

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 7-8, 2022

From: MITCH WEISS, Executive Director

Reference Number: 4.15, Action

Prepared By: Jon Pray
Assistant Chief Engineer

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Subject: Amendment to Resolution G-19-12 Delegation of Authority to Adjust Project Allocations and Modify Project Descriptions
Resolution G-22-12, Amending Resolution G-19-12

Recommendation:

Staff recommends the California Transportation Commission (Commission) amend Resolution G-19-12 Delegation of Authority to Adjust Project Allocations and Modify Project Descriptions, as shown in Attachment A, to address updates that will enhance the Commission's oversight of the G-12 delegation.

Issue:

Staff has identified several areas of improvement to clarify the intent and to enhance the Commission's oversight with respect to the California Department of Transportation's (Caltrans) delegated authority to adjust Commission allocations on both State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) projects. Attachment A shows the amended resolution with all proposed updates. The updates include:

- Clarifying that the G-12 delegation may be used for allocation decreases as well as increases.
- Clarifying that the G-12 delegation is to be used for the completion of the scope of work allocated by the Commission and not for the addition of new scope.
- Adding a reporting requirement for increases to multi-funded project phases to verify that funds are increased proportionally across all fund sources, or increased in accordance with executed cooperative agreements.
- Adding a reporting requirement for Caltrans, when requested by Commission staff, to provide a more detailed description of work and a reason for a cost increase so Commission staff can better assess the use of the G-12 delegation. As part of this book item, Commission staff is stipulating this information be provided for each construction capital G-12 adjustment after contract award for the next 12 months. Staff review of or

concurrence with this additional information is not required prior to making the allocation adjustment.

Background:

On July 28, 1978, the Commission, through Commission Resolution G-12, delegated to the Director of Caltrans the authority to adjust project allocations and modify project descriptions within well-defined boundaries. Over the years, the original G-12 delegation has been revised numerous times to reflect new transportation laws and Commission procedures.

The current G-12 Resolution (G-19-12) applies to both STIP and SHOPP projects and is an important tool which greatly reduces the volume of financial transactions submitted to the Commission and increases the efficiency of Caltrans in processing changes. The G-12 resolution defines the specific terms and conditions by which Caltrans may adjust Commission allocations.

Attachments:

- Attachment A: Resolution G-22-12, amending Resolution G-19-12 Delegation of Authority to Adjust Project Allocations and Modify Project Descriptions (a strikethrough version of this document showing all changes compared to the current G-19-12 Resolution is available on the [Commission website](#) until December 9, 2022)

**CALIFORNIA TRANSPORTATION COMMISSION
Delegation of Authority to Adjust Project Allocations
And Modify Project Descriptions**

**RESOLUTION G-22-12
Amending Resolution G-19-12**

- 1.1 WHEREAS, the California Transportation Commission (Commission) adopted Resolution #G-12, delegation of authority to adjust project allocations and modify project descriptions to the Director of the California Department of Transportation (Director) on July 28, 1978; and
- 1.2 WHEREAS, over the years Resolution #G-12 was revised by Resolutions #G-83-6, #G-85-10, #G-88-18, #G-89-23, #G-90-24, #G-95-08, #G-98-12, #G-02-12, #G-09-12, #G-16-12, and #G-19-12; and
- 1.3 WHEREAS, the delegation greatly reduces the volume of financial transactions submitted to the Commission and increased the efficiency of the Department of Transportation (Department) in processing changes; and
- 1.4 WHEREAS, passage of Senate Bill 486 (DeSaulnier, Chapter 917, Statutes of 2014) increased Commission responsibility for the State Highway Operation and Protection Program (SHOPP).
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for capital allocations and project support allocations by the Commission for State Transportation Improvement Program (STIP), SHOPP, and SHOPP Minor projects:
 - A. CONSTRUCTION CAPITAL – The Director is authorized to adjust individual project construction capital allocations of STIP and/or SHOPP projects to allow the advertisement, award, and completion of contracts for the scope of work described by the contract documents used for the award of the contract within the following limits:
 1. For programmed STIP and SHOPP projects, and for Minor A individual allocations, receiving a Commission allocation of less than \$1,000,000, the Director may adjust the funds allocated for construction capital provided the adjustment does not increase the Commission's allocation by more than \$200,000.
 2. For programmed STIP and SHOPP projects, and for Minor A individual allocations, receiving a Commission allocation of \$1,000,000 or more, the Director may adjust the funds allocated for construction capital provided the adjustment does not increase the

Commission's allocation by more than \$200,000 plus 10 percent of the initial Commission allocation.

