housing/Hardship Acquisition.
- Utilities.
- Support.

The total R/W costs displayed on the E-76 must reflect R/W (capital outlay) cost estimates that are on the COST RW-1 screen in PMCS.

A R/W support cost estimate must be itemized separately on the E-76 and not included in the cost of acquisitions. Since support estimates currently are calculated manually and no standard procedures are applied, many projects are underobligated and underfunded in federal funds. Support costs must be current and realistic, and based on anticipated workload. If workload changes, support costs must be revised.

The R/W cost estimate provided on the E-76 should be kept current and updated whenever it is determined the estimate is no longer valid. See Chapter 4, Estimating.

## 3.05.09.00 Amendment/Modification of Federal-Aid Project Agreement

When it is necessary to adjust federal funding on a project, the Federal Resources Office will prepare and transmit an electronic Amendment/Modification to FHWA for review and approval. The modification of project agreements should continue to be processed in accordance with the requirements in 23 CFR 630, Subpart C.

The modifications to the project agreement are based on funding adjustments on an "as needed basis" to cover federal-aid accruals or funding and adjustments requested by R/W and/or Accounting.

Eligible project costs cannot be reimbursed beyond funding limits under federal project agreement. Therefore, it is advisable that the electronic Amendment/Modification be submitted to FHWA in a timely manner.

## 3.05.10.00 Multiple Federal Funding

R/W projects may have multiple federal funding, that is, more than one funding source of federal funds. Two examples of dual or multiple funding are:

- A project with Interstate Completion (I) and Interstate Rehabilitation (IR) funds.
- A project with Surface Transportation Program (STP) and Minimum Allocation (MA) funds.

The Federal Resources Office can obligate different classes of federal funds for a specific project depending on the need and availability of funds. It is not unusual for a R/W project that spans a number of years to be financed with different types of federal funds.

A R/W project that is multifunded (dual, triple, or quadruple funded) must have correct federal-aid information on the "U" card of all EAs related to the project. Specifically, all EAs involved in the project must reflect the correct participating ratio for each funding (federal-aid fund type). This is to ensure that project expenditures will be accurately charged to the appropriate FPN. Each FPN carries a separate class of program fund reflecting its reimbursement rate.

District R/W sets up the initial federal-aid information on the "U" card of a R/W EA using information from the approved E-76 — essentially the initial federal funding and the project number(s) (e.g., 315 0052 687). Federal Program Accounting adjusts the "U" card information for subsequent funding modifications approved by FHWA.

Infrequently, a R/W project has dual funding that requires separate accountability of federal funds. For example:

- A project involves **two** different routes - one is an Interstate route, the other is a State route (e.g., I-880 and SR 237).
- A R/W project is approved with both Interstate Construction (I) and Interstate Maintenance (IM) or Interstate Rehabilitation (IR) funds.

P&M must receive sufficient project information related to conditional funding requirements and limitations when a project is approved by FHWA and R/W work is identified for federal funding. This is to ensure that R/W EAs are correctly masterfiled to maintain separate accountability for costs to be charged to each federal fund type. District R/W must be aware of the funding restrictions inherent in the different federal fund types to prevent mischarging project costs to FHWA. In addition to the above, under SB 45 programmed projects may also have multiple federal funding sources that require separate accountability. Therefore, it is important to exercise care to segregate the different federal fund types and properly account to each fund type and individual federal-aid project.

R/W should consult with the Federal Resources Office when clarification is needed on separate accountability of federal funds and other federal-aid funding issues.

### 3.05.11.00 Federal Emergency Relief (ER) Funded Projects

In situations where there are declared disasters (storms, earthquakes, fires, etc.) eligible for Federal Emergency Relief (ER) funds, the Department of Transportation (Caltrans) must follow Federal Emergency Relief Recovery Procedures to assure maximum federal reimbursement. Where the damage is significant, Caltrans will prepare a Letter of Intent to the Federal Highway Administration (FHWA) to apply for ER funds. FHWA approves and allocates ER funds either administratively or when a Presidential Declaration of Disaster is declared.

Under the Emergency Relief Program, Emergency Opening (EO) and Permanent Restoration (PR) work are eligible for ER funds. Consult HA-23 Statewide Program Advisor or Federal Resources Area Engineer for the difference between Emergency Opening and Permanent Restoration.

FHWA will reimburse the Department with Emergency Relief (ER) Funds at a rate of 100 percent for eligible emergency opening expenditures incurred during the first 180 days of a federally declared disaster. According to the Federal Register, the 180-day period starts on the initial day of the disaster. Emergency opening work continuing beyond the 180-day period will be reimbursed using the normal qualifying rates for the project.

Restoration work is not eligible for 100 percent federal reimbursement even if accomplished during the 180-day period following the start of the disaster. Projects for restoration work will follow the normal federal-aid process. Before restoration work begins, an E-76 must be approved. Restoration work is reimbursed by FHWA at the normal system rate, currently 91.57 percent on Interstate routes and 88.53 percent on all other Federal Aid Highways.

While the Federal Resources Office and Headquarters Maintenance are responsible for processing the ER projects for approval and funding with FHWA, it is still the District's responsibility to initiate the authorization request (E-76) and assure all requirements are met before beginning work. If work is begun prior to approval of the E-76, Federal ER funds will be lost. (Consult with the Federal Resources Office for guidelines and procedures for handling ER funded projects.)

For ER funded projects, only work for temporary operations, emergency repairs, and preliminary engineering may proceed without prior Federal authorization. All other work including right of way appraisals and permanent restoration must have a signed Request for Approval/To Proceed (E-76) prior to proceeding.

EO projects must have photographs and other documentation of the initial damaged site to substantiate emergency opening costs. Also, a Damage Assessment Form (DAF) must be prepared for each site located on Federal-aid highways. The DAFs for State highway projects must include cost estimates for all phases of work including those of R/W.

When major damage and disasters occur, Right of Way must actively participate in the Emergency Relief process to ensure that R/W work is considered and included in the DAF. The following are necessary:

**Emergency Opening (EO) Projects**

- Participating as part of the disaster team to perform field reviews of damage sites
- Providing R/W cost estimates to the District Major Damage Coordinator in the District Maintenance Office for the Damage Assessment Form (DAF)
- Providing R/W cost estimates to District Major Damage Coordinator for the E-76 (**HQ Federal Resources is responsible for preparing the E-76 for EO projects, including the R/W estimates.**)
- Ensuring R/W staff charges to the proper EAs established for the EO projects
- Delivering R/W work in a timely manner for Emergency Opening Phase
- Confirming completion of R/W work on ER projects and notifying Federal Program Accounting for final vouchering of ER projects

Permanent Restoration (PR) Projects

- Coordinating with Project Development on the PR projects
- Developing R/W estimates as in regular typical projects
- Requesting federal participation by submitting E-76 in a timely manner (**R/W prepares and submits Request for Approval/To Proceed, E-76 for all PR projects.**)

**NOTE:** Permanent restoration projects are not required to be listed in a Federally approved Transportation Improvement Plan unless they involve substantial function, location or capacity changes [23 CFR 450.324(f)].

**All R/W work for permanent restoration projects must have a signed E-76 prior to proceeding.**

- Ensuring R/W staff charge to the proper EAs established for the PR projects
- Delivering R/W work in a timely manner for Permanent Restoration Phase
- Monitoring PR projects funded by ER funds and notifying Federal Program Accounting of completion of R/W work for final vouchering of projects

General questions regarding the ER Program, the HA-23 program, Deputy Directive DD-26, the Major Damage Restoration Handbook, and the Director's Order and Resolution G-11 Processes should be directed to the Headquarters Maintenance HA-23 Statewide Program Advisor.

## 3.05.12.00 Federal Reimbursement

The Federal-Aid Highway Program is a reimbursable program. The Department provides the initial cash to get a project underway, then receives federal funds for the federal share of the project cost incurred and work completed. This means Caltrans must first obtain obligational authority, execute a project agreement, incur costs, and bill FHWA for payment. Then it can receive payment. FHWA will pay only those expenses eligible for reimbursement, limited to the amounts shown on the executed PR2 and PR2A.

Once the project is authorized and the Federal-Aid Agreement is executed, expenditures are accumulated in TRAMS and reimbursement procedures are initiated. Project expenditures are matched with the appropriate federal funds reimbursement criteria, and FHWA pays the State a pro rata share of eligible participating costs. See Section 3.05.12.07 for information about the Department's system for billing FHWA.

### 3.05.12.01 Importance of Federal Reimbursements

Over 50 percent of the Department's annual resources come from federal reimbursements. Although the amount apportioned to California from the current Federal Highway Act is part of the annual Caltrans budget for a given fiscal year, the actual amount reimbursed depends on the amount claimed in compliance with established approval and reimbursement procedures.

### 3.05.12.02 Maximizing Federal Reimbursement

Timeliness of accounting entries and proper coding of transactions are essential for maximizing federal reimbursement. Each employee who codes a time sheet, car tag, or any other accounting document is performing an accounting function and has a responsibility for coding those costs properly.

A key element is correct use of the Federal-Aid Eligibility (FAE) code with activity and object codes. See Section 3.05.12.05 for detailed information.

### 3.05.12.03 Reimbursable R/W Costs

FHWA approves and limits the project expenditures it reimburses to those costs the Department has actually incurred (i.e., cash disbursed, not dollars encumbered).

Federal funds may participate in R/W costs recorded in TRAMS in two categories:

- **Capital Outlay** - costs necessary to acquire and clear rights of way for project construction. All capital outlay costs must be charged to a specific project. To meet FHWA requirements, capital costs must be recorded in sufficient detail to determine eligibility. This includes transactions for land, improvements, damages, utility relocation, demolition, clearance, relocation assistance, condemnation deposits, and income relating to sale of improvements and excess lands.
- **Incidental (Support)** – personnel and operating expenses supporting R/W functions that produce the capital outlay payments. FHWA uses the term "incidental cost;" the Department uses "support cost."

### 3.05.12.04 Definitions

***Direct eligible costs*** are those expenditures incurred after federal authorization on a project is obtained. Generally, eligible acquisition and related costs are based on a parcel-by-parcel authorization by FHWA. Federal participation in real property costs is limited to the costs of property incorporated into the final project and the associated direct costs of acquisition, unless provided otherwise.

23 CFR Section 710.203 (4) (b) (1) expands federal reimbursement for right-of-way acquisition costs beyond the current limits of "generally compensable" costs. Federal aid eligibility now extends to items usually covered by state law and items formerly determined not to be compensable under earlier CFR guidelines. See above-referenced section of 23 CFR for details on federal participation in direct costs.

District R/W is responsible for determining federal eligibility of R/W costs.

***Ineligible costs*** are those expenditures that are not eligible for reimbursement (e.g., costs that would normally be eligible, but are incurred prior to FHWA's approval of the E-76. FHWA does not participate in any costs (except early acquisition soft match) that are incurred prior to the authorization of a project.

As a result of TEA-21 and the newly adopted Federal regulations, FHWA no longer limits federal reimbursements on formerly excluded costs, such as goodwill and defendant's costs in connection with condemnation action.

The Department may also decide not to obtain federal reimbursements on certain eligible project costs. For example, since 1991 R/W has provided state funds to cover the costs of title reports and escrow fees and has charged these as ineligible project costs. Additionally, in 2000, Caltrans made a policy decision not to seek federal reimbursement for property management costs (see Section 11.01.09.00).

See Section 8.50.04.00, Segregation of Acquisition Costs for Federal Reimbursement, and Section 8.50.04.01, Federal Reimbursement Provisions.

***Participation Ratio (Percentage)*** is that portion of the eligible costs applicable to project segments authorized for federal reimbursement. State projects often provide for work outside the limits of a federal-aid project, thereby creating a nonparticipating portion. Generally, federally approved R/W projects are 100% participation.

***Reimbursement Percentage*** is used to calculate the portion of the participating eligible costs that will be reimbursed. FHWA establishes the reimbursement percentage for each federal program. ISTEA made various funding changes in the Federal-Aid Highway Program. The Federal Resource Office should be consulted for specific questions about federal project funding.

The following is an example of CBARS calculations of federal reimbursement:

| Elig. Cost | Part. Ratio | Reimb. Rate | Reimb. Fed. Funds |
|---|---|---|---|
| $150 x | 100% x | 91.57 = | $137.26 |
| | Matching State Funds | | 12.74 |
| | | Total Eligible | $150.00 |

**3.05.12.05 Federal-Aid Eligibility Code**

The coding of expenditures on accounting system entry documents indicates whether or not costs are treated as eligible expenditures. The FAE (prefix) code denotes the eligibility for federal reimbursement of both Activity and Object Code expenditures. The Coding Manual, Section 5, Object Codes, and Section 6, Activity Codes, lists the allowable FAEs for labor and other expenditures.

Activity Code (Labor Charges):

| FAE Code | Federal Reimbursement |
|---|---|
| 1 | Eligible |
| 2 | Ineligible |

Object Code (Expenditure-Other than Labor):

| FAE Code | Federal Reimbursement |
|---|---|
| 6 | Eligible |
| 7 | Ineligible |
| 8* | Undetermined Eligibility |

* FAE Code 8 is used when expenditures are placed in suspense status and federal reimbursement is undetermined.

Generally, the eligibility of R/W costs for federal participation relates directly to whether or not specific parcels have FHWA approval. Utility relocation costs, however, are only eligible for federal participation if FHWA approves and if federal rules and regulations that dictate federal-aid eligibility on R/W project costs are met.

District P&M should be consulted when it is necessary to determine whether or not certain R/W costs are approved for federal participation.

See Exhibit 3-EX-7 for object codes commonly used by R/W.

