

# Implementing Agency Responsibilities on State Highway Projects

## Revised June 2006

Purpose of this Document.....	1
Background.....	2
Sponsors, Implementing Agencies and Project Components .....	2
Quality Assurance.....	2
Key Roles.....	3
Cooperative Agreement.....	4
Amounts withheld for Independent Assurance on STIP projects on the State Highway ...	5
Funding.....	5
State “Allocation” of Funds.....	5
Federal “Authorization” to Proceed.....	6
Requirements to Proceed With Project Component .....	11
Requirements to receive payment.....	11
AB3090.....	12
Delivering each Project Component.....	12
General information for all components.....	12
Specific information for each component.....	13
Invoices.....	14
Close-Out of each Component.....	15
Retention of Records.....	16
Attachments .....	17
Attachment A – Sample Request for Authorization/Allocation of Funds .....	17
Attachment B – Sample Notice of intent to begin work before receiving a STIP allocation.....	19
Attachment C – Sample CTC Allocation Request.....	21
Attachment D – Typical conditions for Local Agencies to Advertise, Award and Administer Full Oversight Projects .....	23
Attachment E – Sample Notice of Federal Authorization to Proceed .....	24
Attachment F – Sample Component Approval.....	26
Attachment G – Sample Invoice.....	28
Attachment H – Sample Notification of Contract Award.....	31
Attachment I – Department Program Responsible for Independent Assurance (IA) for Projects with construction cost less than \$1million on the State Highway System when the Department is not the Implementing Agency .....	32

### Purpose of this Document

This document outlines the responsibilities of “Implementing Agencies” that administer State Highway projects in California. “Implementing Agencies” are described in the “Background” below.

Prior versions of this guide that applied only to projects funded from the State Transportation Improvement Program (STIP). This guide now covers all State Highway projects, including those in the STIP. It replaces the STIP version, which was last revised on February 11, 2005.

This guide is not itself a manual, policy or regulation. It is an aid to Implementing Agencies to assist them to find the Federal Laws and Regulations, State Laws and Regulations and Department of Transportation (“The Department”) Manuals and Policies that they will need to understand in order to carry out their responsibilities.

The failure to mention any requirement of law, regulation or policy in this document does not excuse the Implementing Agency from its obligation to comply with that law, regulation or policy.

## **Background**

### ***Sponsors, Implementing Agencies and Project Components***

Sponsors secure funding for projects and serve as project advocates. The sponsor chooses an Implementing Agency and is the customer of the Implementing Agency. There can be more than one partner sponsoring the project. In this case they act as co-sponsors with a shared responsibility for securing funds for the project. Securing funds may mean arranging funding from a third party. For instance, the sponsor might submit a project for funding by the Commission. The fact that the Commission votes the funds does not normally mean that the Commission is a sponsor.

The Implementing Agency is that entity charged with the successful completion of each project component as defined in Government Code 14529 (b):

- (1) Completion of all permits and environmental studies.
- (2) Preparation of plans, specifications, and estimates.
- (3) The acquisition of rights-of-way.
- (4) Construction, construction management and engineering, including surveys and inspection.

There could be a different Implementing Agency for each component of a project. To ensure clear lines of responsibility, only one agency can be the Implementing Agency for a single component.

### ***Quality Assurance***

The Implementing Agency is responsible for ensuring the adequacy of its products through a quality control and quality assurance procedure. On State Highway projects, the Department provides independent assurance to verify that the Implementing Agency’s procedures are adequate to ensure that completed components conform to established

standards, policies, and practices. The Department must perform this independent assurance as part of its responsibility for the planning, design, construction, maintenance, and operation of the state highway system (Government Code 14520.3 (b)).

### ***Key Roles***

#### Implementing Agency Project Manager

The Implementing Agency designates a person to be the Project Manager. The Project Manager is responsible for fulfilling the Agency's responsibilities for successfully completing the project component.

#### Department Project Manager

The Department's Deputy District Director for Program and Project Management designates the Department's Project Manager to manage the Department's effort on the project. The Department Project Manager assists and advises the Implementing Agency Project Manager and serves as the project ombudsman within the Department. If the Department is the Implementing Agency, this person takes on the role of both Implementing Agency Project Manager and Department Project Manager.

#### Project Development Team (PDT)

The Implementing Agency Project Manager will assemble a Project Development Team (PDT) in accordance with Chapter 8, Section 4, of the Department's *Project Development Procedures Manual (PDPM)*. It is advisable to establish a formal PDT on every major State Highway project if the Department is not the Implementing Agency, even if a PDT is not required by the *PDPM*. This will facilitate communication between the Department and the Implementing Agency.

The Department Project Manager is always a member of the PDT. The Department Project Manager's role is to ensure that the Department's interests are represented and addressed adequately in the alternatives studied by the PDT.

#### Department Oversight Engineer (OSE)

The Department's District Deputy of Construction<sup>1</sup> designates a person who has responsibility for providing Quality Assurance – Oversight (Q/A) for construction projects, within the existing or future state right-of-way, (and the whole project for Federal-aid projects) whenever the Department is not the Implementing Agency. The OSE's responsibilities are described in the *Oversight Engineer Field Guidelines* issued by the Department's Division of Construction.

---

<sup>1</sup> The District Director will determine, based on Attachment I, if District Construction or Encroachment Permits will be responsible for QA for the project whenever the Department is not the Implementing Agency.

#### Department Encroachment Permit Inspector

The Department's District Encroachment Permits Engineer<sup>2</sup> designates a person who has responsibility for providing Quality Assurance – Oversight (Q/A) for construction projects, within the existing or future state right-of-way, whenever the Department is not the Implementing Agency.. The Encroachment Permit Inspector's responsibilities are described in the *Encroachment Permits Manual* issued by the Department's Division of Traffic Operations.

## **Cooperative Agreement**

A Cooperative Agreement is required when there is an exchange of funds, effort or materials between the Department and a Local Agency. This agreement establishes the roles and responsibilities of the Department and the Agency and establishes a mechanism for transmitting the funds between the Department and the Agency.

