

**CTFP Guidelines Revisions for Payment Processing  
Chapter 2 - Project Programming**

Item No.	2026 Guidelines Page	Chapter	Section Title	Current Language	Proposed Language	Reason for Change																																																
1	2-3	2	Sequential Programming Process – RCP	An agency may request a Fast Track approach, seeking funds for planning and implementation phase at the same time. The agency must demonstrate that the policy variance is necessary due to the project schedule and waiting until the next annual call for projects to apply for implementation phase funding presents undue hardship or could jeopardize the overall project delivery and milestones. The agency will waive the opportunity to request a project delay under this approach. The Fast Track approach is permitted only for projects that do not have ROW acquisition needs. If seeking engineering funds, the local agency must have received environmental clearance and demonstrate that all necessary easements and titles are in place for local agency use. Under no circumstances will the Fast Track option be considered for local agency convenience as this could delay implementation of other projects that are shelf ready.	A local jurisdiction may request a Fast Track approach, seeking funds for planning and implementation phase at the same time. <b>The jurisdiction may be asked to provide justification for the request, including an explanation of why adherence to the standard sequential programming is not feasible. The justification should address how deferring the application to the next annual call for projects for implementation phase funding would impose undue hardship or potentially jeopardize overall project delivery and the achievement of key milestones.</b> The jurisdiction will waive the opportunity to request a project delay under this approach. The Fast Track approach is permitted only for projects that do not have ROW acquisition needs. If seeking engineering funds, the local jurisdiction must have received environmental clearance and demonstrate that all necessary easements and titles are in place for local jurisdiction use. Under no circumstances will the Fast Track option be considered for local jurisdiction convenience as this could delay implementation of other projects that are shelf ready.	<p><i>Consultant: May be helpful to have an example of this scenario and what would constitute necessary in an appendix/reference.</i></p> <p>OCTA: Clarify what is needed from the local jurisdiction when seeking a Fast Track approach.</p>																																																
2	2-4	2	Project Cost Escalation	OCTA will escalate approved ROW and construction projects in years two and three. The match rate percentage identified by implementing agencies in the project grant application shall remain constant throughout the project. This includes projects where the programming has been escalated for future years. OCTA will base escalation rates for future years on ENR CCI 20-City Average escalation rates.	<p>OCTA bases funding grants on cost estimates that the local jurisdictions provide and that OCTA validates against industry norms during the evaluation process.</p> <p>When jurisdictions are preparing applications, <b>all cost estimates must be in current year dollars with Month and Year cited.</b> OCTA will review each cost estimate thoroughly and will escalate approved ROW and construction projects in years two and three of the funding cycle. The match rate percentage identified by implementing jurisdictions in the project grant application shall remain constant throughout the project. This includes projects where the programming has been escalated for future years. OCTA will base escalation rates for future years on ENR CCI 20-City Average escalation rates. <b>These increases are applied annually and are compounded, meaning each year's increase build on the previous year's total.</b></p> <p>For example, the three-year funding period for the 2026 call for projects corresponds to the following fiscal years:                      •Year 1: FY 2026-27                      •Year 2: FY 2027-28                      •Year 3: FY 2028-29</p> <p>If a jurisdiction submits a project funding request with right-of-way programmed (or anticipated to start) in Year 1 (FY2026-27) and construction programmed in in Year 3 (FY 2028-29), the escalation will only apply to the construction phase. OCTA will escalate the construction costs by the CCI -based adjustment factor beginning in Year 2 (FY 2027-28) of the funding cycle and continue compounding through Year 3. Refer to the table below for an example.</p>	Add an example to clarify how grants programmed in year two and three are escalated.																																																
