State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

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To: DISTRICT DIRECTORS

Date: January 26, 2006

File: 908

From: RICHARD D. LAND
Deputy Director
Project Delivery

Subject: District Stewardship Responsibilities for Federally Eligible State Highway Projects

In accordance with our stewardship agreement with the Federal Highway Administration (FHWA), the California Department of Transportation (Department) is committed to ensuring that all federally eligible projects, whether developed and administered by the Department or by a local entity, are completed in accordance with federal requirements. Not fulfilling our stewardship obligations could result in project delays and/or loss of federal funds for the Department and local entities. The current stewardship agreement, executed on December 26, 2002, is available on the Division of Budgets' website at http://onramp.dot.ca.gov/hq/budgets/stewardshipagreement.htm.

The attached matrix is provided to detail the sequence of events to process a full oversight project from PS&E review through final voucher. The matrix identifies the responsible entity for each event. The District Director is responsible for ensuring that adequate staff are budgeted and assigned to perform required levels of quality assurance throughout the project development process, from project inception through final voucher, for all federally eligible projects. Consultations with the FHWA Field Operations Engineer should occur early and throughout the project delivery process to ensure major issues are resolved prior to PS&E. These consultations should be documented in the project files.

Also, the FHWA and the Department are partnering to provide the "Stewardship Requirements for Advertisement, Award and Administration of Federal-aid Projects" training course. This course is designed to discuss Federal-aid policies and procedures related to the development of PS&E, and administration of construction contracts. The course also covers the new "Ready to List" guide and it's applicability to locally implemented state highway projects.

Please arrange to have this course presented in your district by the end of the 2005/2006 fiscal year and ensure the attendance of appropriate staff. The course is targeted for Project Managers, Design Engineers, Office Engineers, Local Assistance Engineers, Encroachment Permit Engineers and Construction Engineers involved with development of the Department's Federal-aid projects, and in providing oversight of local agencies' PS&E, consultant and construction

contracts for Federal-aid projects (STIP and Local Assistance) during the project development phase. To schedule the training course, contact Debbie Mullins, Administrative Assistant to Program, Project Management at (916) 263-5586, or via email at DebbieMullins@dot.ca.gov.

Please distribute this memorandum to district personnel and local agency partners that are involved with Federal-aid eligible projects, so that they are aware of their responsibilities. If you have any questions, please contact Mary Beth Herritt, Chief, Office of Project Development Procedures at (916) 653-4166 in Headquarters Design regarding pre-construction activities, and Rick Gifford, Coordinator, Special Funded Projects at (916) 263-4985 in Headquarters Construction regarding construction activities.

Attachment

c: WKempton
RIwasaki
Deputy Directors
Project Delivery Division Chiefs
Terry Abbott

Processing Full Oversight Projects
- PS&E Review through Final Voucher -

The following is the sequence of events to process Full Oversight (coded N) projects from PS&E review through final voucher with the related Caltrans office. The matrix identifies the responsible entity for each activity.

For Local Agency Advertise, Award and Administer (AAA) projects, Caltrans must approve Local Agency's construction administration procedures, verify Local Agency is adequately staffed and trained, and receive FHWA's concurrence prior to submittal of the 100% "complete" PS&E. The District Oversight Engineer (OSE) assigned to provide quality assurance for Local Agency AAA projects is responsible for assuring that federal requirements are met. The District will act as the liaison between the Local Agency and the Federal Highway Administration. NOTE: FHWA requires that the State processes be used as if it was AAA by the State, therefore the Caltrans Local Programs Manual is not applicable to these type of projects except as noted.