If Federal Funds are used, the Cooperative Agreement must indicate the source of the match for Federal Funds.

The Department provides independent assurance to verify that departmental standards, policies, and practices are followed. A cooperative agreement is necessary on all projects on which the Department is providing oversight. On STIP funded projects where the Department is not the Implementing Agency, the amounts to be withheld to fund independent assurance on each component shall be documented in the Cooperative Agreement.

If the Cooperative Agreement requires the Department to do work in addition to independent assurance, the amount withheld will be increased to cover the actual cost of the additional work. Transportation Enhancement (TE) projects programmed in the STIP are exempt from the withhold policy.

A cooperative agreement is necessary before an E-76 for capital funds can be processed.

A cooperative agreement is generally not needed on projects less than \$1,000,000. Those projects are done with an encroachment agreement. Occasionally the complexity of the project may influence the agreement to be used.

For further information on cooperative agreements please see Chapter 16 of the PDPM and the on-line training available at <http://www.dot.ca.gov/hq/oppd/ca/>.

---

<sup>2</sup> Idem.

## **Amounts withheld for Independent Assurance on STIP projects on the State Highway**

### PA&ED

Withhold 10 percent of the total amount of STIP funds allocated by the Commission for this component on projects on the State Highway.

### PS&E

Withhold 10 percent of the total amount of STIP funds allocated by the Commission for this component on projects on the State Highway.

### Right of Way

Withhold 10 percent of the STIP funds budgeted by the Implementing Agency for work by local agency staff for this component on projects on the State Highway. For guidance refer to the December 10, 2001, *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*.

### Construction Management and Engineering

Withhold 10 percent of the STIP funds budgeted by the Implementing Agency for work by local agency staff or consultants for this component on projects on the State Highway.

## **Funding**

Each project with State funding requires a State “Allocation” of funds for each component. Each project component that has Federal-aid funding also requires a Federal “Authorization” to proceed. The State and Federal processes are independent of each other, although both begin with a request from the Implementing Agency (see Attachment A).

### ***State “Allocation” of Funds***

The Implementing Agency Project Manager shall verify that the funds have been allocated for the project component.

### If the Department is the Implementing Agency

The method of allocation varies by project component as follows:

- *PA&ED*: Allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
- *PS&E*: Allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
- *Right of Way*:
  - Funding for work by Department employees is allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.

- Funding for Capital Outlay is allocated by the California Transportation Commission (“The Commission”) in one-year increments.
- *Construction:*
  - Funding for work by Department employees and consultants hired by the Department is allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
  - Funding for Construction Capital Outlay is allocated by the Commission for the life of the component, subject to the “Timely Use of Funds” provisions in the Commission’s guidelines.

If the Department is not the Implementing Agency

Funding for each of the four components is allocated by the Commission for the life of the component, subject to the “Timely Use of Funds” provisions in the Commission’s guidelines. Attachment A is a sample allocation request.

If a project is partly On State Highway and partly Off State Highway, at the time of allocation the Implementing Agency can either ask for separate votes for the On and the Off State Highway portions, or for a single vote with two subsections.

Government Code 14529.17, often referred to as AB872,<sup>3</sup> allows a Local Agency to advance the delivery of a STIP project through the use of its own funds. The conditions for this advancement are described in Section 23.3.2 of the *Local Assistance Program Guidelines*. Attachment B is a sample notice of intent to use this provision.

Attachment C is a sample memorandum from the Department’s District office to request an allocation of funds.

***Federal “Authorization” to Proceed***

Federal authorization must be received before work starts on any component for which Federal-aid funds will be requested. This is accomplished with an E-76 (Authorization to Proceed). Separate E-76’s are required for each of three Federal phases of the project development:

- Preliminary engineering.
- Right of way.
- Construction.

The Federal Resources Office, in the Division of Budgets, processes the E-76s for State Highway projects voted by the Commission. The Division of Local Assistance processes the E-76s for other projects. (“Other projects” include Congestion Management and Air Quality; Federal “High Priority”; Federal Surface Transportation Program funds budgeted by the legislature for Local Assistance, etcetera.)

---

<sup>3</sup> Chapter 572, Statutes on 1999

### PA&ED and PS&E

Prior to Federal authorization, the project Preliminary Engineering phase (PA&ED & PS&E) must be listed in an approved Federal STIP.

The Department has a "blanket" annual Federal Authorization to Proceed for Preliminary Engineering (PA&ED and PS&E) for State Highway projects listed in the Federal STIP. This authorization is called the Statewide Preliminary Engineering System (SPES). Therefore, a separate E-76 is not required for Preliminary Engineering.

The Department Project Manager will arrange for the District Budgets Office to masterfile the project expenditure authorizations (EAs) to SPES.

### Right of Way

Federal authorization is required prior to contacting the owner with an offer. Since parcel acquisitions take place at various times throughout the early life of a project, more than one Right of Way authorization is sometimes required. The Implementing Agency requests authorization of funds by completing Attachment A using its letterhead. The Department Project Manager will arrange with the District Right of Way Office to process a Federal E-76. There are limits on the State Highway right of way work for which a local agency may be the Implementing Agency. Refer to the December 10, 2001, *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*.

### Construction

Federal authorization is required prior to advertisement. The Implementing Agency requests authorization of funds by submitting to the Department Project Manager:

- Attachment A on its letterhead
- The PS&E Certification letter from Chapter 12 of the *Local Assistance Procedures Manual*
- The PS&E Checklist from Chapter 12 of the *Local Assistance Procedures Manual* (Department Project Manager signs the PS&E Checklist, instead of the District Local Assistance Engineer.)
- Approved NEPA document.
- Right of Way Certification (Exhibit 14-EX-3 in the *Right of Way Manual*) and applicable railroad agreements. If the Implementing Agency for Right of Way is different from the Implementing Agency for PS&E, the Implementing Agency for PS&E must obtain the Right of Way Certification from the Implementing Agency for Right of Way and include it in the PS&E package.
- Three sets of the plans, special provisions and preliminary estimate for the project.