3	New	2	Project Cost Escalation	None	<table border="1"> <thead> <tr> <th colspan="4">Escalation Adjustment Factor, CCI = 2.8%*</th> </tr> <tr> <th>Programming Year</th> <th>Fiscal Year (FY)</th> <th>Adjustment</th> <th>Escalation %</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>FY26/27</td> <td>Base cost (no change)</td> <td>100.0%</td> </tr> <tr> <td>2</td> <td>FY27/28</td> <td>Add 2.80%</td> <td>102.8%</td> </tr> <tr> <td>3</td> <td>FY28/29</td> <td>Add 2.80% again</td> <td>105.6%</td> </tr> </tbody> </table> <p><small>* Based on January 2026 ENR CCI 20-City Average</small></p> <table border="1"> <thead> <tr> <th colspan="7">Project Cost Escalation Calculation</th> </tr> <tr> <th>Phase</th> <th>M2 Request (A)</th> <th>Programming Year</th> <th>Escalation % (B)</th> <th>FY 26/27 (= A x B)</th> <th>FY 27/28 (= A x B)</th> <th>FY 28/29 (= A x B)</th> </tr> </thead> <tbody> <tr> <td>ROW</td> <td>\$2,500,000</td> <td>1</td> <td>100.0%</td> <td>\$2,500,000</td> <td></td> <td></td> </tr> <tr> <td>Construction</td> <td>\$ 800,000</td> <td>3</td> <td>105.6%</td> <td></td> <td></td> <td>\$ 845,427</td> </tr> </tbody> </table>	Escalation Adjustment Factor, CCI = 2.8%*				Programming Year	Fiscal Year (FY)	Adjustment	Escalation %	1	FY26/27	Base cost (no change)	100.0%	2	FY27/28	Add 2.80%	102.8%	3	FY28/29	Add 2.80% again	105.6%	Project Cost Escalation Calculation							Phase	M2 Request (A)	Programming Year	Escalation % (B)	FY 26/27 (= A x B)	FY 27/28 (= A x B)	FY 28/29 (= A x B)	ROW	\$2,500,000	1	100.0%	\$2,500,000			Construction	\$ 800,000	3	105.6%			\$ 845,427	<p><i>Consultant: Provide example of calculation</i></p> <p>Add a visual example to clarify how grants programmed in year two and three are escalated through a compounded approach.</p>
Escalation Adjustment Factor, CCI = 2.8%*																																																						
Programming Year	Fiscal Year (FY)	Adjustment	Escalation %																																																			
1	FY26/27	Base cost (no change)	100.0%																																																			
2	FY27/28	Add 2.80%	102.8%																																																			
3	FY28/29	Add 2.80% again	105.6%																																																			
Project Cost Escalation Calculation																																																						
Phase	M2 Request (A)	Programming Year	Escalation % (B)	FY 26/27 (= A x B)	FY 27/28 (= A x B)	FY 28/29 (= A x B)																																																
ROW	\$2,500,000	1	100.0%	\$2,500,000																																																		
Construction	\$ 800,000	3	105.6%			\$ 845,427																																																
4	2-4	2	<del>Programming Adjustments</del> Revisions to Grant Funding Following Board Approval	Programming Adjustments  OCTA bases funding grants on cost estimates that agencies provide and that OCTA validates against industry norms during the evaluation process. Agencies must provide estimates in current year dollars.	<p><b>Revisions to Grant Funding Following Board Approval</b></p> <p>If an application is ultimately approved by the Board for a CTFP grant, requests to increase the M2 funding levels will not be considered.</p>	Clarify that OCTA will not consider requests to increase CTFP grant amounts after call applications are approved by the Board for funding.																																																
5	2-4	2	<del>Programming Adjustments</del> Revisions to Grant Funding Following Board Approval	Projects programmed in Year Two or Year Three of each funding cycle include an ENR CCI-based adjustment factor for the ROW and construction phases only. Lead agencies shall not receive grant increases. Cost overruns are the responsibility of local agencies and may count against agencies' match rate commitment for eligible activities. Local agencies may request scope adjustments to meet budget shortfalls when the agency can demonstrate substantial consistency and attainment of proposed transportation benefits compared to the original project scope.	<p><b>Under no circumstances shall lead jurisdictions receive increases to their awarded grant amount.</b> Any cost overruns beyond the awarded grant are the responsibility of local jurisdictions. Jurisdictions may request scope adjustments to meet budget shortfalls when the jurisdiction can demonstrate substantial consistency and attainment of proposed transportation benefits compared to the original Board-approved project scope.</p>	<p><i>Consultant: Are grant increases ever awarded? In this scenario, what happens when the cost overrun is an eligible expense? Explain a bit further and/or provide example</i></p> <p>OCTA: Reinforce existing policy that Board-approved grant amounts are fixed and not subject to later increases. Reiterate that cost overruns are the responsibility of the local jurisdiction once funding recommendations for a call cycle are approved. Clarifying this is intended to eliminate any ambiguity regarding the possibility of additional funding when actual project costs exceed the original estimates provided in the application.</p>																																																