### 3.05.12.06 Claims for Reimbursement

Any claims made with FHWA for reimbursement shall be supported by a R/W map or plan showing the rights of way authorized and actually acquired, including parcel identification numbers, area acquired, property lines of acquired area, and any other pertinent data affecting the cost of right of way (e.g., structures, improvements, and fences).

Claims must also include a statement of cost of right of way showing:

- Parcel number.
- Cost of parcel.
- Cost of excess land, if any, acquired from same ownership.
- Credits by parcel or project.
- Incidental expenses (support costs) by parcel or project.
- Cost of construction performed to mitigate damages on a parcel basis, if claimed as a R/W item.

### 3.05.12.07 Current Bill

Reimbursement of expended project funds is obtained through CBARS, a receivable system that produces the current bill. The current bill is the means by which the state claims reimbursement and informs the federal government of the amount of eligible costs the state has expended on federally participating projects. The current billing process summarizes the federal eligible expenditure data in TRAMS and combines CBARS project information to create the current bill.

Expenditures for R/W billings are generated from the detailed district documents and entered into TRAMS. The R/W Acquisition Data Sheet (FIS 867) is developed from this information.

### 3.05.12.08 Accruals - Unbilled Federal Share

Federal-aid accruals are the reimbursable expenditures incurred by the Department that FHWA has not reimbursed. The three categories of accruals are:

- Expenditures that have not been reimbursed due to the time lag between billing and reimbursement (also referred to as a receivable).
- Expenditures that exceed the agreement amount.
- Expenditures already programmed but for which there is no agreement.

Federal Program Accounting provides Federal Resources and R/W with monthly reports on all federal-aid projects with accruals. Accounting, Budgets, and R/W use the reports to monitor unbilled federal funds and to clear accruals to the extent of available appropriated federal funds.

As part of the process to clear accruals, Federal Resources requests R/W to provide justifications and project cost information necessary for preparing and submitting a PR-2A to FHWA for additional federal funds. R/W assists in resolving accrual issues and is the liaison with Federal Resources and district R/W.

### 3.05.13.00 FHWA Citations - Federal Ineligibility Notice

### 3.05.13.01 General

Authorized by 23 and 31 CFR, FHWA has implemented the Financial Management Program for effective management of federal-aid funds and control of ineligible costs for federal participation.

23 CFR contains criteria relating to the eligibility of costs for reimbursement of Federal-Aid Highway funds. Pursuant to it, FHWA reviews and audits costs charged to federally reimbursable projects for eligibility. When certain costs are determined to be ineligible for reimbursement, FHWA issues a citation to the Department in the form of a Federal Ineligibility Notice (FIN) that identifies those costs.

### 3.05.13.02 Purpose of FIN

FIN Form PR-1367 is used to cite final or progress voucher claims for federal reimbursement or to require additional supporting information for such claims. FHWA prepares and submits a PR-1367 to the Department when deficiencies are disclosed that require a deduction from federal-aid participating costs or place such costs in an unbillable status.

### 3.05.13.03 FHWA Issuance of FIN

FHWA may issue FINs during three major activities:

- **Operational Audit** - FHWA may discover improper charges on the sample projects under audit.
- **FHWA Functional or Technical Review** - the reviewer may find items that have been improperly billed.
- **Voucher Fiscal Analysis** - FHWA may question certain cost items. The issues raised must be resolved before a revised final voucher can be processed and the project closed.

### 3.05.13.04 Required Adjustments to Current Bill

When a FIN is issued, FHWA requires the Department to make an adjustment in the next billing cycle to move the questioned cost from "Eligible" to "Citation Suspense" category. This is done in accordance with FHWA Order H 2500.1A that all costs documented on a FIN shall be credited at the EA level from the next state current billing, but no later than 30 days from date of the FIN.

Federal Program Accounting does all initial crediting for federal reimbursement when the FIN is received. Credit must be given whether or not Caltrans concurs with the citation. Any differences of opinion on a citation may be negotiated, but should be resolved within nine months.

### 3.05.13.05 Process for Resolving FIN

The overall process for resolving FINs is shown on the table below.

### 3.05.13.06 Final Adjustments to Projects

Federal Program Accounting makes the final federal fund adjustments to projects once the FIN is resolved. Accounting coordinates this effort with R/W to ensure the correction is timely and the appropriate amounts are adjusted.

R/W FIN Coordinator must know the status of all outstanding FINs and prepare a quarterly reconciliation of open FINs with Federal Program Accounting.

## 3.05.14.00 Federal Funds Management

### 3.05.14.01 General

Federal funds management involves managing federal-aid projects from authorization to reimbursement and is the key to achieving better control over the use of federal funds. Project funds management assures the reprogramming of federal funds through the timely release of excess unexpended funds.

The Department has implemented continuous project funds management in response to audit findings by FHWA and the Office of Inspector General (OIG). The Department must manage its federal-aid funds with emphasis on the following:

- Continuously monitoring project expenditures against obligational authority.
- Applying accelerated procedures for closing completed projects.
- Promptly withdrawing federal-aid projects that will not be completed.
- Releasing funds that exceed project needs in a timely manner.

| PROCESS FOR RESOLVING FIN | | |
|---|---|---|
| **Step** | **Responsible Party** | **Action** |
| 1 | Federal Program Accounting | Receives all FINs issued. |
| 2 | | Distributes copy of FIN to R/W for the R/W federal-aid project at issue. |
| 3 | R/W FIN Coordinator | Forwards FIN to the appropriate functional branch. |
| 4 | R/W Functional Branch | Sends FIN to district. |

| PROCESS FOR RESOLVING FIN | | |
|---|---|---|
| **Step** | **Responsible Party** | **Action** |
| 5 | District R/W | Investigates the allegation, prepares a draft response to FHWA, and recommends final resolution of FIN. |
| 6 | R/W Functional Branch | Prepares and submits final response to FHWA. |
| 7 | R/W FIN Coordinator | Coordinates activities with Federal Program Accounting to ensure that all FINs issued to R/W are resolved and cleared from FHWA's and Accounting's tracking systems. |

District R/W, R/W, Federal Resources Office, Local Programs, Federal Program Accounting, and Local Program Accounting all share in managing federal funds for federal-aid R/W projects.

R/W has oversight responsibilities for project funds management and is the liaison with District R/W, Federal Resources Office, and Federal Program Accounting.

District R/W administers federal-aid projects and manages federal funds. This primarily involves, but is not limited to:

- Obtaining FHWA authorization promptly.
- Monitoring project expenditures against federal obligations.
- Taking timely actions to release unexpended funds or cancel federal obligations.

### 3.05.14.02 Monitoring Federal Aid Project Expenditures

At a minimum the district takes the following actions to monitor all activities and project costs.

- Compares approved amounts with actual expenditures incurred.
- Monitors cost overruns to request increased funds.
- Monitors underruns to release or deobligate excess unexpended funds.
- Makes revised project cost estimates as required.

For additional information on project cost overruns, see Section 3.05.12.08.

For additional information on excess federal funds, see Sections 3.05.14.07 and 3.05.14.08.

### 3.05.14.03 Project Expenditure Report, TRAMS Q48

In managing federal-aid projects, the Department must properly track project costs by EAs. The TRAMS Q48 Report is a standardized accounting report that provides the most current information available in TRAMS related to projects and EAs. A by-product of the monthly "Project Expenditure Report" (Q41), the Q48 Report combines historic expenditure data recorded in TRAMS through the previous update of Report Q41 and supplements this information with subsequent activity through the report request date.

The report can be obtained by accessing Teale with either a TRAMS or SCOPE logon. Requested reports are produced overnight and can be received at a printer location designated by the user. Procedures for requesting Q48 Reports are described in TRAMS Q48 Project Expenditures Report Procedures Manual, which is available through P&M.

### 3.05.14.04 R/W Acquisition Data History Report, FIS 867Q

Federal Program Accounting provides the quarterly R/W Acquisition Data History Report, FIS 867Q, to R/W to review project costs at the parcel level. This report shows R/W capital outlay costs and credits recorded by parcel to each federal-aid Phase 9 & H EAs segregated by categories of "Participating," "Nonparticipating," and "Undetermined."

R/W distributes the report to district P&M quarterly. The report is primarily used when reviewing and analyzing federal-aid projects to ensure that there are no inappropriate charges or credits recorded to the projects.

### 3.05.14.05 Estimating Remaining Project Costs

Prior to completion of a project, the district may need to provide Federal Resources Office with a reasonable estimate of remaining costs. This may occur when project expenditures exceed the agreement (PR2/2A) amount or when there are anticipated excess unexpended funds to deobligate.

In developing remaining cost estimates, the district needs to:

- Review outstanding encumbrances for all R/W EAs related to the federal project. (Accounting provides the Report of Unliquidated Encumbrances upon request.)
- Project support costs for R/W activities left to be performed (e.g., acquisition, RAP, and utilities).
- Estimate capital outlay costs for each type of expenditure (e.g., title and escrow, acquisition, utility relocation, demolition and clearance, and RAP).

### 3.05.14.06 Accelerated Closing Procedures

R/W monitors federal-aid projects for timely progression through the final voucher stage to prevent unnecessary delays in closing out projects. To advance projects for final vouchering, R/W periodically reviews R/W projects for completion of the related construction projects. Using PMCS to identify projects where construction is completed, R/W requests district R/W to confirm completion of R/W work and to verify that all R/W costs have been paid and no R/W transactions remain outstanding. If a project is completed, R/W notifies Federal Program Accounting to final voucher with FHWA.

### 3.05.14.07 Cancellation of Obligational Authority

When a project has been deleted through the appropriate Departmental process, district R/W prepares a written notification to the Federal Resources Office requesting FHWA cancellation of federal obligations and deobligation of federal funds, if funds are under agreement. The Federal Resources Office prepares and forwards to FHWA:

- E-76 - to release obligations.
- PR2A - to release federal funds, if applicable.

### 3.05.14.08 Release (Deobligation) of Excess Funds

Unused federal funds must be released (deobligated) promptly and made available for reprogramming on other highway projects or for other FHWA programs.

R/W periodically provides district R/W with a Project Status Report of inactive projects with significant fund balances to reassess funding needs. District R/W reviews projects to determine whether they will become active or need to be canceled and the funds deobligated. The district advises R/W on project status. If appropriate, the district prepares a written request to Federal Resources Office for release of excess unexpended funds. Federal Resources Office then prepares and forwards a PR2A to FHWA to reduce federal funding on a project.

District R/W should take the initiative at any time prior to completion of a project to release unexpended obligations and identify excess federal funds. (It is not necessary to wait to review the Project Status Report before taking actions to release federal funds.)

### 3.05.15.00 Suspend/Close R/W EAs

As soon as P&M determines that all R/W costs on a project are recorded in TRAMS, it must suspend all R/W phase EAs for the project. This prevents inappropriate charges from being recorded against the project and allows Federal Program Accounting to begin final vouchering activities.

See Section 3.02.06.00, Suspending EA, and Section 3.02.07.00, Purging EA.

### 3.05.16.00 Final Vouchering - Project Close Out

The last phase of a federal-aid project is final vouchering and closing of the project.

R/W periodically reviews PMCS to identify completed R/W federal-aid projects and to verify with district P&M that all R/W work is completed and all costs are recorded in TRAMS. R/W then forwards a list of R/W projects to Federal Program Accounting for final voucher activities.

Federal Program Accounting audits project charges to ensure FHWA is billed for all eligible expenses. They then prepare a final voucher representing the final claim for a single, completed, and FHWA-accepted project and submit it to FHWA.

The final claim for the federal share of project costs is made on Form PR-20, Interstate Projects, and Form 1447, Non-Interstate Projects. The final voucher is a segregated summary of the project's total costs and a determination of the final federal share. Accounting uses expenditures in TRAMS as the basis for the final voucher. (A summary of project costs, classified by work type and other supporting documents, shall accompany the final voucher as a means of verifying costs.)

### 3.05.16.01 Final R/W Maps and Parcel List

Prior to 1994, R/W Engineering prepared a final R/W map that delineated the “as-built lines” and a Parcel List, FA 1567, to support the final vouchering of a completed federal-aid project. Under streamlined procedures approved by FHWA, R/W no longer prepares and forwards the final R/W maps to FHWA. All information required for completed federal-aid projects is recorded on R/W record maps and other maps. R/W Engineering must maintain these maps and make them available for FHWA's review upon request.

For final vouchering purposes, R/W Engineering shall continue to complete the Parcel List, Form FA 1567, to record parcel information on acquired right of way and excess land. To assist R/W Engineering, district P&M shall provide an accurate list of parcels on the completed project to be final vouchered. P&M compiles the parcel list based on the data recorded in IRWS or other data bases for parcel control.

At P&M's request, R/W Engineering completes and forwards Form 1567 to document parcel information for project closure by Accounting. P&M records the Parcel List completion date and forwards the List to Federal Program Accounting.

## 3.06.00.00 - MONITORING PROCESS

### 3.06.01.00 General

R/W P&M must identify projects with federal participation and segregate R/W costs for federal reimbursement down to the parcel level. In 1997 R/W and Accounting developed a new monitoring process to ensure that all R/W transactions resulting in either expenditures or credits to FHWA are accurately recorded. This process replaces the "Closing the Loop" process.

### 3.06.02.00 Roles and Responsibilities

A successful monitoring process requires a close working relationship among the various R/W functional units, P&M and Right of Way Accounting (RW Accounting). R/W has primary responsibility, authority, and accountability for parcel level detail. Accounting has primary responsibility for ensuring that R/W's parcel detail coding and funding splits are entered accurately in TRAMS.

### 3.06.03.00 Objective

The Monitoring Process was implemented to streamline the "Closing the Loop" process while continuing to assure that R/W transaction coding and funding splits on federal projects are recorded accurately and accounted timely. This allows the Department to receive federal reimbursements based on current bills generated by CBARS.

