



Expires – Upon Issuance of LPP

Local Assistance Highway Bridge Program Limits of Reimbursement on High Cost Bridge Projects

I. BACKGROUND

Local Assistance Program Guidelines (LAPG) Chapter 6: Highway Bridge Program (HBP) defines eligibility requirements, programming policy, and procedures for programming the Federal Statewide Transportation Improvement Program (FSTIP) in compliance with federal regulations.

Programming of the HBP is managed through a 15-year plan. The intent is to maximize the use of funds towards structural safety and distribute limited federal funds equitably across the State of California. High cost projects commit large sums of federal funds and a limit is needed to better manage the HBP.

II. POLICY

The Division of Local Assistance (DLA) has worked with the HBP Advisory Committee to limit the HBP reimbursement on high cost bridge projects.

Upon approval of this Office Bulletin, any new high cost project accepted into the HBP will be subject to this policy. New high cost bridge projects with a Right of Way or Construction phase totaling over \$80 million programmed into the HBP are subject to a decreasing reimbursement rate and a total phase cap of \$250 million. The HBP participating phase reimbursement rate will be determined using a straight-line approach from \$80 million to \$250 million.

III. PROCEDURE

This Office Bulletin adds the following language to Section 6.7 “Project Programming Policy and Procedure” of LAPG Chapter 6 within the “High Cost Projects Programming Policy” sub-section:

New high cost bridge projects accepted into the HBP with a Right of Way or Construction phase totaling over \$80 million programmed into the HBP are subject to a decreasing reimbursement rate and a total phase cap of \$250 million. The HBP participating phase reimbursement rate will be determined using a straight-line approach from \$80 million to \$250 million.

The reimbursement rate incrementally decreases in relation to the increase in total participating phase costs. This will yield diminishing HBP reimbursement amounts in relation to the increase in total participating phase costs which results in a reimbursement rate varying between 80% to 50% for On System projects and 88.53% to 58.53% for Off System projects. A graphical representation of the policy is shown in Chart 1 and 2.