**CTFP Guidelines Revisions for Payment Processing  
Chapter 2 - Project Programming**

Item No.	2026 Guidelines Page	Chapter	Section Title	Current Language	Proposed Language	Reason for Change
6	2-5	2	Programming Adjustments Revisions to Grant Funding Following Board Approval	When agencies are preparing applications, all cost estimates must be in current year dollars with Month and Year cited. OCTA will review each cost estimate thoroughly and will escalate ROW and construction costs based on the year OCTA programs the project grant. For example, if an agency's cost estimate lists construction costs for a project and OCTA programs the project for Year Three of the funding cycle, then OCTA will escalate the costs by the CCI-based adjustment factor, compounded annually, beginning in Year One of the funding cycle.	n/a	<i>Consultant: Provide example of calculation</i>  OCTA: Paragraph was removed from this section and inserted under the Project Cost Escalation section, see Item #3.
7	New	2	Cost Overruns	None	<b>Cost Overruns</b>  <b>Non-Allowable</b> Grant increases will not be provided to cover cost overruns, including but not limited to: •Increases in construction, material, or equipment costs above original estimates •Labor cost increases, including wage escalation or contractor rate changes •Budget shortfalls due to underestimated costs at the time of application •Expenses resulting from project delays or extended schedules •Change orders or scope expansions that increase total project cost •Unforeseen site conditions (e.g., subsurface issues, utility conflicts) •General market-driven cost escalation following award  <b>Non-Overrun Adjustments</b> Adjustments may be considered only under limited circumstances and do not include cost overruns. Examples may include: •Administrative corrections (e.g., rounding, clerical errors in the approved amount) •Reallocation of funds within the approved budget that does not increase the total award •Formal reductions in scope accompanied by a corresponding decrease in funding	Add examples of cost overruns to further illustrate common types of project cost increases and to distinguish these from non-overrun adjustments.
8	2-5	2	Programming Policies	OCTA will not increase grants after the initial programming for each phase except through project savings transfers, where applicable. Project savings are defined as the grant value remaining after one project phase (such as engineering) has been completed. Transfers should be identified during the SAR phase. Formal request of savings transfers must be accompanied by updated information and justification for the intended phase. Scope reductions are not considered project savings. Adjustments in grant funding between PI and O&M can occur after programming approval for sixty (60) calendar days after contract award, in order to reflect actual contract award amounts. Overall projects savings at the conclusion of a project are returned to the original program for reprogramming in a subsequent call for projects. This section is intended to clarify rather than replace the transfer policy identified in Precept 23.	OCTA will not increase grant amounts after the initial programming for each phase, except through eligible project savings transfers. Project savings are defined as any remaining anticipated grant balance after a project phase (e.g., engineering) has been completed. Potential transfers should be identified during the SAR process. Formal requests for savings transfers must include updated project information and justification for applying the savings to the intended phase. Construction phase savings may be applied to eligible construction engineering costs within the same project. Request must be made before issuance of the final payment. Scope reductions do not constitute project savings.  Any remaining project savings at the conclusion of a project will be returned to the original program for reprogramming in a subsequent call for projects.  This section is intended to clarify, not replace, the transfer policy described in Precept 25.	<i>Consultant: Provide example of what is and isn't project savings.</i>  OCTA: Update section to align with revision made under Precept 25.
9	2-6	2	Programming Policies	Agencies are responsible for costs that exceed the project grant, maintaining the project schedule, and maintaining the project scope.	Local jurisdictions are responsible for all costs exceeding the project grant amount and for ensuring adherence to the approved project schedule and scope.	<i>Consultant: Vague - is this intended to cover mitigation measures for potential overruns?</i>  OCTA: Clarify that local jurisdictions are responsible for cost overruns, and ensuring adherence to the approved project schedule and scope.
10	2-6	2	Programming Policies	An agency must have a fully executed Letter Agreement prior to the obligation of funds unless they have been approved for pre-award authority.	A local jurisdiction must have a fully executed letter agreement prior to the reimbursement of funds. Local jurisdictions, at their own risk, may obligate funds for an M2 funded project prior to the programmed year. For construction and PI phases, an agency must have OCTA's written confirmation of eligible and ineligible costs and staff approval to proceed prior to obligating any funds through contract award.	Update section to align with revision made under Precept 6.
11	2-6	2	Programming Policies	As stated above, an agency's grant is based on the project's cost as requested and programmed with established escalation rates. If project costs escalate beyond original estimates and the agency is unable to cover additional costs, a request to reduce the project scope or limits will be considered where feasible. For the RTSSP (Project P), changes to the project costs with respect to the phase allocations will be considered based upon the issuance of the CTO, provided that the readjusted phase allocations do not increase the overall grant. All requests for changes in scope and limits should be submitted to OCTA in advance of the change. This request will be evaluated on a case-by-case basis and must be approved by the Board prior to initiation of the change by the lead agency. The lead agency must submit a letter to OCTA no later than June 30th of the year in which funds are programmed stating the reasons for cost increases, a proposal for project scope or limit reduction, and an explanation of why approval of the request is warranted. The review process is similar to the appeals process mentioned above.	As stated above, a jurisdiction's grant is based on the project's cost as requested and programmed with established escalation rates. If project costs escalate beyond original estimates and the jurisdiction is unable to cover additional costs, a request to reduce the project scope or limits will be considered where feasible. For example, shortening the roadway transition or reducing the median width (landscaping) to reduce costs. For the RTSSP (Project P), changes to the project costs with respect to the phase allocations will be considered based upon the issuance of the CTO, provided that the readjusted phase allocations do not increase the overall grant. All requests for changes in scope and limits should be submitted to OCTA in advance of the change. This request will be evaluated on a case-by-case basis and may need to be approved by the Board prior to initiation of the change by the lead jurisdiction agency. The lead jurisdiction must submit a letter to OCTA no later than June 30th of the year in which funds are programmed stating the reasons for cost increases, a proposal for project scope or limit reduction, and an explanation of why approval of the request is warranted.	<i>Consultant: Provided example of a feasible and not feasible scenario.</i>  OCTA: Add example of feasible scenario.

