

The Supporting Statement

Developing and Recording Costs for Railroad Adjustments

The purpose of this supporting statement is to request the OMB's approval for a 3-year renewal of the currently-approved information collection covered by OMB Control Number 2125-0521, which is due to expire on April 30, 2007.

1. Circumstances that make collection of information necessary.

Under the provisions of 23 U.S.C. 130 and 23 U.S.C. 121(a) Federal-aid highway funds may be used to reimburse the State transportation departments when they have paid for the cost of projects which eliminate hazards at railroad/highway crossings or which adjust railroad facilities to accommodate the construction of highway projects. Section 121 of Title 23 establishes the general principle that when Federal-aid highway funds are being used to reimburse the State highway agencies for construction costs, this payment shall be based on costs incurred.

To implement these provisions of law, Federal Highway Administration (FHWA) regulations, 23 CFR 140, Subpart I, require that the railroad company be able to document its costs or expenses for adjusting its facilities. The FHWA regulations require the railroad company to have a system of recording labor costs, materials and supplies, and equipment costs incurred when undertaking the necessary railroad work. This record of costs then forms the basis for payment by the State transportation department to the railroad company and in turn FHWA reimburses the State for its payments to the railroad. Further, the regulations require the railroad company to maintain these records of costs for 3 years after final payment is received.

This information collection efficiently provides Federal-aid assistance for highway construction projects through prudent development and recording of costs associated with railroad adjustments, thus enabling prompt reimbursements.

2. How, by whom, and for what purpose is the information used.

A railroad company's cost accounting records establish a means of identifying the costs incurred in adjusting its facilities. The State transportation department can then use these records to verify the costs upon which to base its payments. If the railroad company did not keep a record of its costs, then there would be no documentation of the expenses it would have incurred in adjusting its facilities. If this should occur, there would be no basis for Federal-aid highway fund participation in the costs and FHWA would not be able to reimburse the State for the railroad adjustments.

3. Extent of automated information collection:

Many of railroad company's current business practices utilize technology to allow this recording keeping requirement to be automated. It is estimated that 50% use automation in their record keeping practices related to this information collection.

4. Efforts to identify duplication.

We are aware of no other recordkeeping requirements imposed by the FHWA or other Federal agencies, which duplicates this process.

5. Efforts to minimize the burden on small businesses.

FHWA regulations require all railroads, regardless of their size, to have a system of recording costs incurred when undertaking necessary railroad work. This system may be the same as they use for their own operations. Documented cost information may be used as appropriate to satisfy other Federal and State laws. Every effort has been made by the FHWA to reduce the burden on railroads. Even so, it is essential for all railroads to keep some record of costs incurred in adjusting their facilities. Otherwise, there would be no documentation of expenses incurred, no basis for the State transportation department to pay the railroad, and no basis for Federal-aid highway fund participation in the costs. Under FHWA regulations found in 23 CFR 646.216(d), when the railroad work can be properly defined and involves installation of warning devices or crossing surfaces or is estimated to cost less than \$100,000, a lump sum payment arrangement can be used. The use of the lump sum payment arrangement helps to reduce the record-keeping burden on the railroad associated with the highway project.

6. Impact of less frequent collection of information.

Presently, the record keeping activities are only required in those cases where Federal-aid highway funds are going to be used to reimburse the State for railroad adjustments. If no records are kept, there is no basis for payment.

7. Special circumstances.

There are no special circumstances associated with this information collection.

8. Compliance with 5 CFR 1320.8:

Notice in the Federal Register was published on January 9, 2007, (Volume #72, no.5 on pg. 1050). No comments were received.

9. Payments or gifts to respondents:

None.

10. Assessment of confidentiality.

Not applicable.

11. Justification for collection of sensitive information.

There are no questions of a sensitive nature.

12. Estimate of burden hours for information requested.

There are approximately 650 railroad companies in the United States. In any one year, it is estimated that only about 135 of these railroad companies will be involved with reimbursable railroad adjustments on Federal-aid projects. It is further estimated that, on an average, each one of these 135 companies would have about 10 Federal-aid railroad-highway projects per year. The net impact is that there would be approximately 1,350 reimbursable railroad adjustments.

For a typical adjustment, about 12 hours of professional staff time are expended to establish and maintain the record of costs. The estimated annual burden for all respondents is 16,200 hours of total staff time. Salary costs associated with these hours is estimated at \$28 per hour. Each respondent's salary cost would, therefore, be computed as follows:

Professional staff time (12 hours @\$28) = \$336

A total estimated annual salary cost for all respondents is computed as follows:

1350 adjustments x \$336 = \$453,600

The majority of the estimated costs to the respondent will be reimbursed by FHWA. Specifically, all the documented staff time required to establish records of costs incurred on a specific reimbursable Federal-aid railroad-highway project can be claimed by the railroad company as part of its costs incurred on that project.

13. Estimate of total annual costs to respondents.

It is estimated that for each of the 1350 annual railroad adjustments, approximately \$28 is spent for miscellaneous expenses, such as paper for hard copy backups, photocopying, faxing, telephoning for clarification, etc. Therefore, total annual office expenses for all respondents is estimated at 1350 x \$28 = \$37,800.

14. Estimate of cost to the Federal government.

The estimated annual cost incurred for Federal government to establish and update regulatory requirement, provide assistance and oversee the program is about \$ 13,275 per year. This cost was determined as follows:

- \$11,475 for Financial Specialist and/or Safety Engineers from the FHWA Division Offices to provide technical and policy guidance/interpretations (51

- Divisions @\$45.00 for 5 hours)
- \$1800 in staff expenses (30 hours @\$60.00) by the FHWA Office of Safety and Office of Chief Finance Official to periodically review policy and provide guidance/interpretations on relevant regulations/policies.

15. Explanation of program changes or adjustments.

The annual cost to respondents is estimated at \$37,800, which is an increase of \$13,800 from the previous submission of these documents. The estimated number of railroad companies has increased by 150 from the previous submission (500- to 650). The estimated number of railroad companies to make submissions annually has increased to 135 from the 120 on the previous submission. This change to 135 railroad companies has increased the total number of annual submissions by 150 to 1350. The actual burden hours with each recordkeeping event has been adjusted to 12 hours from the previous submission of 8 hours. The increase labor rate is based on an estimated increase allowed for costs of living burden and inflation. The increase of the total average annual costs to respondents for information collection is also reflects the increase of total estimated number of railroad adjustment projects.

16. Publication of results of data collection.

None of the information collected is to be published for statistical use.

17. Approval for not displaying the expiration date of OMB approval.

There is no request to not display the expiration date of the OMB approval for this information collection.

18. Exceptions to certification statement.

There are no exceptions to the certification statement for this information collection.