

# California Department of Transportation

## **Local Bridge Seismic Retrofit Program (LBSRP) Accountability Implementation Plan**

### **BACKGROUND**

The Local Bridge Seismic Retrofit Program (LBSRP) was initially mandated by emergency legislation SB 36X (1989) after the October 17, 1989, Loma Prieta Earthquake. Funds for seismic retrofit projects come from federal, state and local sources. Federal Highway Bridge Program (HBP) funds which are administered by the Department of Transportation (Department), cover up to 88.5 percent of the cost to seismically retrofit a local bridge. The remaining percentage, referred to as the required local match, comes from non-federal, state or local sources. Since the LBSRP was state mandated, state transportation funds were provided to local agencies through the annual state budget process for use as the remaining required local match. However, with the passage of AB 2996 (2002), local agencies had to secure the remaining required local match through the biennial State Transportation Improvement Program (STIP) programming process or from other local fund sources.

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006, authorized \$19.925 billion in State general obligation bonds for transportation programs such as the LBSRP. The Bond Act established a \$125 million Local Bridge Seismic Retrofit Account (LBSRA) to provide the remaining required local match for the remaining seismic retrofit work; the LBSRA is subject to the provisions of Government Code Section 8879.23(i), as added by Proposition 1B, and to Section 8879.62, as enacted through implementing legislation SB 88 (2007). Senate Bill 88 designated the California Transportation Commission (Commission) as the administrative agency for the LBSRA.

In May 2008, the Commission adopted the LBSRA Guidelines allow funding for new phases of work on a first-come, first-serve basis. Cost increases for eligible bridges may render the \$125 million inadequate to provide the match for all requests. The Department has agreed to exchange a portion of the local share of funds received through the federal HBP for state funds to accommodate the seismic retrofit match needs, up to \$32.9 million. This exchange will fully fund the current bond funded seismic retrofit projects required local match at \$155.4 million (\$122.5 million LBSRA and \$32.9 million Department exchange).

## **PROGRAM ACCOUNTABILITY**

The local agencies are the owners of the local bond funded seismic bridge projects bridges and are responsible for the scope of work, cost, and delivery schedule. Local agencies commit to scope, cost, and schedule milestones for each bridge in accordance with the baseline agreements. Milestones such as the begin/end dates of strategy, design, right-of-way, and construction will be monitored. All costs reported will include both support and capital costs. The Department works with local agencies to ensure changes in project scope, cost, and schedule are documented and conform with program requirements.

## **FRONT-END ACCOUNTABILITY**

### **A. Establishment of Guidelines**

The Commission adopted LBSRA Guidelines on May 28, 2008.

### **B. Project Selection**

Accountability activities have been ongoing since the 1990's through quarterly status reports submitted to the Commission and Legislature. Local agencies began work to seismically retrofit bridges shortly after the Loma Prieta Earthquake in 1989. At the time the Bond Act was approved, the Department reported that local agencies completed seismic retrofit work on 756 of the 1,235 bridges in the LBSRP leaving 479 local bridges, ramps and overpasses in need of seismic retrofit work. Additional investigation by the Department revealed that 11 bridges out of the initial 479 bridges were either not owned by local agencies, the seismic retrofit had already been completed, or the bridge had been demolished/removed. These bridges have been removed from the active list, and the revised total number of local bridges identified to receive bond funds is now 468. In accordance with Commission guidelines, the Department is not authorized to add bridges to the existing adopted list. Therefore, there is no nomination process.

### **C. Baseline Agreements**

In accordance with the LBSRA Guidelines, the Department and the local agency responsible for the delivery of bond funded seismic retrofit projects, have executed a project baseline agreement, which will set forth the project baseline scope, cost and delivery schedule. These agreements include the estimated cost and the start and completion dates for strategy, plans, specifications and estimates (PS&E), right-of-way, construction, and close-out phases of the project. Executed baseline agreements have been delivered to the Department and Commission. The baseline agreement is considered the front-end document that forms the foundation for in-progress and follow-up accountability.