**CTFP Guidelines Revisions for Payment Processing  
Chapter 2 - Project Programming**

Item No.	2026 Guidelines Page	Chapter	Section Title	Current Language	Proposed Language	Reason for Change
12	2-7	2	Timely Use of Funds	<p>For project phases (RCP and RTSSP projects see paragraph below), funds must be expensed within 36 months from encumbrance. Funds extensions up to 24 months may be granted through the SAR. Extension requests must be received prior to the expenditure deadline.</p> <p>For RCP and RTSSP project phases, funds must be expensed based on the project phase schedule that is provided at the time of application plus 6 months (see Precept 20). Funds extensions up to 24 months may be granted through the SAR process. Extension requests must be received prior to the expenditure deadline.</p>	<p>For project phases (RCP and RTSSP projects see paragraph below), <b>work must be incurred</b> within 36 months from encumbrance <b>to be considered eligible for reimbursement</b>. Funds extensions up to 24 months may be granted through the SAR. Extension requests must be received prior to the expenditure deadline.</p> <p>For RCP and RTSSP project phases, work must be <b>incurred within</b> the project phase schedule that is provided at the time of application (see Precept 21). Funds extensions up to 24 months may be granted through the SAR process. Extension requests must be received prior to the expenditure deadline</p>	Clarify that project work must be incurred within 36 months from encumbrance to be considered eligible for reimbursement.
13	2-7	2	Project Advancements	<p>Agencies wishing to advance a project by one fiscal year, or more may request project advancement. Advancement requests will be considered only if program funds are available. The grant will be de-escalated according to the original escalation rate. Requests must be submitted as part of the SAR. All advancements will be reviewed by the TAC and approved by the Board. If approved, the agency and project will be required to meet the new fiscal year award or encumbrance deadline.</p> <p>Should OCTA be unable to accommodate an advancement request due to cash flow constraints, the agency may still move forward with the project using local funding (see Precept 6). The lead agency must have a fully executed letter agreement prior to beginning work. The lead agency may subsequently seek reimbursement of CTFP funds in the fiscal year in which funds are programmed. Reimbursement shall follow the standard CTFP process (see Chapter 9). Prior approval is not necessary if the project is being advanced through local funds. However, if the local agency intends to receive match credit for local funds spent, prior approval is required.</p>	<p>Should OCTA be unable to accommodate an advancement request due to cash flow constraints, the jurisdiction may still move forward with the project using local funding (see Precept 6). The lead jurisdiction must have a fully executed letter agreement <b>in order to receive an initial payment or reimbursement for costs. For construction and PI phases an agency must have OCTA's written confirmation of eligible and ineligible costs and staff approval to proceed prior to obligating any funds through contract award.</b> The lead jurisdiction may subsequently seek reimbursement of CTFP funds in the fiscal year in which funds are programmed. Reimbursement shall follow the standard CTFP process (see Chapter 10). Prior approval is not necessary if the project is being advanced through local funds. However, if the local agency intends to receive match credit for local funds spent, prior approval is required.</p>	Updated section to align with revision made under Precept 6