The Monitoring Process facilitates identification of federal participation at the project and the parcel levels; assists in segregating R/W costs in eligible and ineligible categories; and identifies the type of costs involved. The process uses standard procedures that establish control for appropriate and proper accounting of revenues and expenditures on federally aided projects. It requires that adequate documentation is available for review by federal and state auditors.

| MONITORING PROCESS RESPONSIBILITIES | |
|---|---|
| **Function** | **Responsibilities** |
| District R/W Agent | The R/W Agent must initiate transactions accurately and timely. The Agent obtains the proper codes from P&M to record the expenditures accurately on the appropriate Accounting documents. |
| P&M | P&M has primary responsibility for reviewing all Phase 9 transactions and RW Accounting Weekly Reports. Additionally, P&M has responsibility for ensuring the documents are coded properly with correct funding splits. |
| Accounting | Accounting performs all accounting activities (including providing independent analysis of financial transactions) in accordance with prescribed accounting and fiscal procedures. Accounting also provides accounting and coding instructions and procedures and weekly reports to assist P&M in monitoring transactions; ensures appropriate internal checks and balances are applied to fiscal data; and maintains the integrity of the accounting system. |

### 3.06.04.00 Scope

The Department is accountable for all expenditure billings and credits applied to projects. This encompasses capital outlay and support expenditures; incomes from rental properties and sales of excess lands, improvements, and equipment; and adjustments resulting from FHWA citations.

## 3.06.05.00 Federal Eligibility

R/W is responsible for determining federal eligibility of transactions and relaying this information to Accounting on the appropriate accounting documents.

For additional information, refer to:

- Section 3.05.12.04, Definitions.
- Section 3.05.12.05, Federal-Aid Eligibility Code.

## 3.06.06.00 Procedures

The procedures in the table on the following page establish a formalized tracking process to assure timely and uniform follow-up of R/W expenditure transactions and compliance with federal requirements.

## 3.06.07.00 Document Log

The Monitoring Process requires a document log to monitor documents as they progress between R/W and RW Accounting. Since the majority of documents flow from the R/W function through P&M, P&M should maintain the document log. There are exceptions, however, such as Excess Land, where the responsible function maintains its own document log. The document log includes the following information:

- Parcel Number
- Expenditure Authorization
- Special Designation
- Date document received from functional unit (if appropriate)
- Date document forwarded to Accounting
- Date document returned from Accounting
- Date document returned to functional unit (if appropriate)

It is recommended that the document log be set up by type of R/W transaction, such as:

- Acquisition
- Condemnation Deposit
- RAP
- Utility Relocation
- Demolition and Clearance
- Property Management
- Sales of Improvement/Equipment
- Excess Land
- Sales of Excess Land

### 3.06.07.01 Expenditure Document Retention File

All capital outlay transactions for Phase 9 EAs are processed through P&M. P&M maintains a copy of the transaction document in a pending file. When RW Accounting electronically transmits the weekly report, P&M compares the two documents for accuracy and completeness.

- **No Variances** - attach the Report page to the expenditure document and forward to the appropriate function.
- **Variances** - follow procedures in Section 3.06.09.00.

### 3.06.07.02 File Documentation

For auditing purposes, FHWA approved the use of a special ad hoc report produced by RW Accounting that is sorted by parcel identification number. The districts may choose to keep copies of the weekly report pages in each parcel file.

| MONITORING PROCEDURES | |
|---|---|
| **Responsible Party** | **Procedures** |
| R/W Agent | The R/W Agent initiates functional transactions in a timely manner and identifies federal participation at the project and parcel levels with P&M's assistance. The Agent must segregate R/W costs into eligible and ineligible categories and classify expenditures to code them properly for TRAMS. The Agent must accurately prepare and sign the Federal Participation Memorandum or a similar form to reflect the appropriate R/W transactions. |
| Functional Supervisor | The functional supervisor reviews the payment document and all necessary support documentation to verify appropriateness and accuracy of the Agent's work. The supervisor approves and signs the RW Accounting forms and returns the transaction package to the Agent. |
| R/W Agent | The R/W Agent forwards the transaction package (including support data) to P&M for encumbrances or payments. |
| P&M | The P&M reviewer should request the complete file and any supporting material required to verify the functional transactions Accounting will process. The reviewer checks accuracy of coding and federal-aid related data, including the proposed segregation of charges, to ensure an appropriate distribution between eligible and ineligible categories. The P&M reviewer signs the appropriate RW Accounting form(s), places a copy of the transaction request form in the pending file, and forwards the transactions package to Accounting. |
| RW Accounting | RW Accounting reviews and verifies coding accuracy on all documents, and ensures that transaction package is complete. Accounting then enters the data into TRAMS.<br><br>For capital outlay transactions, RW Accounting electronically transmits the weekly reports to the district offices every Monday. This report substitutes for the documents formerly required for the Closing the Loop process. |
| P&M | Upon receipt of the electronic reports from RW Accounting, the P&M reviewer confirms coding and funding splits on all capital outlay payment/encumbrance transactions.<br><br>If there are no variances, P&M attaches the pending file to the accounting report and forwards them to the appropriate function, which reviews coding and funding splits one last time (safety net) and files it in the parcel folder.<br><br>If there is a variance, P&M advises Accounting either by phone or by fax. |

| MONITORING PROCEDURES | |
|---|---|
| **Responsible Party** | **Procedures** |
| Accounting | Accounting makes adjustments in TRAMS within 10 working days. The adjustments are recorded on the weekly reports. |
| P&M | P&M reviews the weekly reports for the next period to confirm that adjustments were made. |

**3.06.07.03 R/W Forms**

Before RW Accounting can process functional transaction requests, R/W must submit appropriate functional documents. A complete listing of the required documents for each functional transaction can be obtained from the P&M Office.

**3.06.07.04 R/W Claim Schedule Report**

The Weekly Report was developed to replace the Closing the Loop Report. The Report is electronically forwarded to each P&M Office every Monday (Tuesday, if Monday is a holiday).

The Report page-breaks after each EA. Since the Report is run once a week, there is usually only one transaction per page (or EA).

If the Report contains a variance, it is reported to the district RW Accounting liaison. An adjustment is made within 10 working days. The adjustment appears on the reports issued during the next two weekly cycles. The first line entry records the reversal of the variance and should contain an "R" code. The second line entry is the adjustment.

The Report page is attached to the pending file document and is placed in the parcel file.

FHWA has approved replacing the Closing the Loop Report with the electronically transmitted Weekly Report.

**3.06.08.00 Verification**

P&M has primary responsibility for:

- Verifying coding and funding split amounts on Phase 9 transaction documents sent to RW Accounting.
- Comparing and confirming accuracy of coding and funding type amounts on RW Accounting Weekly Reports.

Excess Land Phase 9 documents are an exception, and Excess Land has primary responsibility for reviewing the accuracy of coding and amounts on separately transmitted weekly Excess Land Reports.

Functional units must also review documents for accuracy and correctness of processed data before the documents are forwarded to P&M for final processing and filing.

**3.06.09.00 Variance Resolution**

The need to resolve variances arises in both Accounting and R/W.

When Accounting reviews R/W transaction documents, questions may ensue about federal participation and eligibility or proper coding. RW Accounting shall contact the appropriate R/W function to clarify and resolve any item in question. Accepted policy is that RW Accounting will not make any coding changes to R/W transactions without R/W's approval.

If Accounting is not certain about whom to call, their contact is P&M. P&M will direct them to the correct unit/person and will follow up to ensure the issue is resolved.

If R/W discovers a variance upon review of the Weekly Report issued by RW Accounting, P&M contacts the appropriate RW Accounting unit.

Variances on the Weekly Reports are to be reported immediately to the district RW Accounting liaison by phone or by blue route tag (overnight) service. Notes verifying the phone call and anticipated corrective action should be written on the Report page and in the log.

If adjustments are not made in a reasonable time or the Accounting liaison is not responsive, R/W should contact R/W Federal Program Accounting's manager.

**3.06.10.00 Follow-Up Action**

Inherent in maintenance of document logs and ledger files is the requirement to follow up with Accounting.

Accounting has committed to the following:

- **RW Accounting** - will make acquisition payments per instructions on the RW Accounting forms and will mail check/warrant per date on invoice. (To avoid charges for expedited service from the State Controller's Office, RW Accounting will determine if payments can be made out of the revolving fund.) Normal process takes up to 20 days from the date documents are received in RW Accounting to the day the Controller's mails the warrant. Special expedited procedures are available for unusual circumstances or for special needs, such as condemnation judgment payments.
- **Cashiering Unit** - condemnation deposits require a minimum of four to six weeks once documents are forwarded to the Controller's Office. As of March 1995, Controller's will not expedite condemnation deposits.
- **R/W Federal Program Accounting** - will expedite condemnation settlement payments within 24 hours if received before 11 a.m.
- **Accounts Payable** - RAP payments are normally processed in five days, but can be expedited within 24 hours if received before 11 a.m.
- **Accounts Payable** - all other payments are paid within 30 days per SAM.
- **RW Accounting** - will adjust reported variances on the Weekly Report within 10 working days.

If the time frames listed above are exceeded without explanation, district P&M initiates follow-up action to request payments be made, or transactions be posted or adjusted.

**NOTES:**

## 3.07.00.00 - COOPERATIVE AGREEMENTS WITH R/W INVOLVEMENT

In delivering projects on the State Highway System, the Department may be requested to perform R/W work financed with Local Agency Funds (e.g., Tax Measure, Property Tax, Developer Fees, Local Assistance federal subvention). To the extent that Departmental policy and budget authority allows, the State and Local Agencies may enter into cooperative agreements for the R/W to be performed by State personnel.

The following procedures should be followed to ensure that cooperative agreements for reimbursed R/W work are properly developed and managed. Depending upon R/W's organizational structure in the region or district, these steps may be performed by various R/W functions including P&M, Local Programs, the R/W Project Coordinator, or a combination of the three.

- Upon conception of a cooperative agreement, the R/W Project Coordinator works with the Project Manager to identify the type of R/W work to be covered by the agreement. The Project Manager should ensure that reimbursable work to be done is consistent with departmental policy.
- At the earliest stage of the project, the R/W Project Coordinator verifies that the District has sufficient reimbursement budget authority for the proposed reimbursed R/W work.
- Before negotiating an agreement with the other party or parties, the Project Manager and R/W Project Coordinator must verify that conceptual approval exists for doing the work cooperatively and that adequate funding is available.
- R/W develops resource information (R/W capital and support estimates) needed for the agreement. Also, R/W ensures adequate budget estimates are computed for R/W Support Costs that include both **direct** (the loaded rate for labor costs) and **indirect** costs.

**NOTE:** The indirect is also known as **Overhead Assessment Rate** for reimbursed work. It is a combined rate consisting of Functional and Administrative rates for the Highways Program. (The Overhead Assessment Rate for Right of Way historically has been quite significant, that is, as high as 87 percent.)

The overhead assessment rate in effect at the time the expense was incurred is applied to the direct costs and is billed out to the Local Agency for the reimbursed work. The Accounting Service Center calculates and revises the Overhead Assessment Rate for departmental programs annually.

- The R/W Project Coordinator forwards sufficient R/W information to the Project Manager for the writing of the project cooperative agreement.
- The R/W Project Coordinator and other appropriate functions review the draft cooperative agreement for all aspects of the R/W involvement and recommend approval to the R/W Manager or designee.
- The R/W Project Coordinator ensures that R/W activities do not begin prior to having a formal executed agreement.
- Upon execution of the cooperative agreement, P&M establishes TRAMS EAs with all pertinent data (e.g., contributor number, dollar estimates for funding fiscal year) for recording and controlling reimbursed expenditures.
- R/W provides charging instructions to staff for reimbursed work to be performed under the agreement.
- P&M tracks and monitors expenditures by fund source. Also, P&M and/or Accounting provide information to the R/W Project Coordinator on reimbursed expenditures.

- The R/W Project Coordinator monitors and manages the co-op to ensure that work is performed and reimbursed costs are within the limits of the agreement.
- The R/W Project Coordinator makes request to the Project Manager for an amendment to the cooperative agreement prior to exceeding funding limits.

See Caltrans Cooperative Agreement Manual for detailed information on cooperative projects and reimbursed work. Please also refer to Chapter 17, Local Programs, of the Right of Way Manual.

## 3.08.00.00 – PREREQUISITES FOR RIGHT OF WAY ACTIVITIES

### 3.08.01.00 Preliminary Right of Way Activities – Defined

Preliminary R/W Activities are defined as those R/W activities that occur after the project is programmed, and are typically charged as R/W support to the project's Phase 2 expenditure authorization. These activities include:

1. Ordering Title Reports.
2. Preparing Base Maps.
3. Preparing Appraisal Maps.
4. Conducting project-wide comparable sales searches once a preferred alternative is internally selected.
5. Assigning appraisers to specific parcels, contacting the property owners to commence appraisal activity, and completing the appraisal.

Unless the prerequisites are met, these activities shall be avoided in all cases unless prior Headquarters R/W approval has been secured in writing in accordance with the instructions found below.

### 3.08.02.00 Prerequisites for Commencement of Preliminary Right of Way Activities

The prerequisites for initiating preliminary right of way activity are outlined as follows:

(These requirements do not apply to hardship and protection parcels or parcels subject to Acquisition Reference File 00-1 R/W Acquisition Prior to Environmental Approval.)

1. The project must be programmed or lump sum funded, if required and a Phase "9" expenditure authorization must be approved.
2. If Federal or other public entity funds are to participate in right of way costs, right of way activities must have been authorized by FHWA (the E-76 process) and funded by the other participating entity pursuant to an executed agreement in accordance with Policy and Procedure Memorandum No. P86-1.