## **IN-PROGRESS ACCOUNTABILITY**

The main source of funding for bridges in the LBSRP is federal Highway Bridge Program (HBP) funds. The match to the HBP funds for preliminary engineering phase is provided by local agencies and the match for the right-of-way and construction phases are provided by Proposition 1B bond funds. Since federal funds are involved with these projects, all the processing procedures for implementing federal, as well as state funded local public transportation projects, must be followed. These procedures, as well as project agreements, financial controls and quality assurance are listed in the Department's Local Assistance Procedures Manual. In addition to the LBSRA Guidelines, the Department's Local Assistance Program Guidelines provide information on project selection, roles and responsibilities, eligible costs, design standards, mandatory field review, mandatory strategy meetings, and general processing procedures.

For the LBSRP, in-progress accountability involves monitoring progress during all phases of a project and comparing it against established baselines. A local bridge seismic retrofit program quarterly report is prepared and included into the Non-Toll Seismic Retrofit Quarterly Report submitted to the transportation committees of both houses of the Legislature and to the Commission. The report includes progress update, the current or projected program budget, expenditure to date, summary of milestones achieved during the quarterly period and any issues identified and action taken to address those issues.

A separate quarterly report is prepared and submitted to the Commission. This includes a delivery report on sub-allocation and the status of the annual LBSRA allocation, and on the activities and progress made toward implementation of the remaining bond funded bridge seismic retrofit projects.

### **A. Ongoing Program Monitoring and Review**

Implementing agencies are responsible for managing the scope, cost and schedule of the project consistent with the adopted programs and executed baseline agreements. Routine program and project progress reports for all bond funded seismic retrofit projects are required. The Department compiles and provides these reports to the Commission on a quarterly basis; these reports are described in further detail in Section D of this Plan. In addition to the above, the Local Assistance Online Data Input System (LA-ODIS) is the web based reporting tool developed by the Department for use by implementing agencies to provide scope, cost and schedule updates for Proposition 1B funded projects. This information is then placed on the Governor's Bond Accountability Website.

## **B. Baseline Agreement Amendments**

Per the adopted LBSRA Guidelines, it is recognized that the baseline scope, cost and schedule of a project may change. The implementing agency is required to submit Exhibit 6-D (HBRRP Scope /Cost/Schedule Change Request) justifying the requested change(s). The Department may approve Exhibit 6-Ds as amendments to project baseline agreements if the Department determines the requested change are justified. The Department will report on amended project baseline agreements to the Commission as part of the quarterly reports.

## **C. Allocation of Funds**

In accordance with Government Code Section 8879.62(b), the Commission will annually allocate LBSRA funds to the Department based on a funding LBSRA Guidelines request submitted on or before September 30 of each year. The Commission may allocate LBSRA funds up to the appropriation level provided in the State Budget Act. The Department will sub-allocate funds to local agencies for project implementation based on completed final PS&E, where appropriate, and only after verifying that the project is eligible to receive federal HBP funding, is ready to proceed with right-of-way or construction phase. For construction phase a letter from the Department's Division of Engineering Services verifying that the final PS&E is consistent with the approved scope of work is attached to the final package. When seismic work is combined with none seismic work, a cost breakdown for each scope of work is required prior to the sub-allocation of bond funds to insure that the bond funds would only cover the eligible seismic work. At the completion of PS&E, the final estimate most likely will vary from the baseline agreement estimate. The Department is authorized to amend the baseline agreement to reflect the final estimate at the time of sub-allocation if it finds the final estimate is adequately justified.

The Department will use 'first come, first serve' as the guiding principal in the sub-allocation of funds to eligible seismic retrofit projects. Bond funds shall be sub-allocated to projects concurrent with the obligation of corresponding federal HBP funds by the FHWA. The Department will report to the Commission, on a quarterly basis, the status of sub-allocations made to the local agencies. The Department will adjust the sub-allocations for any contract award cost savings and will reflect those cost savings in subsequent quarterly reports.

### **1.) Reimbursements**

Chapter 5 of Local Assistance Procedures Manual provides information to local agencies on how to obtain reimbursement on local Federal-aid and State funded projects.

## **2.) Timely Use of Funds**

LBSRA funds sub-allocated for right-of-way costs must be expended by the end of the second fiscal year following the fiscal year in which the funds were sub-allocated. The local agency must invoice the Department for these costs no later than 180 days after the fiscal year in which the final expenditure occurred.

