

# Programming Cost Changes for State Transportation Improvement Program

---

## Summary of Policy

This Policy provides that Caltrans State Transportation Improvement Program (STIP) funded highway project requests, cumulative to \$5,000,000, and that the CEO may approve requests for cost neutral changes between projects in a major corridor, after a thorough staff technical engineering review, which demonstrates that the changes are technically warranted. The procedures include a two-week advance notification to the Board before a transfer would be effective and coordination with the individual board member staff in whose district the project(s) are located. In addition, the Policy requires an annual report be presented to the Board summarizing all Caltrans requests administratively approved by the CEO.

The policy was later amended to also authorize the CEO to administratively approve cost changes, including cost neutral transfers between individual projects funded with federal and/local funds in the HOV Lane Program, cumulative to \$5,000,000, for each project using the same STIP Cost Change procedures.

This policy covers the procedure that staff will follow in reviewing and making recommendations on approval of requests from Caltrans for additional funds for freeway projects listed in the STIP. This policy provides for the review of how a project fits into the community and the impact on the community and how substantial adverse impacts are to be mitigated by Caltrans.

For the individual projects funded with federal and/or local funds in the HOV Lane Program, the policy allows staff to work within the allocations and make changes for individual projects as they go

to bid and the actual cost of a project becomes better defined. The process will allow the HOV Lane Program to be more cost effective and will allow for a more efficiently managed program. Staff will essentially follow the procedures now being used for the "Programming Cost Changes for STIP Highway Projects." The procedures include a two-week advance notification to the Board before a transfer would be effective and coordination with the individual Board Member staff in whose district the projects are located.

Caltrans design standards will be used as a basis for assessing the adequacy of a project. If a project provides benefits greater than normally provided by the standards, the difference will be considered as a betterment and the funding source evaluated accordingly. Project cost increases accumulating up to \$5,000,000 and requests for cost neutral changes between projects in a major corridor, may be approved by the CEO, and reported to the Board, based on a thorough staff engineering technical review that demonstrates the changes are technically warranted.

## Historical Perspective

Senate Bill 45, signed into law in October 1997, provided for the transfer of transportation decision-making responsibility to those who are closer to the problems and provided for regional accountability for timely use of funds. To carry out these responsibilities we are required to act on all STIP programming and funding changes, prior to the California Transportation Commission (CTC) taking action. A policy was adopted in 1999 in response to provisions in SB45 and amended in 2000 to include an annual report summarizing Caltrans' requests administratively approved by the CEO.

# Programming Cost Changes for State Transportation Improvement Program

---

The key implication of funding changes with an increase in cost is that these monies will be deducted from Los Angeles County's share, thereby reducing the amount of STIP funds that can be programmed for Los Angeles County.

## **Last Board Action**

June 22, 2000 - Programming Cost Changes for State Transportation Improvement Program

The Board approved on consent calendar re-adopting the previously approved interim Policy for Programming Cost Changes for STIP highway projects; authorizing the CEO to approve cost neutral transfers between individual projects in the HOV Lane Program up to a max of \$5,000,000.

## **Attachment**

Policy for Programming Cost Changes for STIP Highway Projects

**BOARD POLICY  
FOR PROGRAMMING COST CHANGES  
FOR STIP HIGHWAY PROJECTS  
(Approved March 25, 1999, Ratified \_\_\_\_\_, 2000)**

To assure an expeditious and reasonable technical review and assessment of requests for the disposition of cost savings or for additional funding for freeway projects listed in the State Transportation Improvement Program (STIP), the MTA establishes the following Policy:

**I. Caltrans Responsibilities:**

- a. Caltrans will continue its current internal process of rigorously reviewing, assessing and scrutinizing all proposed contract cost changes as provided for in its Construction Manual and Standard Specifications; and its approval process that requires approval by the Resident Engineer, the Project Manager and District management, and for certain specialized projects, concurrence by Headquarter personnel with specialized expertise.
- b. Caltrans shall keep MTA informed on the status of all projects in the STIP and TIP Call For Projects, including the progress against the original schedule as established during the first STIP or TIP Call For Projects program and the status of all change orders and the use of contingency funds.
- c. Caltrans shall provide MTA with copies of the Project Study Report (PSR), the Project Report (PR), the environmental document, the Plans, Specifications and Estimates (PS&E), the construction plans and the bid contract package for each STIP Project.
- d. Caltrans shall submit requests for additional funds to MTA approximately 12 weeks before the Board meeting date to allow MTA staff sufficient time to review the request, and if appropriate, prepare a Board Report for the next appropriate Board Meeting.
- e. Caltrans will notify MTA staff of its monthly Project Management Information Meetings so MTA staff can attend to ensure ongoing project specific monitoring that will enable early identification of potential changes including cost increases/reductions.
- f. Caltrans will continue to deal with issues involving the benefits of a freeway project, the impacts on the community and the mitigation measures proposed for a project.

**II. MTA Staff Responsibilities**

- a. MTA will maintain a log and a running total of all cost increases and cost savings in Caltrans project funding that would impact Los Angeles County STIP Shares.
- b. MTA will make appropriate adjustments in TIP Call For Projects Freeway HOV/Gap Closure category funding marks to reflect the running total of all cost increases granted

or for all cost savings for STIP and TIP Call For Projects projects.

- c. MTA staff, in consultation with Caltrans or the local sponsoring agency and concurrently with Caltrans' internal review process, will review and evaluate all requests for additional funds for STIP projects and make appropriate recommendations to the Board.
- d. Project requests accumulative to \$5,000,000 and requests for cost neutral changes between projects in a major corridor, may be approved by the CEO after a thorough staff engineering technical review demonstrates the changes are technically warranted. The CEO shall submit to the Board an informational report for each cost increase request at least two weeks before administrative approval of the request. Furthermore, an annual report shall be presented to the Board summarizing all requests approved by the CEO. ~~and at that time the Board will re-ratify or modify the delegation policy.~~
- e. Before the MTA staff makes recommendations for supporting a request for supplemental funds for STIP projects, a thorough review and assessment of the reasons for the cost increases and the benefits that will be derived from the additional costs shall be conducted. MTA staff will coordinate with the staff of each Board Member in whose district the project is located during the review and assessment of each cost increase request. There must be reasonable benefit/value added to Los Angeles County before staff can recommend support for additional funding.
- f. Reasons for requests for additional funds include: project scope changes (including cost neutral changes), added environmental mitigation measures, STIP Amendments, inflation and changing economic cycles, bids higher than Engineer's Estimate/programmed amount, delay in projects due to weather, unforeseen circumstances, or transfer of work between projects.
- g. MTA staff will participate in Caltrans monthly Project Management Information Meetings to monitor projects to enable early identification of potential changes including cost increases/reductions.