Other entities (city, county, etc.) may, by agreement, be committed to funding all or some right of way support and/or capital costs. It is the responsibility of the District to see that such funds are secured in accordance with the terms of the Agreement prior to initiating the applicable activities.

### 3.08.03.00 Regular Right of Way Activities – Defined

The following is a nonexclusive list of activities, which shall not commence prior to satisfying the above prerequisites.

1. Acquiring right of way parcels
2. Relocating Displaced Persons
3. Performing Utility Relocation activities from the request for Relocation Plans forward

Unless the prerequisites are met, these activities shall be avoided in all cases unless prior Headquarters R/W approval has been secured in writing in accordance with the instructions found in Section 3.08.04.00 or as defined in Acquisition Reference File 00-1 R/W Acquisition Prior to Environmental Approval.

## 3.08.04.00 Prerequisites for Commencement of Regular Right of Way Activities

The prerequisites for initiating regular right of way activity are outlined as follows:

(These requirements do not apply to hardship and protection parcels or parcels subject to Acquisition Reference File 00-1 Right of Way Acquisition Prior to Environmental Approval.)

1. The project report must have been approved.
2. The project must have current final environmental clearance.

**NOTE:** As an alternative to having final environmental clearance, this requirement may be satisfied if the following three events have occurred:

a. The draft environmental document has been circulated.

b. The public hearing process is complete.

and

c. A preferred alternative has been approved.

3. Freeway agreement(s), including required amendments, must have been executed if required for the project.

**NOTE:** By statute (Streets and Highways Code Section 100.21), "(a) Whenever a street or highway closing agreement is required by Section 100.2, the department shall not acquire, except by gift and except in hardship or protective cases as determined by the department or the commission, any real property for a freeway through a city until an agreement is first executed with the city council, or for a freeway through unincorporated territory in a county until an agreement is first executed with the board of supervisors. The department shall give notice to the city council or the board of supervisors, as the case may be, of any acquisition of such real property prior to the execution of an agreement." "(b) Notwithstanding subdivision (a), a city council may, by resolution authorize the purchase of rights of way prior to approval of an agreement if the purchase is limited to the main line corridor of the proposed freeway and the alignment of the freeway is not at issue." (Direct quote from the Statute)

Current final environmental clearance means:

a. An approved determination that the project is categorically exempt under CEQA, and if there is Federal participation in any part of the project, FHWA concurrence in a determination that the project is a categorical exclusion under NEPA.

or

b. Final environmental documents (Environmental Impact Report [EIR], Environmental Impact Statement [EIS], Negative Declaration [ND], Environmental Assessment [EA]) have been prepared and approved, and, under NEPA, a Finding of No Significant Impact (FONS1) or a Record of Decision (ROD) has been completed and signed, and, under CEQA, a Notice of Determination (NOD) has been filed with the Office of Planning and Research.

and

c. When required pursuant to the Environmental Handbook, an Environmental Reevaluation has been prepared and approved.

# CHAPTER 3

## Programming and Budgeting
## Table of Contents

### EXHIBITS


| Exhibit No. | Title |
|---|---|
| 3-EX-1 | Project Identification in TRAMS and PMCS |
| 3-EX-2 | Hold for Future Use |
| 3-EX-3 | Right of Way Involvement - Project Delivery Process Phase II |
| 3-EX-4 | Deputy Directive Number DD-11 - Federal Aid Project Funding |
| 3-EX-5 | Right of Way Activities Prior to Environmental Clearance |
| 3-EX-6 | Right of Way Acquisition Prior to Environmental Approval on STIP Projects |
| 3-EX-7 | Project Change Requests |
| 3-EX-8 | Right of Way Object Codes |

These instructions accompanied a memo from Martin Kiff and R. P. Weaver dated January 16, 1992. They were re-affirmed by Martin Kiff and James E. Roberts on October 29, 1993. Since their publication, the instructions have been interpreted for various cases. This case history has expanded our understanding of the instructions, but the instructions remain the underlying Caltrans policy regarding the use of EAs.

The instructions appear "as is" below:

# PROJECT IDENTIFICATION IN TRAMS AND PMCS

**A. THE IMPORTANCE OF USING CORRECT PROJECT IDENTIFIERS:**

All major projects have two distinct identifiers. These are the Planning and Programming Number (PPNO) and the Expenditure Authorization (EA). In some instances, the PPNO is called the "PP Number", or "STIP Number". The PPNO is used in the PMCS database and in the various programming documents, but does not appear in the TRAMS accounting system. The EA appears in the accounting system, the programming documents, and in the PMCS database. The EA shown in the PMCS Database is only a field name and may or may not be a valid EA.

Some of the functions of the project identifiers include:

**1. Unique Identification of Each Project:**

Both the PPNO and the EA appear in the programming documents. These documents are the State Transportation Improvement Plan (STIP) and the State Highway Operation and Protection Program (SHOPP). In some cases the legislature has mandated that funds be allocated for the construction of specific projects. These projects are identified by their PPNO in Sections 14555.1 to 14555.57 of the Government Code.

The programming documents include only those projects which have some State funding. In addition to these documents, the Department semi-annually provides a list of 100 percent locally funded projects on the State Highway System to the California Transportation Commission (CTC). Both the PPNO and the EA appear on this list.

All the projects in programming documents and the list of 100 percent locally funded projects, plus other approved major projects, are included in the annual Project Delivery Schedules. Both the PPNO and the EA appear in the Project Delivery Schedules.

**2. Tracking Costs:**

Good management practices require that proper records be kept of all departmental costs. The key to the Department's project cost tracking system is the EA. If EAs are not charged correctly, it is not possible to properly manage project costs.

The Department is required to submit an annual report to the legislature that provides details of the costs incurred on the projects in the various programming documents. To prepare this report it is necessary that costs be traceable, through the project identifiers, to specific projects in the programming documents. Use of improper project identifiers will produce erroneous information, could result in costs that cannot be identified to appropriate projects, and/or require extraordinary manual efforts to attempt to identify these costs to the appropriate project.

**PROJECT IDENTIFICATION IN TRAMS AND PMCS (Cont.)**
(Form #)

**3. Budgeting:**

Project identifiers are used by the Division of Budgets in the Department's Capital Budget and Capital Support Budget processes. Appropriations of capital funds for programmed projects must be related (by PPNO/EA) to the various programming documents (STIP and SHOPP) which authorized the appropriations. The Department's capital outlay support budget process begins with projecting workload using PYPSCAN (Person Year, Project Scheduling, and Cost Analysis). This computer program calculates future resource needs based on historical expenditures for the project type. For PYPSCAN projections to be accurate, it is essential that all project related costs are properly charged to the EA (phases) associated with that project. If project identifiers are incorrect, project charges will be under reported and the Department would not receive adequate resources in future years.

**B. THE CORRECT USE OF THE PROJECT NUMBER (PPNO):**

The PPNO is the principal programming project identification necessary for tracking projects through the programming process.

A PPNO has four numeric characters plus a fifth alpha character.

The first four characters of the PPNO comprise the Base Number. There are 10,000 possible base numbers for each District, from 0000 to 9999.

The fifth character of the PPNO can either be blank or it can be an alphabetic character (A through Z excluding "Y" * ). The alphabetic character designates the project segment.

* NOTE: PPNOs with an Alpha "Y" appended are landscaping projects split off from the parent project.

The following procedures shall be used when combining and splitting projects:

**1. Split Projects:**

When a project is split into two or more smaller projects, each resulting project shall be treated as a segment of the original project.

EXAMPLE: Parent project has PPNO 2346. The project is split into three smaller projects, resulting in new PPNOs 2346, 2346A, and 2346B.

**2. Combined Projects:**

When two or more projects are combined, the combined project shall retain the PPNO of the project with the highest estimated cost.

**C. THE CORRECT USE OF THE EXPENDITURE AUTHORIZATION (EA):**

An EA has six characters. For multi-phase EAs, the six characters are arranged as follows:

| XXXX | X | X |
|---|---|---|
| Four character Basic Serial Number. First character is in range 0 - 4. | Fifth character Segment Code. | Sixth character Phase Code. Possibilities are 0 - 9, H, K (*SEE BELOW) |

Additional information about EAs can be found in the Coding Manual, Volume 1, Chapter 11, Section 6.

The first four characters of a multi-phase EA comprise the Basic Serial Number. There are 5,000 possible numbers for each District, from 0000 to 4999. The four-character Basic Serial Number is assigned by the District, before work is started on the Project Study Report or the "K" phase. **An EA shall be assigned and master filed before any work is done on a project**. The Basic Serial Number is retained for the entire life of the project, including all phases of work.

If 5,000 EA numbers are insufficient, a District may ask Headquarters Project Control to permit alphabetic characters in the second character. This would add approximately 10,000 possible serial numbers, from 0A00 to 4Y99, excluding numbers with B, D, I, O and Z in the second character. The letters B, D, I, O, and Z should not be used because they are easily confused with the numerals 0, 1, 2, and 8.

When projects are segmented, the fifth character identifies the project segment. For example, the first portion of a route would be segment "1", the ninth would be "9". EA Number 244351 would record design costs on the fifth segment of the project with Serial Number 2443. If all nine segment numbers have been assigned, the number of segments may be expanded by using alphabetic characters. A project could thus have as many as twenty-six segments (excluding the letters B, D, I, O, U, V, W, X, Y, and Z). The letters U, V, W, X, and Y are reserved for combined projects (see C.2, page 5).

The sixth character identifies the functional phase. The various phases are:

K - Project Study Report
0 - Project Report/Environ Document
1 - Design
2 - R/W - Operations
3 - Construction Engineering
4 - Major Contract Capital Outlay
5 - Minor Contract Capital Outlay
6 - Day Labor Signs & Striping
7/8 - Misc. or Coop. Agreements
9 - R/W - Capital Outlay (Normal)
H - R/W - Hardship or Protection Capital

* NOTE: All other phase designations (such as D or G) currently used by some districts will no longer be allowed.

**1. <u>Split Projects</u>:**

When a project is split into two or more smaller projects, each resulting project shall be treated as a segment of the original project.

EXAMPLE: Parent project has EA 24430K. Environmental effort (Phase 0) is charged to EA 244300 and design (Phase 1) is begun under EA 244301. Then the project is split into three smaller projects. The new EAs would be 244311, 244321, and 244331.

The reason for <u>not</u> keeping the original EA (244301) is to separate the costs incurred both before and after the split.

**2. <u>Combined Projects</u>:**

When two or more projects are combined, the EA of the project with the highest estimated cost shall have a "U" substituted for the fifth character as the new EA and used in both TRAMS and PMCS. Subsequent combinations should use V, W, X, and Y in the fifth character of the EA.

AN EXTREME EXAMPLE: Phase "0" work on EAs 244000 and 245500 has been completed. EA 245500 is the project with the highest estimated cost. The projects are to be designed as a single large project, so the design EA would be 2455U1.

If this project is later split into three smaller projects which are different from the original two projects, the EAs would be 245511, 245521 and 245531. If the original two projects are re-established, the EAs would be 244001 and 245501.

A subsequent combination of EAs 245521 with 354321 would have an EA of 2455V1, if 245521 is the project with the highest estimated cost.

**NOTE**: "**Larger project**" means the project with the highest estimated cost. This means that "**Minor B**" projects will be combined into "**Minor A**" projects and "**Minor A**" projects will be combined into "**Major** " projects and **NOT** the other way around.

**SOME POINTS TO NOTE ABOUT THE USE OF EAs ARE:**

**1. Fictitious EAs in PMCS Database:**

EAs which do not conform to the usage described above and are not master filed in the TRAMS Database are fictitious. Fictitious EAs are often used in PMCS before expenditures are made against a project. All fictitious EAs in PMCS shall be removed as soon as the project is dropped or a valid EA is assigned to the project. Projects with fictitious EAs will not be included in the programming documents, and resources will not be allocated for fictitious projects.

**2. Coordinating between PMCS and TRAMS:**

Projects should be entered into the PMCS database at the earliest opportunity. District Project Control or Resource Management will check PMCS before master filing each multi-phase EA to insure compatibility between TRAMS and PMCS.

**3. Establishing EA with Appropriate Phase:**

Expenditures should be charged against an EA with the phase coding that matches the work that is being accomplished.

**4. Use of the STATUS OF PROJECTS Report:**

The use of the Status of Projects Report to obtain the proper EA is inappropriate and should be discontinued because this report comes from the PMCS Database and not from the TRAMS Database. This has resulted in invalid EA usage and corruption of our database system.

**SPECIAL NOTE FOR LOCALLY FUNDED PROJECTS ONLY:**

**Simultaneous Design and Environmental Clearance:**

The design of locally sponsored projects is sometimes begun before environmental clearance is complete. PYPSCAN, however, is programmed for projects on which design does not start until environmental clearance has been completed. PYPSCAN cannot handle a project which is being designed while the environmental document is being prepared. The only way to show design before environmental clearance in PMCS is to treat the project as if it were two separate projects; one for environmental clearance and the other for design. The "0" and "1" phases should be shown in PMCS as if they were separate projects. The EAs will have the same first five digits. The "0" phase project must be flagged as "environmental only". For information about "environmental only" flags, contact the Special Funded Programs Branch in the Office of Local Programs.

