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CAPITAL SUBVENTION REIMBURSEMENT ALLOCATION

I. BACKGROUND

Each year, the State of California enacts a State Budget which includes the spending authority (or budget authority) for the various California Department of Transportation (Department) activities. The State Budget provides the legal authorization to expend (or encumber) State and federal funds administered by the Department.

Federal and State funds used to implement local transportation projects on the local highway system are typically administered by the Caltrans Division of Local Assistance (DLA). These funds are often referred to as "local assistance subvention funds". These funds are designated as "Local Assistance" in the annual State Budget (Program 20.30).

Occasionally, local agencies will program local assistance subvention funds for improvements to the State Highway System (SHS) in the same geographical area. Work on the SHS, entirely or partially funded with local subvention funds, is often performed or administered by the Department on behalf of the local assistance entity. This work is referred to as "subvention reimbursement" work and is budgeted as "Capital Outlay" (Program 20.20) or "Capital Support" (Program 20.10) in the annual State Budget. Section 6806 of the State Administration Manual (SAM) requires that capital outlay and support costs be tracked and reported separately.

The budget authority for subvention reimbursement work (capital outlay and support) is limited in each year's State Budget. If a shortfall in budget authority occurs (typically at the end of a State fiscal year), additional local assistance subvention funds cannot be encumbered (i.e., placed under agreement) for existing or new projects until after sufficient budget authority becomes available (often with next State Budget Act).

The "Capital Subvention Reimbursement Allocation" (CSRA) process is used to streamline the reimbursement of and track local assistance subvention funds used for "capital outlay" (right of way acquisition and construction capital) costs for work on the SHS performed or administered by the Department.

The purpose of this Office Bulletin is to provide procedural guidance for requesting a CSRA from the Division of Budgets for "capital outlay" costs on SHS projects funded partially or entirely with local assistance subvention funds **and** administered by the Department.

The budget authority for reimbursement of local assistance subvention funds used for "support" (e.g., preliminary and construction engineering) costs is managed by the District Budget Managers and is not the subject of this DLA Office Bulletin. Caltrans Project Managers (PMs) must contact their District Budget Manager to request reimbursement budget authority for "support" costs. A list of the current District Budget Managers is available at the web site below under the "Organizational Budget Contact List":

<http://onramp.dot.ca.gov/hq/budgets/index.shtml>

In addition, a CSRA is not needed for local assistance subvention funds on SHS projects administered by a local agency since the Department's new "off the shelf" financial system can capture these costs.

II. POLICY

A "Capital Reimbursement Subvention Allocation" must be approved by the Division of Budgets prior to the encumbrance of local assistance subvention funds used for "capital outlay" (e.g., right of way and construction) expenditures on a SHS project administered by the Department.

The Caltrans Project Manager (PM) must complete and sign a "Request for Capital Subvention Reimbursement Allocation" (CSRA), Exhibit 3-H of the Local Assistance Procedures Manual (LAPM), and submit it to the Caltrans District Local Assistance Engineer (DLAE). The CSRA request must accompany the "Request for Federal Authorization to Proceed" package and the DLAE will concur with the request for CSRA.

The Headquarters DLA will review and concur with the request for CSRA and forward the request to the Division of Budgets for approval.

Upon Division of Budgets approval of the request for CSRA, the local assistance subvention funds can be encumbered for the project by the Department.

III. PROCEDURES

The following capital subvention reimbursement allocation procedures are to be used for SHS projects with "capital outlay" costs funded with local assistance subvention funds and administered by the Department.

Local Agency

- Must execute a Cooperative Agreement (e.g., Contribution Agreement) with the Department that addresses the administration of the project on the SHS. For additional information on the Cooperative Agreement process, refer to the Department's Cooperative Agreement Manual, maintained by the Division of Design, and located at the following website:

<http://www.dot.ca.gov/hq/oppd/coop/index.htm/>

Caltrans Project Manager

- Review executed Cooperative Agreement to determine the extent of "capital outlay" work funded with local assistance subvention funds
- Prepare and sign project specific finance letter based on the funding provisions in the executed Cooperative Agreement
- Complete, sign, and submit "Request for Capital Subvention Reimbursement Allocation" (Exhibit 3-H of LAPM) (see Attachment 1) to the DLAE. The request shall include the following information:
 - * Project description (scope of work and project limits)

- * FSTIP and PPNO IDs (as appropriate),
 - * AMS Advantage ID and Advantage phase (or EA No., if applicable),
 - * Cooperative Agreement (e.g., Contribution Agreement) number
 - * Total local assistance subvention funds; previously approved (if any) and current request,
 - * Program Element Component Task (PECT)
 - * Category of Expenditures,
 - * State Fiscal Year (subject to change),
 - * Name, phone number and signature of Caltrans Project Manager,
- Submit a "Request for Federal Authorization to Proceed" (Exhibits 3- B, C, or D as appropriate) package to the DLAE for each appropriate phase of work (including a copy of the executed Cooperative Agreement, project specific Finance Letter" (Exhibit 3-O) and Request for CSRA)

Caltrans DLAE

- Review executed Cooperative Agreement and verify "capital outlay" work to be funded with local assistance subvention funds.
- Review project specific finance letter prepared/approved by the Caltrans PM for completeness and consistency with the provisions of executed Cooperative Agreement.
- Submit the "Request for Capital Subvention Reimbursement Allocation" and "Request for Federal Authorization" (E-76) package to the Division of Local Assistance, Office of Project Implementation.

Division of Local Assistance, Office of Project Implementation

- Review the "Request for Federal Authorization" package (including the executed Cooperative Agreement and Request for Capital Subvention Reimbursement Allocation) for completeness and accuracy.
- Upon the obligation of federal funds, by the FHWA, submit the "Request for Capital Subvention Reimbursement Allocation" to the Division of Local Assistance, Office of Resource Management and STIP

Division of Local Assistance, Office of Resource Management and STIP

- Review and concur with the "Request for Capital Subvention Reimbursement Allocation" and submit the request to the Capital Budgets Branch in the Division of Budgets,
- Following approval of the Capital Subvention Reimbursement Allocation by the Division of Budgets, distribute a copy of the approved allocation notification to the following functional units:
 - * Local Programs Accounting
 - * Division of Local Assistance, Office of Project Implementation
 - * DLAE

Division of Budgets, Capital Budgets Branch

- Concur and approve the request for Capital Subvention Reimbursement Allocation.



IV. APPLICABILITY

A "Request for Capital Subvention Reimbursement Allocation", Exhibit 3-H of the LAPM, must be completed, signed and submitted by the Caltrans Project Manager to the DLAE when requesting Federal Authorization to Proceed (E-76) and prior to the encumbrance of local assistance subvention funds for "capital outlay" work on a SHS project administered by the State.

Recommended: Original Signed By _____ 5/9/2011
Adam Ambrosini, Committee Chair for _____
Project Authorization Date

Approved: Original Signed By _____ 5/9/2011
Bill Sandoval, Office Chief _____
Office of Project Implementation – North Date

Attachments:

- (1) Exhibit 3-H "Request for Capital Subvention Reimbursement Allocation" of the LAPM

Superseded by
OB 16-03