The Department Project Manager reviews the transmittal documents for conformity with State and Federal requirements, submits the documents to the Federal Highway Administration (FHWA) for approval (for "full oversight" projects), and ensures that the project is federally authorized prior to advertisement.

If the Department is the Implementing Agency, the District submits the PS&E documents to the headquarters Office Engineer with the transmittal documents required by the Office Engineer under the provisions of its Ready-To-List and Construction Contract Award Guide (RTL Guide). These are equivalent to the five items listed above.

The Department and FHWA have a *Stewardship Agreement* that delegates the FHWA review of most projects to the Department. Under this agreement, projects are classified as either "Full Oversight" or "State Authorized." The Department's Office of Federal Resources assigns federal project numbers to federally funded projects, and upon receiving a classification from the FHWA, adds a suffix "N" or "E" to the project number. Full Oversight projects (suffix "N") are reviewed by the FHWA. The Department reviews State Authorized projects (suffix "E") after federal NEPA approval.

Full Oversight" is required on projects that meet all three of these criteria:

- New or reconstruction
- on the Interstate
- greater than \$1 million.

If a project does not meet any one of these criteria, it is "State Authorized."

For Full Oversight projects the Department Project Manager arranges for the PS&E to be reviewed by the FHWA. The Department's "Ready-To-List" (RTL) guidance shall be followed, even if the Department is not the Implementing Agency.

The review steps for Full Oversight projects are:

1. The Department Project Manager, or another person designated by the District Director, sends the FHWA Operations Engineer (FHWA Engineer) a *complete* PS&E submittal package including the plans, special provisions and engineer's estimate, PS&E certification letter, PS&E checklist, right of way and utility certification, applicable railroad agreements and a transmittal with a list of contacts and telephone numbers (similar to that in the Department's standard PS&E submittal letter - see the *RTL Guide*). The Department's headquarters and FHWA review PS&E concurrently for 30 days from receipt.
2. If a local agency is to advertise, award and administer the project, the Department shall request FHWA approval for that agency to do the work. FHWA approval of the PS&E must be received before the project can be authorized to begin construction (E-76) and before the local agency can advertise the project.
3. The FHWA Engineer acknowledges receipt (electronically) and inputs date PS&E is received into FHWA's DIV APPS Project Tracking System
4. FHWA completes its project development form (PS&E checklist) and returns any comments (including no comments) to the Department Project Manager within 30 days of receipt via fax or hardcopy.
5. The Department Project Manager sends FHWA comments to the Implementing Agency Project Manager.

6. The Implementing Agency Project Manager resolves the FHWA and Caltrans headquarters comments. The Department Project Manager informs FHWA of any changes. FHWA evaluates and acknowledges this resolution of comments by returning the PS&E transmittal signed and dated.
7. A copy of the signed PS&E Transmittal form is also transmitted by FHWA to the Headquarters Office of Federal Resources.
8. The Department Project Manager works with the District Budgets Manager to prepare and submit the E-76 to the Headquarters Office of Federal Resources (or Division of Local Assistance).
9. The Department Project Manager notifies the Department's Office of Federal Resources that the project can now be funded since FHWA comments have been properly addressed.
10. The Department's Office of Federal Resources transmits the E-76 and "preliminary" estimate with work codes and submits them to FHWA for approval (4 weeks allowed for FHWA to process).
11. FHWA reviews the E-76 and double-checks to make sure FHWA's PS&E comments have been resolved, (R/W and Utility Cert, RR agreements, identifying nonparticipating work, approved public interest findings (PIFs), etc.)
12. FHWA approves funding request (E-76) via FADS, notifies the Department's Office of Federal Resources that the project is Federally funded and that the project is Federally authorized to proceed so that the project can be advertised. The FHWA approval includes specific conditions. For Full Oversight projects, these will typically be those in Attachment D.
13. If PS&E comments still not addressed by Wednesday close of business prior to the scheduled Monday advertisement, Department Project Manager contacts the Department's Office of Office Engineer to pull the advertisement that Thursday.
14. The Implementing Agency advertises the contract and issues contract addenda in accordance with Section 15.4 of the *Local Assistance Procedures Manual*. The Implementing Agency provides the Department's Project Manager with draft addenda. The Department Project Manager sends the FHWA Engineer "major" addenda, which require prior approval from the FHWA.
15. The Implementing Agency furnishes the Department Project Manager with a hardcopy of bid documents including a copy of the reduced set of plans; contract bond proposal and specifications. The Department Project Manager forwards this to the FHWA.
16. The Implementing Agency publicly opens bids and designates the lowest "responsive" bidder for award in accordance with Sections 15.5 and 15.6 of the *Local Assistance Procedures Manual*.
17. The Implementing Agency submits an Award Package to the Department Project Manager. Section 15.7 of the *Local Assistance Procedures Manual* lists the contents of this package. The Department Project Manager forwards the package to the FHWA. Good faith effort evaluation is submitted to Department's Division of Civil Rights for review before it is forwarded to FHWA. If the Department is Implementing Agency for Construction, the headquarters Office Engineer prepares the package and forwards it directly to the FHWA.

18. FHWA processes Concurrence in Award package. FHWA Engineer prepares a bid analysis; FHWA right of way staff approves upgraded right of way and utility certification form cert #3 or #3W to a # 2 or #1 as applicable; and FHWA Civil Rights staff reviews and approves any DBE good faith effort. Ten working days are allowed for this process.
19. FHWA reviews package and Concurs in Award, if above items are adequately addressed. FHWA provides written concurrence in award of contract (or rejection of bids). A copy of Form 45 is filled out and sent to FHWA headquarters in Washington D.C.
20. The Implementing Agency awards the project and furnishes the Department Project Manager with a conformed copy of the contract bond and "Detail Estimate" (with work Improvement Type codes). The Department Project Manager forwards this to the FHWA, with a copy to the Department's Office of Federal Resources.