A separate EA for each phase should be established in TRAMS. The EAs will have the same first five digits. Charge the phase that relates best to the task being performed.
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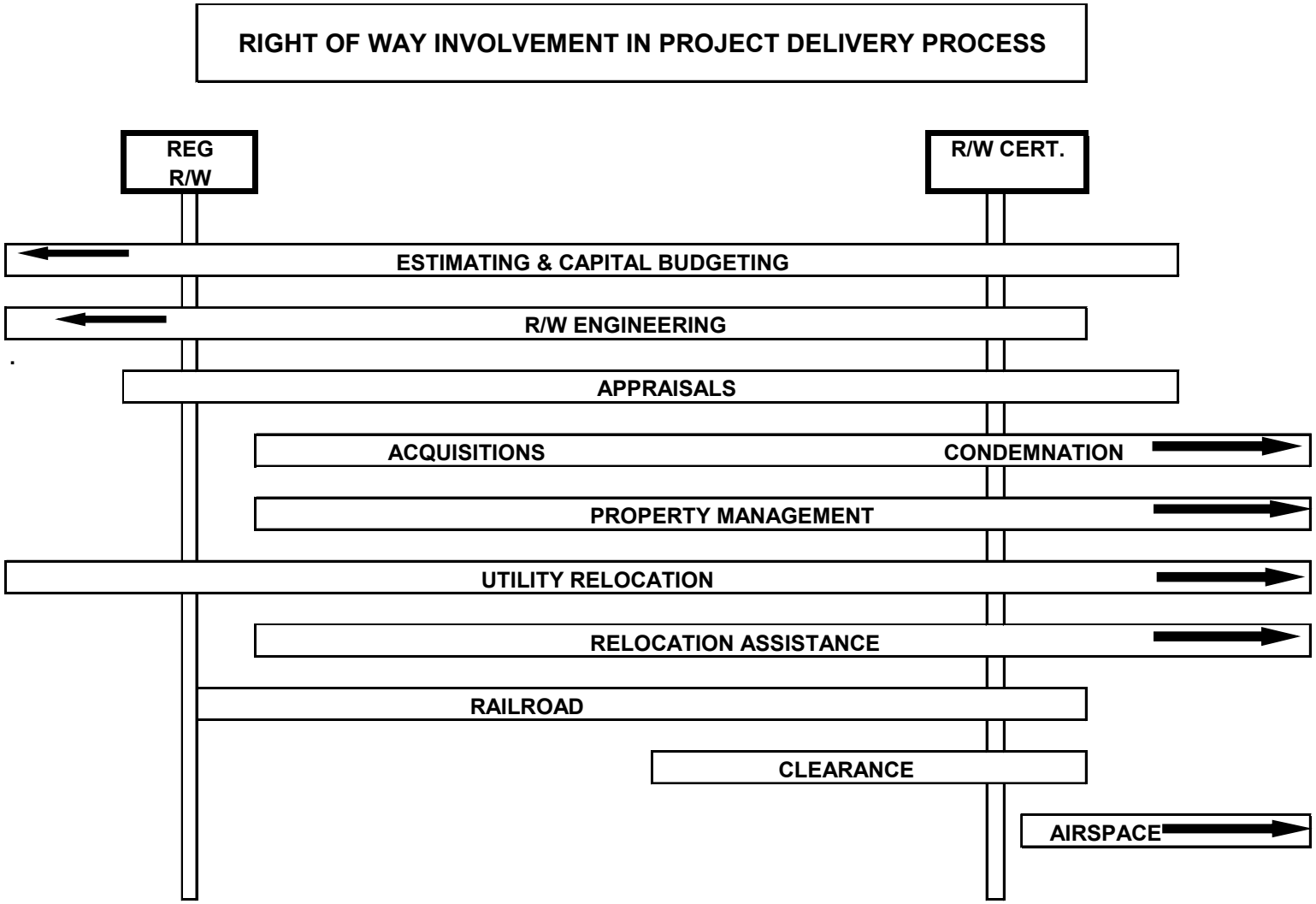
RIGHT OF WAY INVOLVEMENT IN PROJECT DELIVERY PROCESS
REG R/W
R/W CERT.
ESTIMATING & CAPITAL BUDGETING
R/W ENGINEERING
APPRAISALS
ACQUISITIONS
CONDEMNATION
PROPERTY MANAGEMENT
UTILITY RELOCATION
RELOCATION ASSISTANCE
RAILROAD
CLEARANCE
AIRSPACE

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (Listing by Number)
June 2000

| I.D. | MILESTONE NAME | Milestone Definition | WBS Level | Main WBS 5.0 Logic Tie | Status |
|---|---|---|---|---|---|
| **M000** | IDENTIFY NEED | Date District identifies project need and begins project studies. | 5 | Start-1. @ earliest level 5 activity | SWO |
| **M010** | APPROVE PID | Date District approves Project Initiation Documents. | 5 | Finish-1.150 | SWO |
| **M015** | **PROGRAM PROJECT** | **Date Project is programmed as part of workload document.** | **5** | **Start-2. @ earliest level 5 activity** | **HQM** |
| **M020** | BEGIN ENVIRONMENTAL | Date District initiates Environmental Studies. | 5 | Start-2.165 | SWO |
| **M040** | BEGIN PROJECT | Date District initiates Draft Project Report | 5 | Start-2.160 | SWO |
| **M060** | CIRC DPR & DED IN DIST | Date District circulates Draft Project Report & Draft environmental document within the District | 5 | Finish-2.165 | SWO |
| **M100** | APPROVE DPR | Date District approves Draft Project Report | 5 | Finish-2.160 | SWO |
| **M120** | CIRCULATE DED | Date District approves circulation of Draft Environmental Document to local agencies, clearing-houses, etc. | 5 | Start-2.175 | SWO |
| **M140** | PUBLIC HEARING | Date District conducts the public hearing. | 5 | Finish-2.175 | SWO |
| **M160** | APPROVE FED | Date District approves the Final environmental document | 6 | Finish-2.180.10 | SWO |
| **M200** | **PA & ED** | **Date of approval to proceed with PS&E. Final Environmental Document has FHWA approval.** | **5** | **Finish-2. @ latest level 5 activity** | **HQM** |
| **M220** | GEO BASE MAP | Date District completes the geometric base maps. | 6 | Finish-4.185.15 | SWO |
| **M221** | BRIDGE SITE DATA ACCEPTED | Date ESC Division of Structures Design accepts the District's bridge site data. | 5 | Start-5.210 | SWO |
| **M222** | BEGIN BRIDGE | Date ESC Division of Structures Design initiates structure design. | 5 | Start-5.215 | SWO |
| **M224** | RIGHT OF WAY MAPS | Date District sends maps to Right of Way Engineering. | 6 | Finish-4.185.25 | SWO |
| **M225** | REGULAR RIGHT OF WAY | Date District Right of Way initiates Right of Way appraisals. | 5 | Start-6.225 | SWO |
| **M260** | SKELETON LAYOUT | Date District distributes skeleton layouts to functional units | 5 | Finish-4.185 | SWO |
| **M265** | DESIGN SENDS LAST PARCEL TO RIGHT OF WAY | Date District sends final maps to Right of Way Engineering. | 6 | Finish-6.220.30 | SWO |
| **M270** | STRUCTURE TYPE SELECTION | Date ESC Division of Structures Design determines type of structure to be used. | 6 | Finish-5.215.90 | SWO |
| **M275** | GENERAL PLANS | Date Engineering Service Center sends structures general plans to District. | 5 | Start-5.240 | SWO |
| **M300** | CIRCULATE PLANS IN DISTRICT. | Date District circulates plans for review. | 5 | Finish-4.230 | SWO |
| **M320** | GENERAL PLANS & FOUNDATION REPORT | Date Engineering Service Center completes structures general plans and foundation. | 5 | Finish-5.215 | SWO |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (Listing by Number) (continued)
June 2000

| I.D. | MILESTONE NAME | Milestone Definition | WBS Level | Main WBS 5.0 Logic Tie | Status |
|---|---|---|---|---|---|
| **M360** | ENV REEVAL | Date District completes the environmental re-evaluation | 6 | Finish-4.255.15 | SWO |
| **M376** | STRUCTURES PLANS & QUANTITIES | Date ESC Division of Structures Design completes Structures Plans & Quantities. | 6 | Start-5.240.90 | SWO |
| **M377** | PS&E TO DOE | Date District completes PS&E and sends to District Office Engineer. | 5 | Start-4.255 | SWO |
| **M378** | DRAFT STRUCTURES PS&E | Date ESC Division of Structures Design sends structures PS&E to District. | 5 | Finish-5.240 | SWO |
| **M380** | **PROJECT PS&E** | **Date Districts sends PS&E to ESC Division of Office Engineer.** | **5** | **Finish-4. @ latest level 5 activity** | **HQM** |
| **M410** | **RIGHT OF WAY CERTIFICATION** | **Date District obtains Right of Way Certification.** | **5** | **Finish-6.225** | **HQM** |
| **M420** | COMPLETE SPECIAL PROVISIONS | Date ESC Division of Office Engineer completes Special Provisions. | 6 | Finish-7.260.15 | SWO |
| **M460** | **READY TO LIST** | **Date ESC Division of Office Engineer determines contract is Ready to List for advertising.** | **5** | **Finish-7.260** | **HQM** |
| **M480** | HEADQUARTERS ADVERTISE | Date ESC Division of Office Engineer advertises contract. | 5 | Finish-7.265.05 | SWO |
| **M500** | **APPROVE CONTRACT** | **Date Caltrans approves contract.** | **5** | **Finish-7.265** | **HQM** |
| **M600** | **CONTRACT ACCEPTANCE** | **Date District accepts completed construction project.** | **5** | **Finish-8.270** | **HQM** |
| **M700** | FINAL REPORT | Date District completely prepares final project files. | 5 | Finish-9.295 | SWO |
| **M800** | **END PROJECT** | **Earliest Date Project can be archived.** | **5** | **Finish-9. Or 6. @ latest level 5 activity** | **HQM** |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (continued)
June 2000

## Capital Project Milestones – HQ Mandatory Statewide

| I.D. | MILESTONE NAME | Milestone Definition | WBS Level | Main WBS 5.0 Logic Tie | Status |
|---|---|---|---|---|---|
| M015 | PROGRAM PROJECT | Date Project is programmed as part of workload document. | 5 | Start-2. @ earliest level 5 activity | HQM |
| M200 | PA & ED | Date of approval to proceed with PS&E. Final Environmental Document has FHWA approval. | 5 | Finish-2. @ latest level 5 activity | HQM |
| M380 | PROJECT PS&E | Date Districts sends PS&E to ESC Division of Office Engineer. | 5 | Finish-4. @ latest level 5 activity | HQM |
| M410 | RIGHT OF WAY CERTIFICATION | Date District obtains Right of Way Certification. | 5 | Finish-6.225 | HQM |
| M460 | READY TO LIST | Date ESC Division of Office Engineer determines contract is Ready to List for advertising. | 5 | Finish-7.260 | HQM |
| M500 | APPROVE CONTRACT | Date Caltrans approves contract. | 5 | Finish-7.265 | HQM |
| M600 | CONTRACT ACCEPTANCE | Date District accepts completed construction project. | 5 | Finish-8.270 | HQM |
| M800 | END PROJECT | Earliest Date Project can be archived. | 5 | Finish-9. Or 6. @ latest level 5 activity | HQM |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (continued)
June 2000

## Capital Project Milestones – Optional Statewide

| I.D. | MILESTONE NAME | Milestone Definition | WBS Level | Main WBS 5.0 Logic Tie | Status |
|---|---|---|---|---|---|
| **M000** | IDENTIFY NEED | Date District identifies project need and begins project studies. | 5 | Start-1. @ earliest level 5 activity | SWO |
| **M010** | APPROVE PID | Date District approves Project Initiation Documents. | 5 | Finish-1.150 | SWO |
| **M020** | BEGIN ENVIRONMENTAL | Date District initiates Environmental Studies. | 5 | Start-2.165 | SWO |
| **M040** | BEGIN PROJECT | Date District initiates Draft Project Report | 5 | Start-2.160 | SWO |
| **M060** | CIRC DPR & DED IN DIST | Date District circulates Draft Project Report & Draft environmental document within the District | 5 | Finish-2.165 | SWO |
| **M100** | APPROVE DPR | Date District approves Draft Project Report | 5 | Finish-2.160 | SWO |
| **M120** | CIRCULATE DED | Date District approves circulation of Draft Environmental Document to local agencies, clearing-houses, etc. | 5 | Start-2.175 | SWO |
| **M140** | PUBLIC HEARING | Date District conducts the public hearing. | 5 | Finish-2.175 | SWO |
| **M160** | APPROVE FED | Date District approves the Final environmental document | 6 | Finish-2.180.10 | SWO |
| **M220** | GEO BASE MAP | Date District completes the geometric base maps. | 6 | Finish-4.185.15 | SWO |
| **M221** | BRIDGE SITE DATA ACCEPTED | Date ESC Division of Structures Design accepts the District's bridge site data. | 5 | Start-5.210 | SWO |
| **M222** | BEGIN BRIDGE | Date ESC Division of Structures Design initiates structure design. | 5 | Start-5.215 | SWO |
| **M224** | RIGHT OF WAY MAPS | Date District sends maps to Right of Way Engineering. | 6 | Finish-4.185.25 | SWO |
| **M225** | REGULAR RIGHT OF WAY | Date District Right of Way initiates Right of Way appraisals. | 5 | Start-6.225 | SWO |
| **M260** | SKELETON LAYOUT | Date District distributes skeleton layouts to functional units | 5 | Finish-4.185 | SWO |
| **M265** | DESIGN SENDS LAST PARCEL TO RIGHT OF WAY | Date District sends final maps to Right of Way Engineering. | 6 | Finish-6.220.30 | SWO |
| **M270** | STRUCTURE TYPE SELECTION | Date ESC Division of Structures Design determines type of structure to be used. | 6 | Finish-5.215.90 | SWO |
| **M275** | GENERAL PLANS | Date Engineering Service Center sends structures general plans to District. | 5 | Start-5.240 | SWO |
| **M300** | CIRCULATE PLANS IN DIST. | Date District circulates plans for review. | 5 | Finish-4.230 | SWO |
| **M320** | GENERAL PLANS & FOUNDATION REPORT | Date Engineering Service Center completes structures general plans and foundation. | 5 | Finish-5.215 | SWO |
| **M360** | ENV REEVAL | Date District completes the environmental re-evaluation | 6 | Finish-4.255.15 | SWO |
| **M376** | STRUCTURES PLANS & QUANTITIES | Date ESC Division of Structures Design completes Structures Plans & Quantities. | 6 | Start-5.240.90 | SWO |
| **M377** | PS&E TO DOE | Date District completes PS&E and sends to District Office Engineer. | 5 | Start-4.255 | SWO |
| **M378** | DRAFT STRUCTURES PS&E | Date ESC Division of Structures Design sends structures PS&E to District. | 5 | Finish-5.240 | SWO |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (continued)
June 2000

