

## ENGINEERING DIRECTIVES AND STANDARDS

Volume	Chapter	Section	Directive Number	Effective Date
I	1	1	26	9/23/2011

**SUBJECT: CAPITAL OUTLAY BOND PROJECTS**

- 1. PURPOSE:** The purpose of this directive is to establish a policy for project overruns for projects that are funded 100% with state capital outlay bond money.
- 2. SCOPE:** This directive covers all phases of capital outlay projects - such as, survey, right-of-way, engineering, utilities, construction, etc.
- 3. BACKGROUND:** House Bill 2 provides annually for the Capital Outlay Budget and the Capital Outlay Program for state government, state institutions and other public entities. Section 8 states that "Line-item general obligation bond projects appropriated to the Department of Transportation and Development in this or any previous Capital Outlay Act shall be authorized to draw Transportation Trust Funds from the Highway Program appropriation, for supplemental funding on overruns in excess of the original estimated project cost as determined by the Department of Transportation and Development, provided however that said projects are in the state or federal highway system and in the priority program, and the overrun is less than \$50,000. Any such overrun of \$50,000 or more must be approved by the Joint Legislative Committee on the Budget." The ability to supplement the funding referred to herein applies to line item obligation bond projects (not projects funded by TTF or with multiple funding sources). If TTF is required over the line item bond amount for 100% bond funded projects and in excess of \$50,000, then DOTD will seek approval from the Joint Legislative Committee on the Budget (JLCB).

**4. DEFINITIONS:**

**100% Capital Outlay Funded Project:** No other sources of funding are identified when the project is initiated in House Bill 2 and receives a line of credit.

**Capital Outlay Project Funding Amount:** The total amount of money in the line item including cash line of credit (Priority 1 & 2) and non-cash line of credit (Priority 5) and approved by the Bond Commission.

**Original Estimated Project Cost:** Equal to the original bond line item amount plus any subsequent bond funding attributed to that line item in future bills for which line of credit has been received.

**DOTD Initiated:** DOTD Assistant Secretary for Multimodal Planning determines the funding source(s) and DOTD initiates the project.

**Locally Initiated:** Any capital outlay bond project initiated by a local entity, parish or Non-DOTD governmental agency

**FA Form** – Required form submitted to the Capital Outlay Bond Program Manager for any funding adjustment/Change Order on a Capital Outlay project.

**5. APPLICABILITY:**

- If a project initiated by DOTD is funded 100% with bond money and the overrun is greater than \$50,000 over the original estimated project cost, approval of the JLCB is required.
- If a locally initiated project is funded 100% with bond money and it overruns by \$50,000, the local entity will be responsible for securing additional funding. If DOTD chooses to utilize TTF funds for this overrun, JLCB approval is required for the expenditure of the TTF funds in excess of \$50,000.

- C. If a project is funded 100% with bond money and a change order occurs and the original contract amount and all of the change orders to date are within the bond item amount, then there is no requirement to seek approval of the JLCB.
- D. If a project that has been initiated by DOTD has multiple funding sources and overruns the funding amount, there is no requirement to seek approval of the JLCB even if Capital Outlay funds are one of the multiple funding sources.
- E. If a locally initiated project has multiple funding sources and has an overrun greater than \$50,000, the local entity will be responsible for securing the additional funding. If DOTD chooses to utilize TTF funds for this overrun, JLCB approval is required for the expenditure of the TTF funds in excess of \$50,000.
- F. If a project receives Federally Earmarked Funds and Capital Outlay Funds and DOTD chooses to supplement the federal funds with TTF, there is no requirement for the Secretary to seek approval from the JLCB.
- G. If a project is funded 100% with bond money and the Planning, Engineering or Construction Engineering and Inspection (CE&I) is performed by DOTD staff, the amount of funds required for the in-house costs will not count against the funds designated in the bond's original estimated project cost.

## 6. PROCEDURES:

- A. Study and/or engineering projects that have 100% Capital Outlay funding shall be tracked by the **Project Manager**. All financial increases will be sent with the completed form (see attachment) to the Capital Outlay Bond Program Manager for review and approval of the funds.
- B. If a project is bid and the amount of the overrun is greater than the allocated bond funds and fits within the conditions of the above Section 5 A, B or E, the **Project Manager** will submit the completed form (see attachment) to the Capital Outlay Bond Program Manager who will notify the Secretary.
- C. All construction projects that have 100% Capital Outlay funding and fits within the conditions of the above Section 5 A or B will be identified in Site Manager. All financial Change Orders will be sent with the completed form (see attachment) by the **Project Engineer** to the Capital Outlay Bond Program Manager for review and approval of the funds ONLY. All Change Orders will follow DOTD procedures and approval as per EDSM No. III.1.1.1
- D. All locally initiated projects that have multiple funding sources and fits within the conditions of the above Section 5 E will be identified in Site Manager. All financial Change Orders will be sent with the completed form (see attachment) by the **Project Engineer** to the Capital Outlay Bond Program Manager for review and approval of the funds ONLY. All Change Orders will follow DOTD procedures and approval as per EDSM No. III.1.1.1
- E. FA Form attached must be completed and accompany all submittals notifying the Capital Outlay Bond Program Manager of a financial change.

## 7. RESPONSIBILITIES:

- A. During the planning and/or engineering phase the **Project Manager** is responsible to notify the Capital Outlay Bond Program Manager of all fiscal changes by completing the attached form for 100% Capital Outlay Funded projects.
- B. The **Project Manager** will ensure the language for 100% bond projects is included in the specification documents for bidding.
- C. During the construction phase the **Project Engineer** is responsible to notify the Capital Outlay Bond Program Manager of all fiscal changes by completing the attached form
- D. The **Capital Outlay Bond Program Manager** is responsible for tracking the Capital Outlay Funds, tracking project initiation (DOTD or local) and notifying and providing the required information to the Secretary.

8. **OTHER ISSUANCES AFFECTED:** All directives, memoranda or instructions issued heretofore in conflict with this directive are hereby rescinded.
9. **IMPLEMENTATION:** This directive will become effective immediately upon issuance.

RICHARD L. SAVOIE  
CHIEF ENGINEER

Financial Adjustment Form Capital Outlay Bond Program											
Project Number		Project Name									
Project Description											
Change Order No. (if applicable)		Amount of Adjustment ±									
Reason for Adjustment											
<table><tr><td>District Coordinator/Project Engineer/Project Manager</td><td>_____</td><td>date</td><td>_____</td></tr><tr><td>Capital Outlay Bond Program Manager</td><td>_____</td><td>date</td><td>_____</td></tr></table>				District Coordinator/Project Engineer/Project Manager	_____	date	_____	Capital Outlay Bond Program Manager	_____	date	_____
District Coordinator/Project Engineer/Project Manager	_____	date	_____								
Capital Outlay Bond Program Manager	_____	date	_____								
Adjustment Requires Joint Leg. Committee on Budget Approval			<table><tr><td>Y</td></tr><tr><td>N</td></tr></table>	Y	N						
Y											
N											
Change Orders: This Capital Outlay Bond Program Financial Adjustment is approved for funding purposes only and is <u>not</u> based on the technical merits of the Change Order. Change order processing should proceed in accordance with DOTD EDSM III.1.1.1.											