14	New	2	Project Scope Changes	None	<p><b>Local jurisdictions may request a scope change so long as the overall project benefits committed to in the Board-approved application can still be delivered. Any request for scope modifications of an approved project must be submitted to OCTA staff in advance of the change to ensure consistency with the project requirements. Request must include the status of the project, detailed description of the modification, rationale for the proposed modification, and potential impacts to the community and funding. For scope changes that do not have significant impacts to the project, which varies by program, OCTA staff will review and provide notification to the local jurisdiction of either approval or rejection of the scope change or if the modification warrants Board approval.</b></p> <p><b>For all other scope changes, OCTA staff will review the modification against the original project scoring criteria, ensure that the proposed change delivers comparable or better benefits to the public, and confirm consistency with the project program requirements. Contingent on staff's evaluation, the scope modification will be presented to the Board for review and approval. For Project V, additional details on scope changes, see are provided in Chapter 6.</b></p> <p><b>Local jurisdictions should have prior approval for the scope modification before issuance of a reimbursement. Failure to obtain prior approval may result in a prorated reimbursement amount or a delay in reimbursement, as the scope modification may need to be submitted as part of the SAR for Board approval, which is typically received in June/July for a March SAR cycle and in December for a September SAR cycle.</b></p>	Add a new section for scope changes; however, no substantive changes were made, as this language is consistent with the current language under Chapter 6.
15	2-7	2	Semi-Annual Review	<p>OCTA staff will conduct a comprehensive review of CTFP projects on a semi-annual basis to determine the status of projects. Project updates will be provided by the local agencies and uploaded to OCFundTracker. Follow-up meetings to these updates will be held as needed. Semi-annual project reviews are usually scheduled to occur in March and September of each year.</p> <p>Projects are reviewed to:</p> <ol style="list-style-type: none"> <li>1. Update project cost estimates. For any project experiencing cost increases exceeding 10 percent (10%) of the originally contracted amount, a revised cost estimate must be submitted to OCTA. This is applicable even if the increase is within the overall grant amount.</li> <li>2. Review the project delivery schedule</li> <li>3. Determine the project's continued viability</li> <li>4. Verify project O&amp;M expenditures (e.g. ECP (Project X))</li> <li>5. Discuss any potential issues with external fund sources committed as match against the competitive funds</li> </ol>	<p>OCTA staff will conduct a comprehensive review of CTFP projects on a semi-annual basis to determine the status of projects. Project updates will be provided by the local jurisdictions and uploaded to OCFundTracker. Follow-up meetings to these updates will be held as needed. Semi-annual project reviews are usually scheduled to occur in March and September of each year.</p> <p>Projects are reviewed to:</p> <ol style="list-style-type: none"> <li>1. Update project cost estimates. For any project experiencing cost increases exceeding 10 percent (10%) of the originally contracted amount, a revised cost estimate must be submitted to OCTA. This is applicable even if the increase is within the overall grant amount.</li> <li>2. Review the project delivery schedule</li> <li>3. <b>Verify the Board approved scope is being delivered</b></li> <li>4. Determine the project's continued viability</li> <li>5. Verify project O&amp;M expenditures (e.g. ECP (Project X))</li> <li>6. Discuss any potential issues with external fund sources committed as match against the competitive funds</li> </ol>	Add scope changes to the list of items reviewed during the SAR to help mitigate delays or potential reductions in reimbursement when a local jurisdiction does not obtain prior approval for a scope change.

