

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 9, 2019

From: SUSAN BRANSEN, Executive Director

Reference Number: 4.15, Action

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Subject: Amendments to Resolution G-19-05 - Delegation of Authority for Sub-Allocation and Adjustment of the State Highway Operation and Protection Program Minor Program

Issue:

Should the California Transportation Commission (Commission) approve amendments to Resolution G-19-05 to increase the funding level of and accountability for projects funded in the State Highway Operation and Protection (SHOPP) Minor Program?

Recommendation:

Commission staff recommends the Commission approve the attached Resolution G-19-05a, amending Resolution G-19-05, to increase the funding level for and accountability of projects funded in the SHOPP Minor Program.

Background:

In July 2005, the Commission delegated to the California Department of Transportation (Department) Director authority for sub-allocation and adjustment of projects funded in the SHOPP through the SHOPP Minor Program. In addition to allowing the sub-allocation of projects not exceeding \$1,250,000, this delegation requires the Department to annually submit for Commission approval a descriptive list of projects funded in the SHOPP Minor A Program.

At the June 2019 Commission meeting, the SHOPP Guidelines and several associated resolutions were updated, including Resolution G-19-05. Subsequent to this meeting, Commission staff, in consultation with the Department, identified additional amendments necessary to increase efficiencies, accountability and transparency of the SHOPP Minor Program. These amendments, included in Attachment A, require that a descriptive project list for the Minor B projects be submitted to the Commission annually beginning in fiscal year 2020-21. Additionally,

the amendments allow for the annual funding level of the SHOPP Minor Program to be set at \$250,000,000 beginning 2020-21.

Attachments:

- Attachment A: Resolution G-19-05a (a strikethrough version of this document is available upon request)

CALIFORNIA TRANSPORTATION COMMISSION

**Delegation of Authority to the California Department of
Transportation for Sub-allocation and Adjustment of the
State Highway Operation and Protection Program Minor
Program**

**RESOLUTION G-19-05a
Amending Resolution G-19-05**

- 1.1 WHEREAS, the California Transportation Commission (Commission), pursuant to Streets and Highways Code Section 167(f), is authorized to define minor capital outlay projects; and
- 1.2 WHEREAS, the Commission, pursuant to Government Code Section 14533, shall allocate funds for transportation projects; and
- 1.3 WHEREAS, the Commission, pursuant to Government Code Section 7 and 14512, may request that the California Department of Transportation (Department) perform such work as the Commission deems necessary to carry out its duties and responsibilities; and
- 1.4 WHEREAS, delegation to the Department of minor capital construction project sub-allocations and/or adjustment authority would streamline and help in the management of the State Highway Operation and Protection Program (SHOPP) Minor Program; and
- 1.5 WHEREAS, it is desirable to reduce Commission workload by minimizing the number of routine financial resolutions being processed.
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for minor capital construction project allocations, sub-allocations and adjustments:
 - A. The Commission will make a yearly allocation for minor construction projects in the amount of \$250,000,000.
 - B. The Commission defines minor construction projects as having an upper limit of \$1,250,000 for construction capital.
 - C. The Minor B project limit is established to be consistent with the lower limit of the State Contract Act. The State Contract Act is reviewed each even numbered year by the Department of Finance and adjusted to be consistent with change in the annual California Construction Index. The Commission authorizes the Director of the California Department of Transportation (Director) to change the Minor B project limit and the Minor

A project lower limit to an amount equal to the lower limit of projects subject to the State Contract Act as revised by the Department of Finance, and the Director shall inform the Commission of any such change within 45 days.

- D. Annually, the Department will present for Commission review and acceptance a SHOPP Minor Program. The Department's SHOPP Minor Program can be smaller than the annual funding amount but in no event can it be larger.
- E. The SHOPP Minor Program will be supported by project lists for both Minor A and Minor B projects that, at a minimum, will include the following information for each project:
 - 1. Project description.
 - 2. District, county, route and post mile.
 - 3. Expenditure Authorization number.
 - 4. Project outputs.
 - 5. Estimated right-of-way expenditure.
 - 6. Estimated support expenditure.
 - 7. Estimated construction capital expenditure.
- F. The SHOPP Minor Program will contain the following total information:
 - 1. A total program sum for right-of-way capital that will be reflected and enumerated as a separate line item in the Department's annual right-of-way allocation.
 - 2. A total program sum for construction capital expenditure.
 - 3. A total program sum for support expenditure.
 - 4. A total program sum for day labor.
- G. The Commission will annually allocate to the Department the total estimate needed for the SHOPP Minor Program.
- H. The Director is authorized to sub-allocate the SHOPP Minor Program funds to individual projects that are enumerated on the Commission reviewed and accepted project lists.

- I. The Director is delegated authority to increase individual project construction allocations to allow the advertisement, award, and completion of contracts within thresholds established in the Commission Resolution G-19-12 (G-12).
- J. Any adjustments to a Minor A project that exceed Commission established G-12 thresholds must be allocated by the Commission and do not establish a new funding capacity adjustment base for the project. All subsequent increases to the allocation must be presented to the Commission for approval.
- K. When funds required to complete a Minor A project are greater than the upper limit for construction capital and what is authorized for G-12, the project must compete for funding with other projects in the normal SHOPP programming process.
- L. Any Minor A project that experiences a change in the scope from what was identified on the approved Minor A list must be allocated by the Commission.
- M. Any Minor A project identified by the Department after Commission review and acceptance of the Department's Minor A project list must be allocated by the Commission.
- N. For any Minor B project identified by the Department after Commission review and acceptance of the Department's Minor B project list, the Director is authorized to sub-allocate funds for those projects with the understanding that these actions shall be reported to the Commission at the next scheduled Commission meeting following the sub-allocation.
- O. The SHOPP Minor Program is reserved only for small SHOPP projects that are consistent with the Commission adopted Transportation Asset Management Plan.
- P. The Commission will not allocate funds from the SHOPP Minor Program for enhancements, mitigation, or cost increases for STIP projects.
- Q. Minor A financial contributions to STIP projects can only be allocated by the Commission and only after independent utility for the Minor A work and lack of responsibility by the STIP project sponsor for the Minor A work is established and approved by the Director.
- R. Projects funded jointly with Minor A funds and other non-STIP or non-SHOPP funds shall be administered as Minor A projects, irrespective of the total cost of the project.

- S. The Director shall report all Minor A and Minor B project sub-allocations made under this delegation to the Commission at the next scheduled Commission meeting following the project sub-allocation. At a minimum the report will contain the following information:
1. Project description.
 2. District, county, route and post mile.
 3. Expenditure Authorization number.
 4. Project outputs.
 5. Estimated construction expenditure as enumerated on the Commission reviewed and accepted project lists.
 6. Actual construction sub-allocation as authorized by the Director.
 7. The Director will keep and report monthly a running balance against the Commission's annual SHOPP Minor Program allocation.