## Capital Project Milestones – Optional Statewide (continued)

| I.D. | MILESTONE NAME | Milestone Definition | WBS Level | Main WBS 5.0 Logic Tie | Status |
|---|---|---|---|---|---|
| **M420** | COMPLETE SPECIAL PROVISIONS | Date ESC Division of Office Engineer completes Special Provisions. | 6 | Finish-7.260.15 | SWO |
| **M480** | HEADQUARTERS ADVERTISE | Date ESC Division of Office Engineer advertises contract. | 5 | Finish-7.265.05 | SWO |
| **M700** | FINAL REPORT | Date District completely prepares final project files. | 5 | Finish-9.295 | SWO |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

# RIGHT OF WAY INVOLVEMENT - PROJECT DELIVERY PROCESS PHASE II (Cont.)

(Form #)

**Capital Project Milestones** (continued)
June 2000

## Capital Project Milestones – Optional Statewide

**NO STANDARD IMPOSED**

All milestones used at District level will be reported to HQ.
Required information will be the identifier (number), name, definition, WBS level and main WBS Logic Tie.

| |
|---|
| Milestones should be used at level indicated. For example, if a milestone is indicated at level 6 and you need to use it, then your schedule should be at level 6 or lower. |
| Milestone logic should be as follows: If at end of WBS element (task), then task completion should drive milestone date. If at beginning of a task, then milestone should drive start of task. |

**Status = (HQM = HQ Mandatory & SWO = Statewide Optional)**

*California Department of Transportation*

# DEPUTY DIRECTIVE

*Number:* DD-11

*Refer to Director's Policy:* 08--Optimizing Departmental Assets and Resources

*Effective Date:* 8-16-93

*Supersedes:* P&P 80-2

*Title:* Federal Aid Project Funding

***POLICY***

Caltrans optimizes the use of Federal Aid funds from all sources. All projects requesting Federal Aid must be listed in the current Federal approved State Transportation Improvement Program (FSTIP).

***DEFINITION/ BACKGROUND***

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) made significant changes in Federal funding sources available for Federal Aid projects and imposed new rules for the use of certain types of Federal funds. This Directive applies to Federal Aid Project Funding administered by the Federal Highway Administration.

***RESPONSIBILITIES***

The Deputy Director for Transportation Financing approves Federal Funding guidelines.

District Directors ensure that established guidelines are followed in qualifying a project for Federal Aid and submit "Request for Authorization to Proceed".

The Chief, Federal Resources Branch, Division of Budgets, develops, maintains and updates the specific guidelines for qualifying Federal Aid projects (see attachment).

***APPLICABILITY***

All units involved in processing Federal Aid Projects for funding administered by the Federal Highway Administration.

MARTIN KIFF
Deputy Director
Transportation Financing

Attachment

Distribution: B

## FEDERAL AID PROJECT FUNDING

## GUIDELINES

All projects requesting Federal Aid must be listed in the current Federally approved State Transportation Improvement Program (FSTIP).

Funding level requirements do not apply to Federal Aid projects administered through the Local Assistance Program or other Federal funds. Projects done in cooperation with local agencies regardless of State's cost will be qualified for Federal Highway Administration (FHWA) funding when the local agency share is being qualified for Federal Highway Administration funding.

### A. Capital Outlay

1. Construction Projects

   - **Interstate Completion** - All projects eligible for Interstate Completion Funding are to be qualified for Federal Aid.

   - **Other than Interstate Completion** - Projects with estimated costs in excess of $300,000, which are not already programmed in the STIP/SHOPP as State-only funded, are to be qualified for Federal Aid. Federal Aid will be requested for all such projects to the extent Federal funds are available.

   **Exception** - Capital Outlay projects

   - Capital Outlay projects programmed in the Highway Safety Improvement Program (old HB-1 Program) are eligible for Federal funding. However, because of the limited Federal funds available, and the cost to the Department to qualify for Federal funding, projects with an estimated capital cost of less than $100,000 should be reviewed to determine cost effectiveness of requesting Federal funds. Projects with an estimated cost of $100,000 or more are qualified for Federal funding.

   - Capital Outlay projects programmed in the Railroad Grade Separation (old HC-4 Program) and the Safety Railroad Grade Crossing Protection (old HC-5 Program) programs with estimated capital costs of $100,000 or more are qualified for Federal funding.

   - Projects under Section 146.5, Parking Facilities and Section 148, Transit Related Highway Facilities pursuant to Article 3 Streets and Highways Code estimated to cost $30,000 or more are qualified for Federal funds, local funds or both.

2. Right of Way Projects

   Federal Aid will be requested for all eligible Right of Way (R/W) projects with an estimated capital cost (excluding support cost) of $1,000,000 or more. Federal Aid for hardship and protection acquisition will only be requested when total R/W capital costs, including hardship and protection acquisition is $1,000,000 or more.

3. Right of Way projects currently authorized by FHWA for Federal funding will continue to be Federally funded and supplemental Federal funding requests will be submitted when adding additional work to the projects.

NOTE: Title company service contracts are approved for 100 percent State only funding.

**B. Capital Outlay Support**

1. Preliminary Engineering

   Federal Aid will be requested for all Federal-eligible projects with an estimated capital outlay cost of $1,000,000 or more. Federal participation is requested through the Statewide Preliminary Engineering System (SPES). Separate instructions are issued annually regarding the process for requesting Federal Aid for Preliminary Engineering (PE).

2. Construction, Engineering and Right of Way support

   Federal Aid is requested for all capital outlay support when Federal Aid is requested for the capital outlay projects.

**C. Demonstration and/or Discretionary Projects**

These funds are typically project specific and available for obligation for periods ranging from 1 year to until-obligated. It is necessary to review Federal requirements for each project. These projects also are required to be included in the current approved FSTIP. For those projects with funds available for obligation for one year, it is critical to begin a FSTIP amendment early to assure that fund obligation can be completed before the funds lapse.

**D. State Only Funded Projects**

1. State only funding will only be considered on an exception basis for:

   - Highway Safety Improvement projects with estimated capital cost of $100,000 or more.
   - Railroad Grade Separation and Safety Railroad Grade Crossing Protection projects with estimated capital cost of $100,000 or more.
   - All other projects with estimated capital costs of $300,000 or more.

   Requests for State only funding are addressed by the Chief, Division of Transportation Programming. Projects otherwise eligible for Federal Aid may be State only funded if Federal funds of a type suitable for the project have been exhausted. This is at the discretion of Headquarters and no State only request is necessary for such projects.

2. Projects funded from the maintenance program (HM) or projects with estimated costs greater than $300,000 which are included in program documents as State only funded are approved for State funding and funding exception requests are not required.

**PROCEDURE**

A. To qualify a project for Federal Aid:

1. All projects, whether for Preliminary Engineering, Right of Way, or Construction, must be listed in the FSTIP.

2. In addition, Right of Way projects require various milestone achievements of the environmental process.

3. Construction projects require approved Railroad Agreements, Right of Way certification, completed environmental documents, and Intergovernmental Review project report and environmental review.

4. FHWA reviewers should be informed of all projects early in the project report and environmental phase of the projects.

B. Districts will electronically submit the FNM-76, "Request for Authorization to Proceed", to the Headquarters Federal Resources Branch at the following milestones (all applicable information should be included on the form):

1. For Preliminary Engineering (see annual SPES project instructions).

2. For Right of Way projects:

   a. For preliminary work before beginning any effort such as appraisal maps.

   b. For Right of Way appraisal, acquisition, Relocation Assistance Program, hardship or protection, utility relocation, before beginning effort.

3. For construction projects, at the submission of Plans, Specifications and Estimate (PS&E).

State of California

Business, Transportation and Housing Agency

# Memorandum

To : DISTRICT DIRECTORS

ATTENTION DEPUTY DISTRICT DIRECTORS
RIGHT OF WAY

Date : JUNE 9, 1994

File No.: PLANNING & MANAGEMENT
GENERAL
FUNCTIONAL FILE #94-1

From : **DEPARTMENT OF TRANSPORTATION**

Subject : Right of Way Activities Prior to Environmental Clearance

Right of Way's Streamlining Task Group has identified specific activities which can be performed in advance of environmental clearance to expedite the Right of Way process. The Federal Highway Administration has agreed that these activities can be performed prior to environmental clearance without jeopardizing Federal participation.

It is extremely important to remember that securing Federal participation through the current FNM-76 process must be accomplished prior to beginning these activities. Headquarters Right of Way Planning and Management and Budget's Federal-Aid Branch are working together to revise the FNM-76 process, and screens to make it easier to secure Federal participation. We will issue another Functional File memorandum when these changes are approved.

The following Right of Way activities can be performed during the "Preliminary Engineering", "Preliminary Right of Way", and "Regular Right of Way" project stages.

**PRELIMINARY ENGINEERING**

Preliminary Engineering is defined as those Right of Way activities performed in support of project programming, environmental clearance, and design. These activities include:

- Preparing Route Estimate Maps
- Preparing Route Estimates
- Preparing Right of Way Data Sheets
- Preparing Housing Studies
- Verifying Utility Facilities
- Locating Utility Facilities ("potholing")

Deputy District Directors
June 9, 1994
Page 2

**PRELIMINARY RIGHT OF WAY**

Preliminary Right of Way is defined as those Right of Way activities which occur after the project is programmed, and are typically charged as Right of Way support to the project's Phase 2 expenditure authorization. These activities include:

- Ordering Title Reports
- Preparing Base Maps
- Preparing Appraisal Maps
- Conducting project-wide comparable sales searches once a preferred alternative is internally selected
- Assigning appraisers to specific parcels, contacting the property owners to commence appraisal activity, and completing the appraisal once the preferred alternative is made public in some manner (newspaper announcement, distribution of the final environmental document, etc.)

**REGULAR RIGHT OF WAY**

Regular Right of Way (which cannot commence until final environmental clearance has been secured) is defined as:

- Acquiring Right of Way Parcels
- Relocating Displaced Persons
- Performing Utility Relocation activities from the request for Relocation Plans forward

Gary Horn

GARY HORN, Chief
Planning and Management Branch
Division of Right of Way

State of California | Business, Transportation and Housing Agency

# Memorandum

To: DISTRICT DIRECTORS

Date: December 28, 2000

Attention: Region/District Division Chiefs
Right of Way
Project Development
Planning

File: ACQUISITION
General
Reference File 00-1

From: **DEPARTMENT OF TRANSPORTATION**
**RIGHT OF WAY PROGRAM**
Mail Station 37

Subject: Right of Way Acquisition Prior to Environmental Approval on STIP Projects

This memorandum sets forth criteria for beginning right of way acquisitions after the completion of environmental studies, but prior to completing the environmental report, on State Transportation Improvement Plan (STIP) projects. Guidelines for Preliminary Right of Way Activities were previously issued June 9, 1994, (Planning and Management Reference File #94-1) that authorized the completion of appraisal during the preliminary right of way project stage. Appraisals can be completed after public notice of the preferred alternate route.

The California Environmental Quality Act (CEQA) Guidelines, and Title 23 United States Code, Section 108, as amended by the Transportation Equity Act (TEA 21), provide for an exception to the general rule prohibiting acquisition prior to environmental approval. Acquisition costs incurred by the State prior to executing a project agreement with the Federal Highway Administration are not eligible for Federal participation. However, 23 CFR Section 710.501 allows for parcel costs in certain instances to be counted as part of the State's soft match for other project costs; i.e., where either the alternative route has been selected or there are no prudent alternatives under consideration.

CEQA Guidelines, Title 14 Section 15004 (b) (2) (A) of the California Code of Regulations state, in part, "...may enter into land acquisition agreements when the agency has conditioned the agency's future use of the site on CEQA compliance." Furthermore, Senate Bill 45 revised Government Code Section 14529, and allows for an allocation for right of way acquisition with the completion of the environmental studies, and the selection of a preferred alternative.

There are no changes to the State or Federal criteria for hardship and protection acquisitions, and those criteria are not addressed here. After the completion of the environmental studies and the selection of a preferred alternative, the Department may acquire property prior to environmental approval subject to the following criteria:

1. **The project must not be controversial.** There must be a determination that the acquisition will not limit the choice of alternatives or mitigation measures, and that the Department has conditioned its future use of the property on CEQA compliance.

Therefore, the property should not change from its current use. Notices to owner for utility relocations shall not be issued. Removal of improvements, including utilities, shall only be conducted when public safety is an issue (see Right of Way Manual, Section 11, for Property Management Procedures).

2. The project must be programmed in the STIP, and the route adoption must be consistent with the preferred alternative.

3. Freeway agreements, if required, or a resolution from the local governing body, must be obtained in accordance with Streets and Highways Code, Sections 100.1 through 100.4.

4. Laws, regulations, and policies, including the Uniform Relocation Assistance and Real Properties Acquisition Policies Act, must be followed throughout the acquisition process.

5. Grantors shall be notified that Resolutions of Necessity will not be sought during the early acquisition period. Owner occupants shall be advised of their right to buy back the property at fair market value in the event the property is not used for the proposed project and they do not relocate (Right of Way Manual Section 16.10.04.00).