LBSRA funds sub-allocated for construction must be encumbered by the award of a contract within six months of the date of the sub-allocation of funds. After the award of the contract, the local agency has up to 36 months to complete (accept) the contract. At the time of sub-allocation, the Department may extend the deadline for completion of work and the liquidation of funds if necessary to accommodate the proposed expenditure plan for the project. The local agency has 180 days after contract acceptance to make the final payment to the contractor, prepare the final Report of Expenditure and submit the final invoice to the Department for reimbursement.

The Commission may extend contract award, right-of-way expenditure, or contract completion deadlines no more than one time and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies an extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and will in no event be for more than 20 months.

## **D. Progress Delivery Reports**

The Department produces periodic reports to the Commission as follows:

### **1.) Quarterly Progress Reports**

Local agencies will submit quarterly updates on the progress of projects to the Department via LA-ODIS. This information is posted on the Governor's Bond Accountability Website.

The Department reports to the Commission each quarter on the status of the program. The progress report includes the status of the Commission approved annual lump sum allocation, sub-allocations to date by the Department, and summary of milestones achieved during the quarter. The report shall identify and discuss any significant issues that may impact implementation of the project including financial constraints and commitments, and programmatic risks and impacts. When necessary, changes to address these issues will be reflected in amended baseline agreements reported to the Commission.

### **2.) Semi-Annual Reports**

The Commission, in cooperation with Caltrans, will provide semi-annual reports to the DOF and the Legislature on the status of this program. The purpose of the report is to communicate that projects are being executed in a timely fashion and are within the scope and budget identified in the executed baseline agreements. The CTC semi-

annual report shall indicate the Department's approval of additional budget that is anticipated to exceed the approved baseline budget.

### **3.) Annual Reports**

The Commission will provide in its annual report to the Legislature a summary of its activities relative to the administration and project allocation requests of bond funded seismic retrofit projects. This report may also discuss significant issues with these programs, such as failed delivery, and may recommend legislative proposals that could facilitate implementation.

### **FOLLOW-UP ACCOUNTABILITY**

The project close-out phase is not complete until the final construction contract payment is made and contractor's claims are resolved, the project history file and as-built plans are completed, and final right-of-way activities and environmental mitigation are accomplished. Local agencies are required to submit a Project Close-out Report in accordance with the Local Assistance Procedures Manual.

Financial close-out will be handled by the Local Program Accounting Branch in the Division of Accounting. Financial audits may be scheduled by the Division of Audits and Investigations or the DOF.

Upon successful completion of all the work by the contractor, the local agency representative should complete the final inspection form as required by Chapter 17 Section 17.3 of the Local Assistance Procedures Manual and forward it to the Department's District Local Assistance Engineer (DLAE). The DLAE or his/her staff will review the job site and verify that the project was constructed in accordance with the scope and description of the project authorization document. Appropriate sections of the final inspection form will be signed and dated by the reviewer. The DLAE will retain the final inspection form and send two copies to the local agency for the Report of Expenditure. The final report should be completed by the recipient local agency. Chapter 17 Section 17.5 requires federal aid recipients to submit to the DLAE a final report document which collectively constitutes a Report of Expenditure. This report should be submitted to the DLAE within six months after project completion. Minimum document requirements are listed in the aforementioned section of the Local Assistance Procedures Manual.

#### **A. Final Delivery Report**

Within six months of the project becoming operable, the local agency will provide a final delivery report to the Department, which will be forward to the Commission on the scope of the completed project, its final cost, duration, and performance outcomes as compared to those included the executed project baseline agreements. The Commission will forward this report to the Department of Finance as required by Government Code Section 8879.50.

The local agency will also provide a supplement to the final delivery report at the completion of the project to reflect final project expenditures at the conclusion of all project activities if it is different from the final delivery report. For the purpose of this section, a project becomes operable at the end of the construction phase when the construction contract is accepted. Project completion occurs at the conclusion of all remaining project activities, after acceptance of the construction contract.

## **B. Audits**

Government Code Sections 8879.2(c) and 8879.50, require audits of Prop 1B projects. Per the LBSRA Guidelines, the Department will provide a semi-final audit report within six months after the final delivery report and a final audit report within six months after the final delivery report supplement. The Commission may also require interim audits at any time during the performance of the project.

Audits will be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. Audits will provide a finding on the following:

- Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and Commission guidelines.
- Whether project deliverables are consistent with the project scope, schedule and benefits described in the executed project baseline agreement or approved amendments thereof.

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