For State Authorized projects the Department Project Manager arranges for the PS&E to be reviewed by the Department's Oversight Engineer. The Department's "Ready-To-List" (RTL) guidance and Department's Local Assistance Procedures Manual will be used as references if the Department is not the Implementing Agency.

The review steps for State Authorized projects are:

1. The Department Oversight Engineer reviews the plans, special provisions and engineer's estimate, PS&E certification letter, PS&E checklist, right of way and utility certification, applicable railroad agreements. This review should be completed within 30 days from receipt.
2. The Oversight Engineer completes the review and returns any comments (including no comments) to the Department Project Manager.
3. The Department Project Manager sends the comments to the Implementing Agency Project Manager.
4. The Implementing Agency Project Manager responds to these comments. The Department Project Manager informs the Oversight Engineer of any changes. The Oversight Engineer evaluates and acknowledges this resolution of comments by returning the PS&E transmittal signed and dated.
5. The Department Project Manager works with the District Budgets Manager/Local Assistance Engineer to prepare and submit the E-76 Authorization to Proceed to the Headquarters Office of Federal Resources or Division of Local Assistance.
6. The Department Project Manager notifies the Department's Office of Federal Resources or Division of Local Assistance that the project can now be funded. NOTE: A copy of the PS&E transmittal is furnished to the Department's Office of Federal Resources indicating Oversight Engineer's comments resolved.
7. The Department's Office of Federal Resources (or Division of Local Assistance) transmits the E-76 and "preliminary" estimate with work codes and authorizes the project to proceed to construction .
8. The Implementing Agency advertises the contract and issues contract addenda in accordance with Section 15.4 of the *Local Assistance Procedures Manual*. The Implementing Agency provides the Department's Project Manager with draft

- addenda. The Department Project Manager sends the FHWA Engineer "major" addenda, which require prior approval from the FHWA.
9. The Implementing Agency furnishes the Department Project Manager with a hardcopy of bid documents including a copy of the reduced set of plans; contract bond proposal and specifications. The Department Project Manager forwards this to the Oversight Engineer for review.
  10. The Implementing Agency publicly opens bids and designates the lowest "responsive" bidder for award in accordance with Sections 15.5 and 15.6 of the *Local Assistance Procedures Manual*.
  11. The Implementing Agency submits an Award Package to the Department Project Manager. Section 15.7 of the *Local Assistance Procedures Manual* lists the contents of this package. The Department Project Manager forwards the package to the FHWA. Good faith effort evaluation is submitted to Department's Division of Civil Rights for review. If the Department is Implementing Agency for Construction, the headquarters Office Engineer prepares the package and forwards it directly to the FHWA.
  12. The Implementing Agency awards the project and furnishes the Department Project Manager with a conformed copy of the contract bond and "Detail Estimate" (with work Improvement Type codes). The Department Project Manager forwards this to the Office of Federal Resources (or Division of Local Assistance).

### ***Requirements to Proceed With Project Component***

The Implementing Agency may proceed with the project component when:

1. A Cooperative Agreement is executed and Encroachment Permit issued if the Department is not the Implementing Agency and
2. The Implementing Agency has either submitted a letter of intent to use Government Code 14529.17 (Attachment B) or received an allocation of funds from the Commission for STIP, SHOPP<sup>4</sup> and other State funds and
3. The Federal Authorization to Proceed (E-76) is received for Federal Funds and
4. The OSE or Encroachment Permit Inspector has given approval to start construction (this applies only to the start of work on the construction component).

Attachment E is a sample Notice of Federal Authorization to Proceed.

### ***Requirements to receive payment***

The Department cannot reimburse the Implementing Agency for its expenses until the Implementing agency has met the requirements to proceed with the project component and the Implementing Agency has received an allocation of funds.

Attachment F is a sample component approval letter.

---

<sup>4</sup> SHOPP: State Highway Operation and Protection Program

## ***AB3090***

Government Code 14529.7, often referred to as AB3090, allows local agencies to use their own funds to deliver STIP projects ahead of schedule and then get paid back through an allocation by the Commission in the programmed year. The conditions for this action are outlined on the Internet at <http://www.dot.ca.gov/hq/transprog/stip> . Once the local agency receives CTC approval for an allocation, the Department will withhold the quality assurance funds, as described in the “Cooperative Agreement” section of this document.

AB3090 affects only the State allocation. It does not change any of the Federal authorization requirements.

## **Delivering each Project Component**

### ***General information for all components***

The Implementing Agency is responsible for ensuring that its staff, consultants and contractors comply with applicable State and Federal laws, regulations, policies procedures and with the Cooperative Agreement.

#### Project Development Team

It is advisable for the Implementing Agency Project Manager to hold a PDT meeting before the start of work on each component and regularly thereafter. The purpose of the initial meeting is to establish and affirm lines of communication and to ensure that all PDT members have a common understanding of the project goals and of their respective roles. A *Project Charter* is a useful tool for recording this common understanding. If the Department is the Implementing Agency, a Project Charter will be used.

#### Other Departmental Sources of Information

The *Project Development Procedures Manual* provides guidance for developing a State Highway project. It is on the Internet at

<http://www.dot.ca.gov/hq/oppd/pdpm/pdpmn.htm> .

The Department’s *Local Assistance Procedures Manual* provides Implementing Agencies with extensive information on how to comply with Federal requirements. It also contains many useful forms. It is on the Internet at

<http://www.dot.ca.gov/hq/LocalPrograms/lam/lapm.htm> .

The Department uses a standard *Work Breakdown Structure (WBS)* for planning and managing its project workload. This is described in the *Guide to the Project Delivery Work Breakdown Structure*. In that *Guide*, the Department provides a list of reference documents for each element of work that might be required on a State Highway project. It is on the Internet at <http://www.dot.ca.gov/hq/projmgmt/guidance.htm> .

All highway design work on State Highway projects must satisfy the standards in the Department's *Highway Design Manual*. It is on the Internet at <http://www.dot.ca.gov/hq/oppd/hdm/hdmtoc.htm> .