3. When a programmed STIP or SHOPP project is awarded for less than the Commission construction capital allocation amount, the above authorized allocation increase is to be based upon the contract allotment including such items as contingencies, supplemental work, and state furnished materials, if any, rather than on the initial Commission allocation amount.
 4. For SHOPP Minor A projects enumerated on the Commission reviewed and accepted Minor A project list, the Director may adjust the funds sub-allocated for construction capital provided that the adjustment does not exceed the estimated construction capital expenditure on the Minor A project list by more than \$200,000 (or more than \$200,000 plus 10 percent if the construction capital amount is \$1,000,000 or more).
 5. For SHOPP Minor B projects, the Director may adjust the funds sub-allocated for construction capital provided that the adjustment does not exceed 110 percent of the Minor B project limit defined as an amount equal to the lower limit of projects subject to the State Contract Act as revised by the Department of Finance.
 6. Any adjustment that exceeds the authorized limits described above must be allocated by the Commission. In addition, all subsequent increases to the allocation must be presented to the Commission for approval.
 7. Any allocation adjustment for programmed STIP, SHOPP, and Minor SHOPP projects must be proportionate to any other funding on the project, unless otherwise limited or agreed upon in an executed cooperative agreement. All adjustments and cooperative agreements must follow the appropriate program guidelines.
 8. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.
- B. PROJECT DESCRIPTIONS – The Director is authorized to modify Commission adopted project descriptions to meet unforeseen conditions and to correct project description errors in order to proceed with the advertisement of projects provided that:
1. Such revisions do not change the Commission's intent with regard to an individual project's program component, principal purpose,

primary characteristics, project output and general location.

2. Any cost increase resulting from the proposed change in project description is within the limits authorized to the Director under item A above.
3. Any needed project scope change, which exceeds the authorized limits described above, must be approved by the Commission.

C. SPLIT/COMBINE – The Director is authorized to split or combine allocated projects for ease and economy of contract administration provided that:

1. The amount of a combined project does not exceed the sum of the individual approved projects, and the amount of split projects does not exceed the allocation for the original project.
2. When two or more STIP and/or SHOPP programmed projects are combined, the cost increase limits authorized under item A above are based on the total cost of the combined project as though it was a single project. When a STIP and/or SHOPP programmed project is split, the cost increase authorized under item A above shall be based on the contract allotment of each portion.
3. When two or more SHOPP Minor A projects are combined, the combined project will be considered a single Minor A capital outlay project for accounting purposes. The cost increase limits authorized under Item A above shall be individually determined for each of the Minor A projects involved.
4. When a SHOPP Minor A project is combined with a SHOPP project, the combined project will be considered a single SHOPP programmed capital outlay project for cost increase limits authorized under item A above and accounting purposes.
5. When an independently designed and allocated SHOPP programmed project is combined with a STIP programmed project for construction purposes, the cost increase limits authorized under item A above shall be individually determined and accounted for the SHOPP portion and the STIP portion of the combined project.
6. When an independently designed and allocated SHOPP Minor A project is combined with a STIP programmed project for construction purposes, the cost increase limits authorized under Item A above shall be individually determined and accounted, for

the SHOPP Minor A portion and the STIP portion of the combined project.