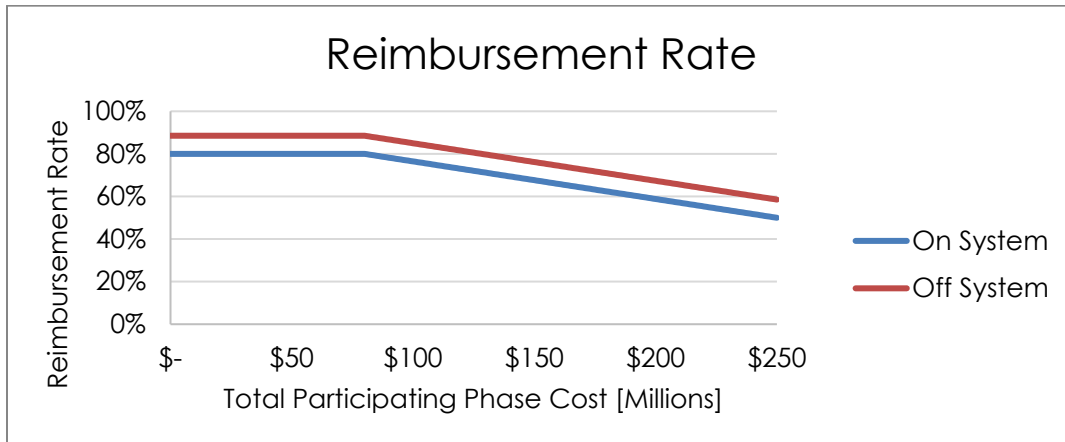


Chart 1 – HBP Reimbursement Rate vs Participating Phase Cost

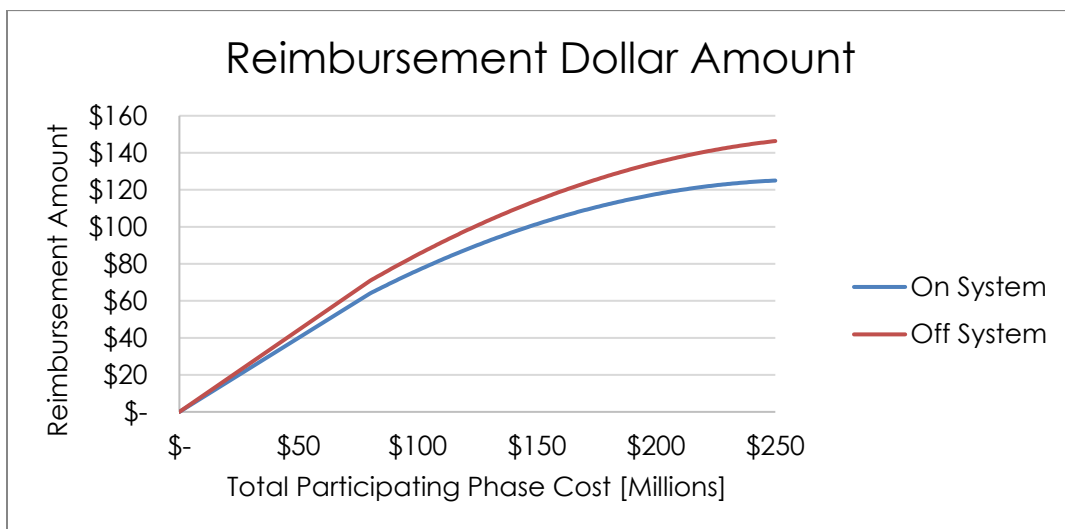


Chart 2 - HBP Reimbursement Amount vs Participating Phase Cost

Projects with total participating Right of Way or Construction costs below \$80 million will maintain the existing federal reimbursement rate as stated in LAPG Chapter 6, Section 6.1. The reimbursement rate will decrease by 0.1765 for every \$1 million of phase increase above \$80 million to \$250 million. The equations for this decrease by functional classification are:

- On System: Reimbursement Rate = $80 - 0.1765 \times (\text{phase cost} - 80)$
- Off System: Reimbursement Rate = $88.53 - 0.1765 \times (\text{phase cost} - 80)$

In the above equations, “phase cost” is in units of million dollars and the reimbursement rate is in percentage. For example, an On System phase cost of \$85 million yields a reimbursement rate of 79.12% = $80 - 0.1765 \times (85 - 80)$.

The HBP reimbursement amount is the product of the calculated reimbursement rate and the total participating phase cost. All projects will be capped at a \$250 million amount of total participating costs for the high cost phase, which results to a maximum of \$125 million of HBP contribution for On System projects and \$146.33 million for Off



System projects.

The following tables provide examples for On and Off System reimbursement rate calculations:

Example Number	Participating Phase Cost, \$ Million	Reimbursement Rate Calculation	Reimb. Rate, %	HBP Reimb. Amount, \$ Million	Local Match Amount, \$ Million
1	25	N/A	80	20	5
2	80	N/A	80	64	16
3	100	=80 – 0.1765 x (100 – 80)	76.47	76.47	23.53
4	250	=80 – 0.1765 x (250 – 80)	50	125	125
5	300	N/A	N/A	125	175

Table 1 – On System Calculation Examples

Example Number	Participating Phase Cost, \$ Million	Reimbursement Rate Calculation	Reimb. Rate, %	HBP Reimb. Amount, \$ Million	Local Match Amount, \$ Million
1	25	N/A	88.53	22.13	2.87
2	80	N/A	88.53	70.82	9.18
3	100	=88.53 – 0.1765 x (100 – 80)	85	85	15
4	250	=88.53 – 0.1765 x (250 – 80)	58.53	146.33	103.67
5	300	N/A	N/A	146.33	153.67

Table 2 – Off System Calculation Examples

Once reimbursement rates for project phases are determined, they cannot be changed. The HBP reimbursement rate of a high cost Right of Way phase will be determined at time of Right of Way authorization. The HBP reimbursement rate for a Construction phase will be determined at contract award.

IV. APPLICABILITY/IMPACTS

This Office Bulletin applies to Local Assistance bridge projects funded through the federal Local HBP as authorized by the Streets and Highways Code 2400-2414. LAPG Chapter 6 is subject to annual review and recommendation of the Local Assistance Highway Bridge Program Advisory Committee. Members include the Department (Chair), representatives from the League of California Cities, California State Association of Counties, California Association of Councils of Governments, California Transportation Commission, and the Federal Highway Administration.

Recommended: Original signature on file April 11, 2022
 Andy Chou, HBP Manager Date

Approved: Original signature on file April 11, 2022
 Robert W. Peterson, Chief Date
 Office of Federal Programs