**CTFP Guidelines Revisions for Payment Processing  
Chapter 2 - Project Programming**

Item No.	2026 Guidelines Page	Chapter	Section Title	Current Language	Proposed Language	Reason for Change
16	2-8	2	Semi-Annual Review	<p>Based on the semi-annual review meetings, OCTA staff will develop and present recommendations for project adjustments to the TAC. Requests for project changes (delays, advancements, scope modifications, etc.) will be considered on an individual basis. The following action plan has been developed for the semi-annual review process:</p> <ul style="list-style-type: none"> <li>• Require local agencies to submit status reports, project worksheets, and supporting documentation to OCTA for all project adjustments.</li> <li>• Require local agencies to abide by the Time Extension Policy: <ul style="list-style-type: none"> <li>o Agencies may request a delay of up to 24 months per grant. Local agencies will be required to justify this request and seek approval of OCTA staff, the TAC, and the Board as part of the semi-annual review process.</li> <li>o Approved schedule changes will require an update of the local jurisdiction's seven year CIP and the OCTA cooperative funding agreement.</li> <li>o Evidence of Council approval (resolution, minute order, or notification) must be provided prior to Board approval of delays.</li> <li>o An administrative extension may be granted for expiring M2 funds for a project phase that is clearly engaged in the procurement process (advertised but not yet awarded). The local agency must notify OCTA, submit a written request, for an administrative extension, and provide evidence of advertisement prior to the award deadline.</li> <li>o Agencies that have requested Fast Track funding cannot request time extensions.</li> </ul> </li> </ul>	<p>Based on the semi-annual review meetings, OCTA staff will develop and present recommendations for project adjustments to the TAC. Requests for project changes (delays, advancements, scope modifications, etc.) will be considered on an individual basis. The following action plan has been developed for the semi-annual review process:</p> <ul style="list-style-type: none"> <li>• Require local jurisdictions to submit status reports, project worksheets, and supporting documentation to OCTA for all project adjustments.</li> <li>• Require local jurisdictions to abide by the Time Extension Policy: <ul style="list-style-type: none"> <li>o Jurisdictions may request a delay of up to 24 months per grant. Local jurisdictions will be required to justify this request and seek approval of OCTA staff, the TAC, and the Board as part of the semi-annual review process.</li> <li>o Approved schedule changes will require an update of the local jurisdiction's seven-year CIP and the OCTA cooperative funding agreement.</li> <li>o Evidence of Council approval (resolution, minute order, or notification) must be provided prior to Board approval of delays.</li> <li>o An administrative <b>delay</b> may be granted for expiring M2 funds for a project phase that is clearly engaged in the procurement process (advertised but not yet awarded). The local jurisdiction must notify OCTA, <b>through a written request on agency letterhead</b> and provide evidence of advertisement prior to the award deadline. <b>The letter request and proof of advertisement must be received by OCTA no less than thirty (30) days prior to the award deadline to ensure sufficient time for OCTA to review and respond.</b></li> <li>o Agencies that have requested Fast Track funding cannot request time extensions.</li> </ul> </li> </ul>	Update administrative delay process to ensure OCTA has sufficient time to review requests and provide time sensitive responses.
17	New	2	OCTA Branding	None	See redline version of the CTFP Guidelines for revisions	New section added for OCTA branding. OCTA working internally with marketing department to provide additional examples.

Color Key

Red = Revised text in CTFP Guidelines

Yellow, *Italics* = Consultant recommendation