#### Civil Rights and Disadvantaged Business Enterprises (DBE)

If the project has any federal funding, the Implementing Agency shall comply with Federal DBE requirements and Title VI of the Civil Rights Act. See Chapter 9 of the *Local Assistance Procedures Manual*.

#### Consultant Selection

Consultant Selection shall comply with Government Code 4525 through 4529. See Chapter 10 of the *Local Assistance Procedures Manual*.

### ***Specific information for each component***

#### PA&ED

See Chapters 10 to 13 of the *Project Development Procedures Manual*. In addition, Chapters 6 to 8 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

If the Department is the Implementing Agency for PS&E, the PA&ED mapping and plans must be developed with software that is compatible with the drafting and design software used by the Department. This will allow the Department's designers to use the PA&ED products.

#### PS&E

See Chapter 14 of the *Project Development Procedures Manual*. In addition, Chapters 11, 12 and 15 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

If the Department is the Implementing Agency for Construction, the PS&E must be developed with software that is compatible with the drafting software used by the Department. This will allow the Department's Office Engineer to use the PS&E products when advertising the construction contract.

If the plans include a sign listing the sources of project funding, it shall use Standard Plan Sign T7 unless the Department, and FHWA for federal-aid project, approves an alternate sign.

#### Right of Way

See the *Right of Way Manual*. In addition, Chapters 13 and 14 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

### Construction

See the *Construction Manual*. When the Department is not the Implementing Agency, Chapters 16 and 17 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes. The Implementing Agency is responsible for all aspects on construction administration.

If the Department is not Implementing Agency, the Department will assign an OSE or Encroachment Permit inspector (see Key Roles) to verify that the Implementing Agency is completing their responsibilities. The Department's Division of Construction has issued *Oversight Engineer Field Guidelines* to the OSEs. The Department's Division of Construction has developed *Local Agency's Resident Engineer Guidelines for Projects on the State Highway System* to explain the applicable parts of the *Construction Manual* when the Department is not the Implementing Agency.

The Commission has asked the Department to report on every project that has received an allocation of funds for construction, but has not been awarded within six months. To enable the Department to make this report, the Implementing Agency submits a Notification of Contract Award (Attachment H). If the Department is the Implementing Agency, the Department's Office Engineer provides this notification.

On Full Oversight projects, the FHWA inspects the project in the field or through records at various times while it is under construction, and upon receiving the department's final voucher for funding, and after construction completion. Phase, inspections, inspections-in-depth and process reviews are included at the FHWA Engineer's discretion.

For all projects, the Implementing Agency furnishes the OSE or Encroachment Permit Inspector with hardcopies of all Contract Change Orders (CCOs). If there is federal participation and it is a Full Oversight project, the OSE forwards these to FHWA for determination of participation. FHWA provides prior approval for all major CCO's. The FHWA reviews, and signs all CCO's after determining participation, including any time extensions and claims.

If a sign is erected to show the sources of project funding, it shall use Standard Plan Sign T7 unless the Department, and FHWA for federal-aid projects, approves an alternate sign.

### ***Invoices***

If the Department is not the Implementing Agency, the Implementing Agency submits invoices for State and Federal funds in accordance with the Cooperative Agreement. If the Cooperative Agreement does not specify an invoice format, the Implementing Agency should use the appropriate form from Chapter 5 of the *Local Assistance Procedures Manual*. Attachment G is a sample invoice.

## **Close-Out of each Component**

The products listed below are required on all State Highway projects, without regard to which agency is the Implementing Agency.

### PA&ED

At the completion of PA&ED the Implementing Agency provides the Department with a set of project documents filed in accordance with the Uniform Filing System (Chapter 7 of the *Project Development Procedures Manual*).

If the Implementing Agency has used consultants to perform work on federally-funded projects and the consultant contracts are complete, the Implementing Agency submits a final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*).

### PS&E

At the completion of PS&E the Implementing Agency provides the Department with a set of project documents filed in accordance with the Uniform Filing System (Chapter 7 of the *Project Development Procedures Manual*).

If the Implementing Agency has used consultants to perform work on federally-funded projects and the consultant contracts are complete, the Implementing Agency submits a final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*).

If the Department is the Implementing Agency for Construction the plans must be submitted in an electronic format that is compatible with the drafting software used by the Department.

### Right of Way

At the completion of Right of Way the Implementing Agency provides the Department with:

- A Report of Completion of Right of Way Expenditures (see Chapter 17 of the *Local Assistance Procedures Manual* and *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*)
- A parcel list, monumentation map (Record of Survey) and final right of way Record Maps with electronic files.
- Certification of relinquishments, vacations, director deeds and all other final clearance and conveyance documents, maps and supporting data required for the project.

### Construction

At the completion of Construction the Implementing Agency provides the Department with:

- As-built plans and other records in accordance with the Cooperative Agreement and Local Agency Resident Engineer Guidelines for Projects on the State Highway System.
- A Report on changes in Horizontal and Vertical Clearances and Bridge Permit Ratings
- A Federal Report of Expenditures with its attachments (see Chapter 17 of the *Local Assistance Procedures Manual*)
- A Final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*)
- A close-out package, consisting of a Project Final Record Estimate, Material Certification, PR 47 (Statement of Material and Labor) and any other charges to project ( i.e.: Contract Change Orders, Director Days, Dispute Review Board, Arbitration, etc.)

The FHWA close-out process for “Full Oversight” projects consists of six steps:

1. The Department Resident Engineer or OSE forwards the close-out package to the FHWA.
2. The FHWA does a Final Inspection of the project at or prior to receipt of a “close-out package.
3. The FHWA Engineer completes a Project Final Acceptance Report (FA) on Form 1446A. FHWA Engineer uses Final Acceptance checklist to assure correct documentation is in files. FHWA Engineer sends copy of PR 47 to FHWA HQ’s. Any ineligible costs and/or liquidated damages not already addressed in the FA (per FHWA determination) are documented on a Federal-aid Ineligible Notice (FIN –pink slip).
4. The FHWA Engineer adds applicable information into Project Tracking system throughout the life of project.
5. The FHWA Engineer furnishes copy of Final Acceptance Report (and FIN as applicable) to FHWA Finance to allow payment of final voucher.
6. FHWA Finance alerts the FHWA Engineer that Project records (Pre and Post) are being sent to archives.