6. The design will have progressed sufficiently to be able to accurately convey right of way requirements to the Office of Surveys for preparation of appraisal maps and deeds.

7. Federal funding options shall be preserved through compliance with Federal regulations concerning early acquisitions; 23 CFR Section 710.501(a) (b) (c). **NOTE: Where Federal funding would normally be sought in the acquisition of right of way, the use of State-only funds requires Budgets prior written approval.**

A Letter of Qualification (LOQ) shall be signed by the District Director documenting how the project meets the criteria set forth in these guidelines. Documentation will be maintained in the project file. The letter shall also detail the circumstances that warrant early acquisition. The LOQ shall contain signatures of the Region/District Division Chiefs for Project Development, Environmental Planning, and Right of Way, indicating their concurrence. Right of Way must determine if there is adequate funding capacity to provide State-only funding from its allocation. **The LOQ shall thereafter be forwarded to HQ Right of Way for review and approval.**

For projects that will be Federally funded, the District will provide the HQ Federal Resources Officer with a copy of the LOQ, and inform the Federal Resources Officer of the amount of the soft match available when the FNM76s are submitted for right of way and construction authorization.

Federal regulations provide an opportunity to advance acquisition on projects or segments of projects where either the preferred alternative has been selected or there are no feasible and prudent alternatives under consideration. There are two methods allowed in Federal regulation:

District Directors
Page 3
December 28, 2000

1) the direct reimbursement of right of way costs; or, 2) the soft match of State funds. The soft match allows non-Federal expenditures to be considered as the non-Federal match for the Federal-aid project. Under the soft match, only land and building costs within the right of way are allowed as a credit toward future project costs. All other costs must be segregated and borne by the contributing agency. Federal resources in HQ Budgets Program should be contacted for specific criteria for application of either a soft match or reimbursement.

BRIAN J. SMITH
Acting Deputy Director
Planning

BRENT FELKER
Deputy Director
Project Development

c: Legal; BBuckley, JBoda, JNicholas, BEvans, WLewis, TCraggs, GWinters, GHorn, R/W Office Chiefs; DPetrie, KPokrajac, WHarrold, MArrant

The following Project Management Memorandum/Directive Number PMD 006 is also available at:
http://onramp.dot.ca.gov/hq/pmpweb/projects_office/ProcessGuidance_Directives/PM_MemosDirectives/PMD006.pdf

State of California

Business Transportation and Housing Agency

**Memorandum**

To: DISTRICT DIRECTORS
DIVISION CHIEFS OF PROGRAM/
PROJECT MANAGEMENT

Date: September 21, 2000

File: Policy

From: **DEPARTMENT OF TRANSPORTATION**
**PROJECT MANAGEMENT PROGRAM**
Mail Station #28

Subject: Project Change Requests

Attached is a Project Management Directive outlining Caltrans policy for processing Project Change Requests. All programmed projects (STIP, SHOPP, TCRP) and Special Program projects (Toll, Seismic, and Retrofit Soundwall) will be required to follow this process. This directive supersedes the previous policy titled "Project Scope, Cost, and Schedule Management Procedures" dated May 14, 1992. This new directive identifies when corporate management must make a decision on a project prior to proceeding with processing an amendment to make a programming change.

Under the attached policy, there is generally an increased level of delegation of approvals to the District for STIP and SHOPP projects. Another important change is that effective immediately, Districts will be required to identify a source of funds for any cost increase whether approved at the district or corporate level. If you have any questions concerning this directive, please contact Matt Bailey in the Project Management Program. His phone number is (916) 654-6201 or Calnet 8-464-6201.

JOHN A. BODA
Program Manager
Project Management

JIM NICHOLAS
Program Manager
Transportation Programming

BRENT FELKER
Deputy Director
Project Development

BILL EVANS
Deputy Director
Finance

Attachment

*CALIFORNIA DEPARTMENT OF TRANSPORTATION*

## *PROJECT MANAGEMENT DIRECTIVE*

| | | | | |
|---|---|---|---|---|
| Title: | **Project Change Requests** | | Number: | **PMD 006** |
| Reference: | D-07 | Project Delivery | | |
| | D-16 | Program Management | | |
| | DD-34 | Program/Project Management for Capital Outlay | | |
| | PMD001 | Project Management Definitions | | |
| | PMD002 | Project Identification | | |
| | PMD 004 | Capital Project Delivery Plan | | |
| Supersedes: | Project Scope, Cost, and Schedule Management Procedure memoranda dated October 15, 1992 and May 15, 1992. | | Effective Date: | 9/15/00 |

### I. POLICY

Caltrans delivers quality projects that are timely, cost effective and meet the customers needs. Any significant changes to a programmed project's (STIP, SHOPP, TCRP) or special program project's (Toll, Seismic, Retrofit Soundwall) scope, cost or schedule require a revision to the delivery commitment. Changes will only be made when justified as absolutely necessary.

### II. OBJECTIVES

The Department's minimum objectives for project delivery are to:

- Deliver more than 90% of the total number of current year programmed projects.
- Deliver more than 100% of the current year programmed dollars. This is accomplished by advancing delivery of future year programmed projects to offset any current year project that is not delivered.
- Deliver 100% of the total number and programmed dollars of current year special program projects.
- Deliver projects for no more than the programmed amounts.
- Deliver projects that meet the projects stated purpose and need.

### III. BACKGROUND

The project change request (PCR) process documents a management decision to request a change to a delivery commitment for a project. This directive addresses two changes since the 1992 PCR process was initiated:

- The transfer of approval authority for Regional Improvement Projects to the Regional Transportation Planning Agencies (RTPAs).
- The need to manage programmed Capital Outlay Support costs in the STIP programming document.

## IV. BUSINESS RULES

A project change request is the decision making document that Caltrans management at both the District and Corporate level uses to make a decision to either recommend approval, deny or to reevaluate a project prior to processing a STIP or SHOPP amendment to make a programming change or to revise a delivery plan for a Special Program. Decisions affecting project delivery goals shall be well documented and every feasible alternative shall be considered. Input is required from the Regional Transportation Planning Agency (RTPA) or a local county commission for STIP RIP project change requests.

A project change request is required to initiate the process to amend a programming document for any of the conditions listed on the following pages. If these conditions apply to only a part of a project, see "splits and combines". The project change requests involves decisions and processing at the following levels:

District:

- Prepares district (District decision) and corporate (corporate decision) project change requests.
- Identifies cost savings to cover cost increases.
- Makes a decision on district level project change requests.
- Submits district approved project change requests for programmed projects to Transportation Programming and Project Management Programs.
- Submits corporate project change requests to the Project Management Program in corporate.
- Initiates STIP and SHOPP program amendments for approved project change requests.

Corporate:

- Makes a decision on corporate level project change requests.
- Submits corporate approved project change requests for programmed projects to Transportation Programming and Project Management Programs.
- Submits corporate approved project change requests for special programs to Project Management for processing a change to the delivery plan.
- Updates corporate information systems.
- Processes District / RTPA requests for STIP and SHOPP program amendments.

RTPA:

- Recommends approval of STIP - RIP project change requests.
- Makes RTIP changes, FTIP changes.
- Initiates STIP - RIP program amendments for approved project change requests.

A programming amendment is not approved until the CTC (for STIP projects), or the Transportation Programming Program (for SHOPP) projects have taken formal action.

SHOPP Project Changes:

| PCR Type (6) | SHOPP Cost, Scope and Schedule Project Changes (#) see notes below | Management Decision Delegation | | | | | |
|---|---|---|---|---|---|---|---|
| | | Cost (Millions) | District Director | Program Manager Project Management | Program Manager Transportation Programming | Deputy Director Project Development | Deputy Director Finance |
| D | Cost Savings for any programmed project. (1,2,3) | | X | | | | |
| | Changes to a Budget (Current) Year Project | | | | | | |
| A | • Scope change < 20% of the project limits. | | X | | | | |
| M | • Scope change ≥ 20% of the project limits or a change in the project design strategy. | | | X | X | | |
| M | • Schedule delay outside the programmed year. | | | | | X | X |
| M | • Cost Increase < 20% and District's cumulative sum of cost changes remains less than 103% of their SHOPP delivery for that year. (1,3,4) | | X | | | | |
| M | • Cost Increase < 20% and District's cumulative sum of cost changes exceeds 103% of their SHOPP delivery for that year. (1,3,4) | | | X | X | | |
| M | • Cost Increase ≥ 20% (1,3) | < $5 | | X | X | | |
| | | ≥ $5 | | | | X | X |
| | Changes to Future Year Projects | | | | | | |
| M | • Cost Increase (1,5) | | X | | | | |
| M | • Scope change (5) | | X | | | | |
| M | • Delay outside programmed delivery year. (5) | | X | | | | |

SHOPP Notes:

(1) SHOPP cost changes apply to the combined programmed total of Construction and Right of Way capital.
(2) SHOPP cost savings during a budget year between the programmed amount and the allocation of funds are controlled and managed by the Transportation Programming Program.
(3) Any cost increase to the programmed construction capital in a budget year will be processed at the time a request for funds (for CTC allocation) is made. A formal amendment is not needed in this case. However, a management decision is required as outlined in this policy, and a PCR should be submitted as soon as possible so that the decision can be made prior to completion of the PS&E.
(4) Cumulative sum of cost changes applies to all SHOPP program allocations to be made in a fiscal year including amendments, unpars and advancements.
(5) Changes for future year projects must be reported (due to corporate in September) for inclusion into the next SHOPP (or midcycle) prior to adoption of a new programming document by the CTC.
(6) M - Mandatory, A - Advisory, D-Discretionary project change requests. See discussion on page 6.

STIP Project Changes (Includes TCRP - conditions similar to IIP)

| PCR Type (9) | STIP Cost, Scope and Schedule Project Changes (#) see notes below | Management Decision Delegation | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Programmed Cost (Millions) | District Director | Program Manager Project Management | Program Manager Transportation Programming | Deputy Director Project Development | Deputy Director Finance | RTPA - RIP (7) |
| D | Cost Savings (PJD, RW, or Con) for any programmed project. (1,2,3,4,5,7,8) | | X | | | | | X |
| M | Time extension or a schedule delay outside a programmed year. (6,7) | ≤ $2 | X | | | | | X |
| | | $2 - $15 | | X | X | | | X |
| | | ≥ $15 | | | | X | X | X |
| A | Scope change (7) | ≤ $10 | X | | | | | X |
| | | $10 - $25 | | X | X | | | X |
| | | ≥ $25 | | | | X | X | X |
| RW-D | IIP Funded - Cost Increase < 20% (RW or Con) (1,2,3,4,5,7) | Inc < $0.3 | X | | | | | |
| Con-M | | Inc ≥ $0.3 | | X | X | | | X |
| RW-D<br>Con-M | RIP Funded - Cost Increase < 20% (RW or Con) (1,2,3,4,5,7) | | X | | | | | X |
| M | Cost Increase ≥ 20% for a Budget (Current) Year (Con) (1,3,4,5,7) | Inc < $2 | | X | X | | | X |
| | | Inc ≥ $2 | | | | X | X | X |
| M | RIP Funded - Cost Increase ≥ 20% for a Future Year (PJD, RW, or Con) (13,4,7) | | X | | | | | X |
| M | IIP Funded - Cost Increase ≥ 20% for a Future Year (PJD, RW, or Con) (1,3,4,7) | Inc < $2 | | X | X | | | X |
| | | Inc ≥ $2 | | | | X | X | |

STIP Notes:

(1) STIP cost changes apply to the combined programmed totals of PAED and PS&E for "PJD", RW capital and support for "RW", and Construction capital and support for "Con".
(2) PJD changes are not allowed between 80-120% of the programmed PJD costs unless there is a scope change.
(3) RW changes are allowed up until the time that construction occurs in a Budget (Current) year. R/W changes are made during the development of the annual right of way plan.
(4) Once a programmed PJD component (PAED or PS&E) is part of a Budget (Current) year, that component cannot be changed. A PS&E component can be changed in a future year except under note 2.
(5) The construction components in a budget year can be changed at the time a request for funds (for CTC allocation) is made. A formal programming amendment is not needed in this case. However, if a management decision is required as outlined in this policy, a PCR should be submitted as soon as possible so that a decision can be made prior to completion of the PS&E.
(6) There are "use it or lose it" provisions applicable to delivery of STIP projects. Any STIP project that cannot be voted by the CTC during the delivery year must be given an allocation extension prior to the end of the programmed year. A project may be given a one-time extension of up to twenty months. The project must then be delivered before the time extension expires, or the funds will be deprogrammed. Deprogrammed funds will be made available to the County or the ITIP at the next STIP programming cycle.
(7) All STIP project change requests must be discussed with the RTPA or local county commission. They must agree to any RIP programming changes.
(8) IIP cost savings during a budget year between the programmed amount and the allocation of funds are reported by the CTC and the funds are controlled and managed by Transportation Programming.
(9) M - Mandatory, A - Advisory, D-Discretionary project change requests. See discussion on page 6.

A project change request is required to amend the delivery plan for any Special Program project or to split or combine a project as outlined below:

Project Splits and Combines

| PCR Type (2) | Project Splits and Combines (excludes Minor projects) (#) see notes below | Management Decision Delegation: Total Capital (R/w & Con) Cost of all projects (Millions) | District Director | Program Manager Project Management | Deputy Director Project Development |
|---|---|---|---|---|---|
| M | When one or more project(s) is to be split or combined the scope and costs of the resulting projects will be reviewed. (1) | < $5 | X | | |
| | | $5- $25 | | X | |
| | | > $25 | | | X |

Splits and Combines Notes:
(1) Project change requests are required for programmed project and special program project splits and combines.
(2) M - Mandatory, A - Advisory, D-Discretionary project change requests. See discussion on page 6.
(3) Any portion of a split project that results in a change condition such as a cost change or a fiscal year delivery change must also have a management decision made on the change as outlined within this policy.

