

DEPARTMENT OF TRANSPORTATION

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Date:
FTIP/FSTIP ID:
Federal Aid Project Number
Project Description

Dear Public Works Director,

The purpose of this letter is to commit the California Department of Transportation (Department) to fund the {fill in} bridge project (Project) consistent with the attached draft project funding sheets. The Department requests the {fill in} (Agency) to concur with this proposal and commit local resources to allow the Department to produce a new financially constrained Program list for the {MPO name} region. The {MPO} will then incorporate the revised Program list into the Federal Transportation Improvement Program (FTIP).

The Department, in cooperation with the Local Assistance Highway Bridge Program (HBP) Advisory Committee (California Streets & Highway Code Section 2413), has implemented a policy (Office Bulletin 11-02) to fund high cost projects. Members of Local Assistance HBP Advisory Committee include the Department (Chair), representatives from the League of California Cities, the California State Association of Counties, the California Association of Councils of Governments, California Transportation Commission staff, and the Federal Highway Administration.

It has been demonstrated that high cost projects commit large sums of federal funds but cannot spend the funds in one year due to local agency contract processes, time to mobilize the contractors and the time it takes to actually construct large projects. These idled federal funds could be used to advance other projects. Cash management is critical to effective stewardship of the local assistance HBP.

This letter implements the cash management policy for the Project. The Project is subject to the high cost policy because the {Right of Way (R/W) or Construction, specify} phase exceeds \$20 million.

The Department's funding commitments, as shown in the attached draft project funding sheet, are conditional. The conditions are as follows:

1. Agency is responsible for committing (budgetary) non-federal fund sources to fund the Advance Construction (AC) to cash flow the high cost phase of the Project.

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2. AC conversion may not be automatic if there are delays in constructing the Project. At least 50% of the federal funds obligated on the Project must be spent to justify future programmed AC conversion.
3. Office Bulletin 10-01 authorizes the Department to reserve current year HBP funds for projects programmed in that current year through March 30th. After March 30th, Department redirects the HBP funds to other projects that may be advanced from future years of the FTIP. Current year programmed AC conversion must be obligated prior to March 30th.
4. Additional AC conversion may be obligated in {specify FFYs} using Expedited Project Selection Procedures (EPSP), if HBP funds are available after April 15th of each year.
5. Proposition 1B bond funds, Local Bridge Seismic Retrofit Account, matching funds may only be encumbered on the project when matching federal funds are obligated on the Project as shown in the attached draft project funding sheets.
6. Congress has not yet authorized a new transportation act. It is unknown what the State's authority to commit and/or obligate future HBP funds will be until there is a new act.
7. If the federal funds for the initial authorization of {R/W or Construction, specify} phase shown in the attached draft project funding sheets is not obligated in the year programmed, the Agency must commit additional local AC resources on the project in the following year to ensure the Project is fully funded or the project must be removed from the 4 year element of the FTIP until the next FTIP cycle. In either case, the funding commitment in this letter will be vacated and a new letter must be developed.
8. In the event the Project becomes inactive, the funding commitment in this letter may be vacated and a new a new letter must be developed. An "inactive project" is a project for which no expenditures have been charged against federal funds for the past 12 months. (23CFR630.106(a)(5))
9. Nothing in this letter can be considered a payable contractual commitment by the Department. Contractual commitments to the Agency are made through the procedures/processes defined in the Local Assistance Procedures Manual.

Other Recommendations:

10. The Agency is advised to ensure HBP funds are obligated prior to March 30th of any given year or risk losing programmed funds. It is recommended the Agency schedule project authorizations and AC conversions in the late fall of any given year to ensure federal funds are available.
11. This letter, returned to the District Local Assistance Engineer (DLAE), with Agency approval signature (below) may be used in lieu of the submittal of Exhibit 3-I, Request

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for Local Advance Construction Authorization, from the Local Assistance Procedures Manual.

- 12. The local agency is further reminded that this project is subject to mandatory value analysis since the total project cost is in excess of \$20 million. If the total project cost is greater than \$100 million, additional federal oversight will be required such as a multi-year financial plan and other project specific federally mandated oversight.

The Department requests the Agency to commit their local resources consistent with this proposal to allow the Department to produce a new financially constrained bridge program list for the {MPO} region. In the event the Agency cannot commit local funds to cash manage the Project, the Agency may request a meeting with the Department to appeal this policy.

If you have questions, please contact _____.

Sincerely,

DLAE

Local Agency AC Commitment Block
{Specify Federal Aid Project Number}

The Agency agrees to use local funds in lieu of federal funds to finance the cost of work as shown in the attached draft project funding sheets shown as LOCAL FUNDED AC until such time that federal funds become available for obligation and subsequent reimbursement of eligible work. It also is understood that federal reimbursement is not guaranteed for funds identified as LOCAL FUNDED AC.

The Agency understands that work performed prior to federal authorization is ineligible for federal reimbursement and that advertising the construction contract prior to federal authorization will deem the construction and construction phases of work ineligible for federal funds.

Local Agency Representative Authorized to Commit Local Funds

Date

Title