## **Retention of Records**

Title 49 United States Code of Federal Regulation section 18.42, requires that records be maintained for three years after FHWA’s final voucher reimbursement or after the period of litigation, whichever is later. The final voucher represents the final claim submitted by the Department to FHWA for completed projects. The final voucher process is done through the Department’s Division of Accounting. In addition, it would be appropriate to retain project records on warranty projects so long as the warranty period is in effect or for three years after final voucher reimbursement, whichever is later.

## Attachments

### *Attachment A – Sample Request for Authorization/Allocation of Funds*

#### *Local Agency Letterhead*

**To:** (Department Project Manager)

Date: \_\_\_\_\_

District \_\_\_\_\_

California Department of Transportation

Office of \_\_\_\_\_

P.O. Box \_\_\_\_\_

\_\_\_\_\_, CA \_\_\_\_\_

(EA Number)

(Federal Number)

(PPNO Number)

Project Description

Dear (Department Project Manager's Name):

In order to begin reimbursable work on (Component) for the above project, we request that you secure Federal authorization and obligate funds for this work. The amounts requested do not exceed the Federal funds provided to this agency in the approved Federal TIP/Federal Statewide TIP (FSTIP) for this component.

We also request a formal recommendation to the California Transportation Commission to allocate the funds for the above component of work at the (Commission meeting date).

The estimated expenditure deadline for this allocation is (Enter June 30<sup>th</sup> of the end of the second fiscal year after the requested approval date.) **Expenditures after this date will not be reimbursed and no adjustment will be made to the county share balance for any unspent funds unless the Commission extends the deadline.**

Attached are the following documents that are required to authorize this component:

#### Request for Authorization Package

Completed Finance Letter

#### Project Initiation Document

Approved PSR or PSR/PDS

Approved Project Report

#### Environmental Document

- FHWA Approved NEPA Environmental Document (required if requesting PS&E, R/W or Construction funds with State Matching funds) (copy of FHWA approval attached)  
FHWA Original Approval Date \_\_\_\_\_  
FHWA Re-evaluation Date, if applicable \_\_\_\_\_
  
- R/W Certification (required if requesting Construction funds) (copy attached)

I understand that invoice requests for payment will not be processed until a Cooperative Agreement has been executed and the expenditure authorization (EA) has been master filed.

- I plan to request reimbursement and invoicing for costs as incurred back to the beginning of the State's current Fiscal year, July 1, 20XX being that Project was approved in the FSTIP on Date, which was before the beginning of the current fiscal year XX/XX.
- I plan to request reimbursement and invoicing for costs as incurred back to the date on which the Project was approved in the FSTIP being that the FSTIP approval date is after the beginning of the current fiscal year XX/XX.

CERTIFICATION

I certify that the facts and statements in this "Request for Authorization Package" are accurate and correct. This Agency agrees to comply with the applicable terms and conditions set forth in Title 23, U.S. Code, Highways, and the policies and procedures promulgated by the Federal Highway Administrator, the California Department of Transportation and the California Transportation Commission relative to the above designated project.

I understand that each component of the project will require a separate authorization to be eligible for Federal reimbursement. I further understand that this Agency is responsible for costs in excess of the Federal funds obligated and all costs incurred before it has received FHWA "Authorization to Proceed" for that component of the project.

Please advise us as soon as the authorization has been received. You may direct any questions to (Name \_\_\_\_\_) at (phone number \_\_\_\_\_).

Signed \_\_\_\_\_  
Title \_\_\_\_\_  
Agency \_\_\_\_\_

Attachments

***Attachment B – Sample Notice of intent to begin work before receiving a STIP allocation***

***Local Agency Letterhead***

To: (Department Project Manager)  
(address)

Date:

Subject: AB 872 Notification of the Start of Reimbursable Work Prior to Allocation

The (local agency name) hereby notifies the California Department of Transportation (Caltrans) that work will begin on \_\_\_\_\_ (a date not to exceed 12 months prior to the expected allocation date), for the following project:

PROJECT PROGRAMMING NUMBER (PPNO): \_\_\_\_\_

PROJECT COMPONENT(S), PROGRAMMED AMOUNT(S), AND PROGRAM YEARS INCLUDED IN THIS NOTIFICATION

PROJECT DESCRIPTION :

*Choose one of the following two paragraphs:*

Federal funds are involved for this project. The “Request for Authorization to Proceed” package is included as an attachment to this notification (or: was submitted to the district on \_\_\_\_\_, or: will be submitted to the district by \_\_\_\_\_).

State-only funds are approved for this project pursuant to the current “Project Funding Policy” (or: pursuant to an exception granted on \_\_\_\_\_).

In beginning reimbursable work prior to allocation, (local agency name) understands that reimbursements will be made by the state, subject to annual appropriation by the Legislature, if all the following conditions are met:

- The California Transportation Commission (CTC) makes an allocation for, and Caltrans executes a Cooperative Agreement for the project.
- Expenditures made by the local agency are eligible for reimbursement in accordance with state and Federal laws and procedures. In the event that expenditures made by

Implementing Agency Responsibilities for Projects on State Highways

Revised June 2006

Page 20

the local agency are determined to be ineligible, the state has no obligation to reimburse those expenditures.

- The local agency complies with all legal requirements for the project, including, but not limited to, authorization by the Federal government, if required, and the requirements of the California Environmental Quality Act (Division 13, Section 21000) of the Public Resources Code.