Special Program Project Changes

| PCR Type (3) | Special Programs Project (Seismic, and Retrofit Soundwalls) Cost, Scope and Schedule Changes (#) see notes below | | Management Decision Delegation: District Director | Program Manager Project Management | Program Manager Transportation Programming | Deputy Director Project Development | Deputy Director Finance |
|---|---|---|---|---|---|---|---|
| D | Cost Savings (1,2) | | X | | | | |
| M | Cost Increase < 20% and program savings are available. (Capital or Support) (1,2) | | | X | X | | |
| M | Cost Increase ≥ 20% or when program savings not available. (Capital or Support) (1,2) | | | | | X | X |
| A | Scope change < 20% of the project limits. | | X | | | | |
| A | Scope change ≥ 20% of the project limits or a change in the project design strategy. | | | X | X | | |
| M | Delay outside delivery plan year | < $10 | | X | X | | |
| | | ≥ $10 | | | | X | X |

Special Program Notes:
(1) Costs changes apply to either capital or support costs.
(2) Support cost is determined from expenditures to date combined with the amount of resources needed to complete the project in a workplan.
(3) M - Mandatory, A - Advisory, D-Discretionary project change requests. See discussion on page 6.

Toll Bridge Program Project Changes

| PCR Type (3) | Toll Bridge Program Project<br>Cost, Scope and Schedule Changes<br>(#) see notes below | | Management Decision Delegation | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | District Director | Program Manager Transportation Programming | Program Manager Project Management | Deputy Director Project Development | Deputy Director Finance | Toll Authority (Toll Projects) |
| D | Cost Savings (1,2) | | X | | | | | |
| M | Cost Increase < 20% and program savings are available. (Capital or Support) (1,2) | | | X | X | | | |
| M | Cost Increase ≥ 20% or when program savings are not available. (Capital or Support) (1,2) | | | | | X | X | X |
| A | Scope change < 20% of the project limits. | | X | | | | | |
| A | Scope change ≥ 20% of the project limits or a change in the project design strategy. | | | X | X | | | |
| M | Delay outside delivery plan year | < $10 | | X | X | | | |
| | | ≥ $10 | | | | X | X | |

Special Program Notes:
(1) Costs changes apply to either capital or support costs.
(2) Support cost is determined from expenditures to date combined with the amount of resources needed to complete the project in a workplan.
(3) M - Mandatory, A - Advisory, D-Discretionary project change requests. See discussion on page 6.

There are certain times when a project change request is "mandatory" to secure a project approval, "advised" to reach a project decision, or "discretionary" to provide flexibility for project costs. A mandatory (type "M") [as indicated in the left column on the previous charts] condition indicates a project change request is required. This occurs when a special CTC approval is required or to update programming information in a new programming document. An advisory (type "A") condition occurs when a management decision is needed in order to proceed with the project. This could involve increased costs or a scope change. A discretionary (type "D") condition does not require a project change request. It may be advantageous, however to prepare a project change request for an identified cost savings to be used to fund another project.

Corporate project change requests are to be submitted to the Project Management Program in corporate. The Project Management Program will schedule programming change delivery meetings approximately five weeks before each CTC meeting. Project change requests will be due to Project Management one week prior to the delivery meeting or six weeks prior to the CTC meeting. The purpose of the delivery meetings is to discuss and assess the merits of project change requests. The project change request must have all of the required District approvals, reviews by the appropriate program advisors, and the approval of the District Design Coordinator before the project change request will be considered.

These business rules also apply to jointly funded projects (i.e. locally funded, tax measure, or funding contribution only projects) when a change is considered to the programmed STIP, SHOPP, or Special Program funded portion of a jointly funded project.

## V. RESPONSIBILITIES

California Transportation Commission: Approves SHOPP and adopts IIP funded capital projects for programming in State programming documents. Incorporates and adopts RIP funded projects from RTIP into STIP programming document. Makes project allocations for construction and an annual right of way program allocation for capital funds for all STIP and SHOPP projects. Has approval authority to take action on proposed amendments for STIP programming changes.

Deputy Directors for Project Development and Finance: Based on project change requests submitted at the Deputy Director level, decides whether to support submittal of a programming amendment and recommends, denies, or instructs the District to revise its proposal.

Program Manager's for Project Management and Transportation Programming: Based on project change requests submitted at the Program Manager's level, decides whether to support submittal of a programming amendment and recommends, denies, or instructs the District to revise its proposal.

District Director: Based on project change requests submitted at the District level, decides whether to support submittal of a programming amendment and recommends, denies, or instructs the Project Manager to revise his or her proposal.

Regional Agency: Approves RIP funded capital projects for programming in Regional programming documents. Initiates actions for STIP-RIP amendments. Agrees to proposed programming changes for any STIP-RIP projects.

Project Management Program: Processes management reviews and the decision making process for all corporate Project change requests. Measures project delivery performance.

Transportation Programming: Processes changes to programming documents for all approved project change requests. Processes project amendments, deletions, and supplemental votes. CTC liaison on issues concerning changes to programmed projects.

Corporate Program Advisor's: Reviews and agree to proposed project change requests to verify project is cost effective and remains a priority for program funds. In any instance where the program advisor has not agreed to a project change, the issue may be elevated to the program manager level for resolution.

District Division Chiefs of Program / Project Management: Identifies cost savings from other projects or future programming to fund any cost increase. Processes district management reviews and the district's decision making process for all project change requests.

Design and Local Programs District Coordinators: District design coordinators are to assess and evaluate all proposed changes to cost, scope and schedule and are to comment on wheteher the proposed changes should be recommended for approval.

Project Managers:. Limits change to programmed projects. Documents need for changes by providing complete and accurate information when preparing and submitting project change requests. Continually monitor's the progress of their projects. As changes occur, submits a project change request in a timely manner. Initiates STIP and SHOPP program amendments.

**VI. DEFINITIONS AND OTHER CONSIDERATIONS**

PMD 004 "Delivery Plans" gives instructions for splits and combines of capital projects.

Careful planning and sequencing of projects should be an integral part of determining what projects should be programmed and planned for delivery. Every effort should be made to minimize the number of conflicts between projects in an effort to minimize the number of splits and combines needed.

Budget (Current) Year: The term budget year is synonymous with the current fiscal year. We are measured for delivery of a fiscal budget between July 1 and June 30 of the current year.

Statewide Cost Savings: Savings that occur during a budget year for SHOPP and IIP projects are controlled and managed by the Transportation Programming Program. These savings may be made available to a District at the discretion of the CTC and the SHOPP Program Manager based on identified savings, statewide priorities and an equitable distribution back to the Districts. For cost increases on future year projects or whenever statewide savings are not available, the District will need to identify funds within available program funding capacity to cover any cost increase.

SHOPP Programming Cost Changes: All SHOPP cost changes (except those handled by a G-12) directly impacts the future funding capacity for the entire SHOPP program. Future programming funds are sometimes used to cover cost increases. This results in less money to do new projects, and may require delaying some programmed projects to meet fiscal year programming funding levels.

STIP Programming Cost Changes: All STIP cost changes (except those handled by a G-12) directly impact county shares and future funding capacity for either the Region (RIP funded) or the State (IIP funded). Right of Way, Project Development and Construction costs must be considered separately for STIP projects.

STIP Programming Final Costs: There are certain instances when expenditures for RW and PJD programmed components may be adjusted against a County's RIP program county share balance and the IIP balance. When the total of all PJD (PAED and PS&E combined) and RW (Capital and support) expenditures exceed 120% of the programmed amount, an adjustment will be made to the county RIP share balance or IIP balance. PJD costs are reported to the CTC at the time a project allocation is requested for construction. RW costs are reported to the CTC in the annual R/W plan and are the RW costs at the time a project is certified for Right of Way. For Construction (capital and support) there will only be an adjustment made whenever there is a supplemental funds vote.

Scope Changes: A project's "purpose and need" as identified in a scoping document sets the parameters for measuring a project's scope. A scope change occurs whenever there is a deviation from the original project scope by either adding to / deleting from the original project limits, or by changing the original design strategy. Examples of limit changes include a change in postmile (kilometer) limits or the number of locations to be worked on. Examples of design strategy changes include replacing a rehabilitation project with a "Cap-M" project or bridge replacement in lieu of bridge rehabilitation.

G-12 Authority: (CTC Delegation of Authority to Adjust Project Allocations): During the time between a project's initial vote allocation up until the time a project is completed (contract acceptance), any cost increase will be handled administratively if within the G-12 authority limits. Any costs exceeding the G-12 limit will require a supplemental funds vote by the CTC. Funding for G-12 changes will come from program savings, therefore the District will not be required to identify a funding source. Any cost savings identified after the initial vote allocation is not made available. These savings revert back to the program.

Supplemental Funds: Requests for a CTC vote for supplemental funds beyond the G-12 funding limits must be submitted by the District directly to the Deputy Directors for Project Development and Finance, with copies to the Corporate Program Managers for Project Management, Construction, Design and Local Programs, Transportation Programming and Budgets. The request should be submitted at least two weeks prior to the 'request for funds' due date to Budgets for CTC processing.

Ready To List: To qualify a project as "ready to list", the project must have all clearances and approvals necessary to advertise a project. This includes having all permits, agreements, appropriate right of way certification and FTIP approval. If new requirements are identified during processing, the project may be delayed, putting delivery at risk while issues are resolved.

Schedule Changes: The Department's programming documents establish a fiscal year commitment (SHOPP – "PROG YEAR"; STIP-"CON YEAR") for delivery of individual projects. Planned delivery of a project that is scheduled beyond the programmed year commitment requires a programming change. Approved schedule changes to change the fiscal year of delivery will result in a STIP or SHOPP amendment that updates the programmed year. A project must be "ready to list" to measure completion of this delivery commitment. Projects delivered early (prior to a programmed year) do not result in a schedule change, and are counted as advanced delivery.

Deletions (Unpar): Requests to delete projects from programming documents are to be submitted to Transportation Programming. SHOPP projects are deleted when a request to delete a project is approved in a memorandum signed by the Program Manager for the Transportation Programming Program. STIP projects are deleted by a CTC action on a STIP amendment requesting a project be deleted from the STIP. RTPA's must agree to a request to process an amendment to delete a STIP RIP project. STIP support expenditures for any project deleted will be finalized in accordance with STIP guidelines.

Updating Programming Documents: The adoption of new programming documents, including any approved technical amendments establishes a new delivery baseline. The SHOPP is normally updated in January of each year. The STIP is normally updated in April of each even year with a technical adjustment made around April of each odd year.

In instances when a change is needed for a project that is programmed for delivery in the next fiscal year, the Project Manager needs to process a project change request for approval prior to the current year's SHOPP or STIP update. That means that a programming change request needs to be submitted and approved by Corporate before December (SHOPP) or February (STIP-IIP) for processing. Once the documents are finalized and updated, individual projects are committed to delivery.

As delivery progresses in the current year being measured, delivery of some projects may be subject to delay due to an unforeseen issue. As these delays occur, the Project Manager needs to consider if the project is deliverable in the following fiscal year. In instances when a project cannot be delivered in either the current year or following year, the Project Manager needs to process a project change request for approval prior to the current year's SHOPP or STIP update. If this is not done, the project will be reported as a delivery failure in both the current year and the following year.

**VI. APPLICABILITY**

District Division Chiefs for Program / Project Management, Project Managers, project *management support staff* and employees in the Corporate Project Management and Transportation Programming Programs. In addition, all other employees who work on delivering capital projects.

JOHN A. BODA
Program Manager
Project Management

**ATTACHMENTS**

| | |
|---|---|
| Attachment 1 | Project Change Request – Cover Sheet |
| Attachment A | Project Cost Change – (can also use for supplemental funds requests) |
| Attachment B | Project Schedule Change |
| Attachment C | Project Scope Change |
| Attachment D | Project Split and Combine Change |
| Attachment 2 | SHOPP Project Funding Sheet |
| Attachment 3 | STIP Project Funding Sheet |
| Attachment 4 | Process Flow Chart |

# CAPITAL OUTLAY
# (PHASE 9)
# OBJECT CODES

| Code # | Description |
|---|---|
| 034 | Title and Escrow |
| 050 | Acquisition of Real Property |
| 053 | Interest on Condemnation |
| 054 | R/W Utilities |
| 055 | Relocation Assistance Payment (RAP) |
| 056 | Demolition and Clearance |
| 059 | Acquisition of Personal Property |
| 080 | Acquisition of Excess Land |
| 083 | Early Acquisition of Lands and Improvements prior to Environmental Clearance |
| 088 | Project Development Fees (Project Permit Fees) |
| 090 | Condemnation Deposits |
| 130 | Jury, Recording, Reporter Fees and Expenses – Condemnation |
| 131 | Expert Witness and Appraisals – Condemnation |
| 170 | Claims – Legal Payments |
| 230 | Jury, Recording, Reporter Fees and Expenses – Inverse Condemnation |
| 231 | Expert Appraisers and Witnesses – Inverse Condemnation |
| 253 | Interest on Inverse Condemnation |

## RIGHT OF WAY SUPPORT
## (PHASE 2)
## OBJECT CODES

| Code # | Description |
|---|---|
| 002 | Utility Services |
| 030 | Jury, recording, reporter fees, and expenses incurred in connection with Board of Control Claims, Tort Liability Claims, Small Claims and Unlawful Detainer Filings |
| 032 | Consultant and Professional Services – Interdepartmental |
| 033 | Service of Legal Documents (Sheriff, etc.) |
| 058 | Property Maintenance & Expense |
| 132 | Consultant and Professional Services – External (includes specialty appraisals for Excess Land and Airspace) |