- D. REPORTING – The Director shall report all capital outlay allocation changes made under this delegation (both increases and decreases) to the Commission Executive Director on a monthly basis. At a minimum, the report will contain the following information:
1. A listing of projects which received increases or decreases during the prior month, including allocations revised downward to match lower contract allotment amounts. The project listing shall include the following information for each project:
 - Project identifiers (Planning Programming Number, Expenditure Authorization number, and Enterprise Resource Planning Financial Infra-Structure number)
 - Project type (STIP, SHOPP or SHOPP Minor)
 - Description of work
 - Initial Commission allocation data and amount
 - Current allocation amount
 - Director revised allocation amount
 2. A breakdown of the amount of additional funds from each fund source for all increases on any multi-funded project phase showing:
 - the amount of increase from each funding source, and
 - the basis for the proportional split.
 3. A cumulative total of Director approved increases and decreases to funds allocated by the Commission during the fiscal year. It is intended that over time the Director approved decreases will be offset by the Director approved increases.
 4. The Director shall provide a summary of the capital outlay allocation changes on a quarterly basis with the Department's Quarterly Delivery Report.
 5. Upon request from Commission staff, a description of the work that was funded with the increased funds and the reason for the cost increase.
- E. STIP ADJUSTMENTS – The delegation of authority to adjust project allocations under this resolution does not apply to project allocations that the Commission previously adjusted in accordance with Streets and Highways Code section 188.8(d)(3), as first authorized by AB 608

(Chapter 815, Statutes of 2001). The Commission must approve any further adjustments.

- F. SUPPORT COMPONENTS – The Director is authorized to increase Commission approved STIP project support component values and SHOPP project support component allocations (Project Approval and Environmental Document, Plans, Specifications, and Estimates, Right of Way Support, and Construction Support) to facilitate the completion of project support phases within the following limits:
1. For projects with total support component value, or SHOPP allocation, of less than \$1,000,000, the Director may adjust individual support components, provided the adjustment is undertaken prior to over expenditure of funds and does not increase the Commission approved individual support component value, or allocation, by more than \$200,000.
 2. For projects with total support component value, or SHOPP allocation, of \$1,000,000 or more, the Director may adjust individual components, provided the adjustment is undertaken prior to over expenditure of funds and does not increase the Commission approved individual support component value, or allocation, by more than \$200,000 plus 10 percent of the initial Commission approved value.
 3. The basis for calculating the adjustment authority limits is the cost in the most recent Commission adopted programming document as amended by Commission action.
 4. Any adjustments that exceed the authorized limits described above must be approved by the Commission. In addition, all subsequent increases to the cost shall be presented to the Commission for approval.
 5. Any allocation adjustment for programmed STIP and SHOPP projects must be proportionate to any other funding on the project, unless otherwise limited or agreed upon in an executed cooperative agreement. All adjustments and cooperative agreements must follow the appropriate program guidelines.
 6. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.

7. The Director shall report a summary of project support component increases on a quarterly basis with the Department's Quarterly Delivery Report. Additionally, all project support component changes (both increases and decreases) shall be reported to the Commission Executive Director on a monthly basis using reporting consistent with sections D.1 and D.2 above.

G. RIGHT OF WAY CAPITAL – The Director is authorized to increase Commission approved STIP and/or SHOPP right of way capital allocations for projects programmed with right of way capital of \$10 million or more that received an individual allocation within the following limits:

1. The Director may adjust individual allocations, provided the adjustment is undertaken prior to over expenditure of funds and does not increase the Commission's allocation by more than \$200,000 plus 10 percent of the initial Commission allocation.
2. Any adjustments that exceed the authorized limits described above must be approved by the Commission. In addition, all subsequent increases to the cost shall be presented to the Commission for approval.
3. The Director will review all allocation adjustment requests for appropriateness and need prior to approval.
4. The Director shall report a summary of project right of way capital increases on a quarterly basis with the Department's Quarterly Delivery Report. Additionally, all changes (both increases and decreases) shall be reported to the Commission Executive Director on a monthly basis using reporting consistent with sections D.1 and D.2 above.

2.2 THEREFORE BE IT FURTHER RESOLVED, that this resolution superseded and replaces Resolution #G-19-12 and serves as a complete restatement of Resolution #G-12.