Signature of Local Agency Representative

***Attachment C – Sample CTC Allocation Request***

***Department’s Memorandum Form***

To : MS. NORMA ORTEGA  
Chief, Division of Budgets

Date: Date

File: District-County-Route KP  
EA: XX-XXXXXX  
Federal Proj. No. XXXXX  
(Indicate “E” or “N”)  
PP No. XXXX

Attention: Capital Budgets Allocation Branch  
Code 20.20.XXX  
Local Capital Outlay XXXX/XX FY

From : **DEPARTMENT OF TRANSPORTATION**  
District (number) - Division of Program/Project Management

Subject: Request for Funds:

I recommend that Budgets submit a request to the California Transportation Commission to vote \$XXX,XXX for (Component) for this Regional Improvement Programmed project. The (LOCAL AGENCY) is programmed to be the implementing agency to deliver this component of the project.

The project is described as:

Description: The construction of a .....

Type of Work: This component of the project is to fund the.....

Need for Project/Proposed Improvements:

A new interchange.....

Performance Indicators: Not applicable for funding local capital outlay for development component work

Prior Approvals:

This component of the project is programmed in the (Year) State Transportation Improvement Program for \$XXX,XXX.

Status of Project:

- A. The Project Study Report (Project Development Support) was approved (DATE). The Report provides the basis for programming the PA&ED components of the project. The Project Report will serve as the appropriate document from which the remaining components will be programmed
- B. (Component) has been programmed in the (XX/XX) fiscal year and the (LOCAL AGENCY) is the implementing agency for this component of the project. (If applicable) The remaining balance for long range planning for funding support and capital construction are shown in CTIPS as (UNFUNDED NEEDS OR FUNDED IN FY XX/XX).
- C. (If applicable) Right of way is planned to be certified by (DATE).
- D. The Cooperative Agreement to cover quality assurance for this component of the project is planned to be signed by the (LOCAL AGENCY) by (DATE).
- E. This project is included in the current FSTIP. It is identified by (CTIPS ID or MPO ID) and is programmed in fiscal year XX/XX.
- F. Federal-Aid Status:  
  
This project is eligible for Federal participation.
- G. This project (is / is not) categorically exempt.

Advertising Date:

The project is planned to be advertised in (DATE).

Completion Date:

This project is scheduled to be completed by (DATE).

If you have any questions or need additional information, please contact the Department Project Manager, (NAME), at 8-XXX-XXXX.

APPROVAL RECOMMENDED:

(NAME)  
Deputy District Director  
For Program and Project Management  
District (number)

***Attachment D – Typical conditions for Local Agencies to Advertise, Award and Administer Full Oversight Projects***

Project is hereby authorized under AAA by local agency (named), approved by FHWA and Department on (date), with the following conditions and acknowledgements: (for full oversight)

- Normal requirements of the federal-aid project agreement (23 CFR 630A).
- Detail estimate will be prepared and submitted to FHWA in hard copy.
- Executed cooperative agreement(s) and encroachment permit(s) will be submitted to FHWA.
- The executed contract and final PS&E will be submitted to FHWA.
- All contract documents involving cost, time, or agreement with the contractor for cost/time, including contract plans and specifications, shall bear the federal-aid project number (as above).
- Contract addenda issued by the local agency are subject to approval by Caltrans and FHWA in accordance with existing procedures.
- Updated federal prevailing wage rates shall be incorporated into the contract and made a binding provision thereof.
- Caltrans will furnish name and contact information for the oversight engineer in responsible charge prior to the commencement of construction
- The provisions of the FHWA June 12, 2003 letter are unchanged by this PS&E approval or construction authorization.

***Attachment E – Sample Notice of Federal Authorization to Proceed***

***Department's Letterhead***

Date: Month, Day, Year

District-County-Route

PM from/to

PPNO: XX - XXX

EA: XX-XXXXX

Federal Project Number XXXXXXXXXXXX

Project Description .....

District Agreement No. XX-XXXX

To: Name and Title

Local Agency Address

Dear XXXXXXXXXXX:

In response to your letter dated XXXX XX, XXXX, Request for Authorization/Allocation of Funds, in which the (Local Agency name) requested that Federal Authorization be secured so the (City/County/Agency) could obligate funds for the (Preliminary Engineering/Construction/Right of Way) work associated with the above project.

The date established for Federal reimbursement of (PE/Construction/RW) cost is XXXXX XX, XXXX and is based on the following actions that have taken place:

- Project was approved in the FTIP on **Date**.
- E-76 for Right of Way was approved on **Date** / E-76 for Construction and Construction Engineering was approved on **Date**.

EITHER (FULL OVERSIGHT):

For construction, the Department requested and received, on behalf of the local sponsor, approval for delegated authority to advertise, award and administer (AAA) the construction contract, subject to FHWA Full Oversight and those conditions noted herein.

OR (STATE AUTHORIZED):

The Department has authorized the local agency to advertise, award and administer (AAA) the construction contract, utilizing federal funding assistance, subject to cooperative agreement(s) and encroachment permit(s) as applicable.

Please note the federal-aid project number which appears above is to be placed on and appear on all contract documents, including those which pertain to agreement with the prime contractor or joint-venture for cost, time, or both.

The [Local Agency] should not submit an invoice for reimbursement until an allocation is made by the California Transportation Commission and a Cooperative Agreement is executed. When the agreement is executed, the (City/County/Agency) will be instructed how to invoice for reimbursement of eligible costs.

(If applicable) The (City/County/Agency) is cautioned to only work on Federally eligible right of way activities that are allowed during the PE phase of work prior to National Environmental Protection Act (NEPA) clearance such as:

- Preparing Route Estimate Maps.
- Preparing Route Estimates.
- Preparing Right of Way Data Sheets.
- Preparing Housing Studies.
- Verifying Utility Facilities (including "potholing").

If you have any questions, please give me a call at (XXX) XXX-XXXX

Sincerely,

XXXXXX XXXXX  
Department Project Manager

Enclosures  
(Attach a copy of the E-76)

***Attachment F – Sample Component Approval***

***Department's Letterhead***

Date: Month Day, year

Dist #-County-Route

PM from/to

PPNO: XX-XXXXX

EA: XX-XXXXX

Federal Project Number XXXXXXXXX

Project Description .....

District Agreement No. XX-XXXX

To: Name and Title

Local Agency Address

Dear XXXXXXXXXXX:

This is a follow up to our letter dated, xxxx xx, xxxx, notifying you of your Federal authorization to proceed with (preliminary engineering/construction/right of way).

The California Transportation Commission allocated funds on (Date) and a Cooperative Agreement was executed on (Date). You may now begin invoicing the Department. The following information must be included on each invoice per the attached Sample of "STIP Project" Federal Invoice:

- Prefix-Project Number (Fed. Agreement Number) is xxxxxx
- Project Expenditure Authorization Number is xxxxxxxx
- Mail invoice to (name / function) (address)

The accounting and invoicing for reimbursement will follow the procedures outlined in the Local Assistance Procedures Manual, Chapter 5. The exception to the Local Assistance invoicing process is the invoice will be mailed to (name / function) and invoices will be processed by the Department's Office of Accounts Payable.

(If applicable) The (City/County/Agency) is cautioned to only work on Federally eligible right of way activities that are allowed during the PE phase of work prior to National Environmental Protection Act (NEPA) clearance such as:

- Preparing Route Estimate Maps.

Implementing Agency Responsibilities for Projects on State Highways

Revised June 2006

Page 27

- Preparing Route Estimates.
- Preparing Right of Way Data Sheets.
- Preparing Housing Studies.
- Verifying Utility Facilities (including "potholing").

If you have any questions, please give me a call at (XXX) XXX-XXXX.

Sincerely,

XXXXXX XXXXX

Department Project Manager

Attachment: Copy of the E-76

**Attachment G – Sample Invoice**

**Local Agency Letterhead**

Date of Invoice

(Designated person)

Department of Transportation

District XX

Office of \_\_\_\_\_

P.O. Box \_\_\_\_\_

\_\_(city)\_\_, CA \_\_(zip code)\_\_

Billing No: 1,2..., to Final

Invoice No: Local Agency's Invoice No.

Federal-aid Project No: xxxxxx

Tax Identification No: Agency IRS ID Number

Date Project Accepted by City/County: Final Date or "Ongoing" if not Final

Project Location: Project Limits

Project Expenditure Authorization: xxxxxxxxxxxxxxxx

Reimbursement for Federal funds is claimed pursuant to Cooperative Agreement No.

**Number** executed on **Date**.

	Environmental Studies & Permits	PS&E	Construction Engineering	Construction
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/99	5/12/99	6/10/99	6/10/99
Federal participating costs from	5/15/99	6/15/99	6/15/99	6/15/99
To	8/15/99	8/15/99	8/15/99	8/15/99
Total Indirect Costs to Date	<b>\$825.00</b>	<b>\$1,865.50</b>	<b>\$2,690.50</b>	-----
Total Direct Costs to Date	<b>\$4,000.60</b>	<b>\$8,400.30</b>	<b>\$8,290.00</b>	<b>\$150,652.00</b>
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Non-participating Costs	<u>(350.00)</u>	<u>(840.00)</u>	<u>(1,200.00)</u>	<u>(16,000.00)</u>
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$9,780.50	\$114,652.00
Less: Participating Costs on previous invoice	<u>\$2,120.95</u>	<u>\$6,350.20</u>	<u>0.00</u>	<u>\$98,231.00</u>

Implementing Agency Responsibilities for Projects on State Highways

Revised June 2006

Page 29

Change in Participating Costs	\$2,354.65	\$3,075.60	\$9,780.50	\$16,421.00
Reimbursement Ratio	88.53%	88.53%	88.53%	88.53%
Amount of this claim	<u>\$2,084.57***</u>	<u>\$2,722.82***</u>	<u>\$8,658.67***</u>	<u>\$14,537.51***</u>

**TOTAL INVOICE AMOUNT** \$28,003.57

**INDIRECT COST CALCULATION**

Environmental Studies & Permits Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$1944.00	\$673.82
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36

Total Indirect Costs To Date for Environmental Studies & Permits **\$825.00** (this Amount is carried to the front of the invoice under the Environmental Studies & Permits column)

PS&E Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$4756.23	\$1185.07
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$1474.43	\$391.07

Total Indirect Costs To Date for PS&E **\$1865.50** (this Amount is carried to the front of the invoice under the PS&E column)

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$6000.00	\$2516.67
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$1860.00	\$830.50

Total Indirect Costs To Date for Construction Engineering **\$2690.50** (this Amount is carried to the front of the invoice under the Construction Engineering column)



***Attachment H – Sample Notification of Contract Award***

***Local Agency Letterhead***

To: Chief, Office of CTC Liaison  
Division of Transportation Programming  
California Department of Transportation  
1120 N Street, Mail Station 82  
Sacramento, CA 95814

Date: \_\_\_\_\_  
(EA Number)  
(Federal Number)  
Project Description

The construction contract for project number (PPNO Number) in Caltrans District (Number) was awarded on (date). You may direct any questions about this project to (Name) at (phone number).

Signed \_\_\_\_\_  
Title \_\_\_\_\_  
Agency \_\_\_\_\_

Cc: (Department Project Manager)

***Attachment I – Department Program Responsible for Independent Assurance (IA) for Projects with construction cost less than \$1million on the State Highway System when the Department is not the Implementing Agency***

<p><b>Note: All Projects with a construction cost of \$1million or greater are the responsibility of the Capital Outlay Support program. The work is typically done by the District Construction and the Division of Engineering Services subdivision for Structure Construction.</b></p>	
<b>Type of Project</b>	<b>Responsible Program</b>
All Federal-aid Projects	Capital Outlay Support – the work is typically done by District Construction
Projects with construction phase cooperative agreement	Capital Outlay Support – the work is typically done by District Construction
Projects affecting bridges and other structures	Capital Outlay Support – the work is typically done by District Construction and the Division of Engineering Services –Subdivision for Structure Construction
Signal and Electrical Projects	Operations – the work may be done by District Encroachment Permits , if it has qualified staff available, or District Construction .
Landscape projects	Operations – the work may be done by District Encroachment Permits , if it has qualified staff available, or District Construction .
All other construction projects	Operations – the work is typically done by District Encroachment Permits