	ACTIVITY	State AAA	Local Agency (LA) AAA
1	100 % "complete" PS&E w/ attachment is reviewed and approved by Project Submitter (CT Project Manager or Oversight Engineer).	District	LA (through District)
2	Ready-to-List (RTL) Certification Form, documenting the type of oversight, is sent to HQ-OE.	District	N/A
3	100% "complete" PS&E w/ attachments are sent to FHWA for review per RTL Guide.	District	LA (through District)
4	Project is added to FHWA's DIV APPS Project Tracking System. FHWA confirms receipt of submittal package via e-mail to Project Submitter, HQ-OE, and Office of Federal Resources. *Note: FHWA will return incomplete PS&E packages to Project Submitter.*	FHWA	FHWA
5	FHWA reviews 100% "complete" PS&E package within 30 days of receipt. Comments (including no comments) are sent to the Project Submitter and HQ-OE.	FHWA	FHWA
6	FHWA comments are resolved.	District	LA (through District)
7	The Project Submitter returns to FHWA verification of resolution, the PS&E transmittal signed & dated confirming resolution of comments.	District	LA (through District)
8	FHWA Engineer signs and dates the "FHWA PS&E Approval Transmittal" confirming all comments are resolved, and faxes or e-mails a copy to the Project Submitter, HQ-OE and Office of Federal Resources.	FHWA	FHWA
9	Office of Federal Resources (and HQ Local Assistance if subvention funds such as RSTP and CMAQ are used) is notified that project can now be federally authorized and FHWA is ready to receive a funding request for authorization to proceed (E76).	District	District
10	E76(s) is reviewed and submitted to FHWA after receiving <u>all</u> supporting documents (i.e., preliminary "detailed" estimate combined and segregated BEES with applicable ineligible items broken out for State and local agency only funding).	HQ Fed Resources/ HQ Local Assistance	HQ Fed Resources/ HQ Local Assistance

Processing Full Oversight Projects
- PS&E Review through Final Voucher -

11	If subvention funds are used, Project Submitter must request Capital Subvention Reimbursement Authority from HQ Budgets.	District (through Local Assistance)	District (through Local Assistance)
12	E76 is reviewed and approved by FHWA. Any additional ineligible items/conditions will be stated on the E76 remarks section.	FHWA	FHWA
13	Office of Federal Resources and HQ Local Assistance are notified via TEALE (FADS) that FHWA has approved E76 and project can be advertised.	FHWA	FHWA
14	For State AAA, HQ-OE is notified by Office of Federal Resources that the project is federally cleared for advertisement.	CT HQ Fed Resources	N/A
15	For Local Agency AAA, Project Submitter notifies Local Agency, via letter, that project can be advertised.	N/A	District
16	Addenda issued as needed at (State or Local Agency) Project Engineer's request. "Major" addenda require FHWA approval. Addenda are approved and distributed by advertiser.	District/ HQ-OE	LA (through District for FHWA approval)
17	Hardcopy of bid documents (Fed # on all documents cover), including reduced plans, contract bond proposal, specifications, and addenda are sent to FHWA.	HQ-OE	LA (through District)
18	Bids are opened and lowest "responsive" bidder selected for award. "Concurrence in Award" package" is created which includes: Cover letter; verification/support of DBE good faith effort; R/W & Utility cert upgrade as applicable; bid analysis of 3 lowest bids; basis of recommended award/rejection; Bid Summary and Final Estimate of Cost.	HQ-OE, Civil Rights, R/W and Fed Resources	LA (through District to CT HQs Civil Rights)
19	The "Concurrence of Award" package is sent to FHWA.	HQ-OE	LA (through District)
20	"Concurrence in Award" package processed by FHWA.	FHWA	FHWA
21	FHWA approves or rejects DBE Good Faith effort and notifies CT HQ's Civil Rights, and HQ-OE (State AAA) or Project Submitter (Local Agency AAA).	FHWA	FHWA
22	FHWA approves or rejects R/W & Utility cert upgrade, as applicable.	FHWA	FHWA
23	FHWA reviews, then concurs or rejects package and notifies CT within 10 days via e-mail to HQ-OE (State AAA) or Project Submitter (Local Agency AAA) with FHWA's action.	FHWA	FHWA
24	FHWA concurrence is obtained if all bids are rejected.	HQ OE	LA (through District)
25	Project is awarded and FHWA is furnished a conformed copy of the contract bond proposals.	HQ OE	LA (through District)

26	For Local Agency AAA using subvention funds, Local Agency submits Award Package to District Local Assistance per Local Assistance Procedures Manual.	N/A	LA
27	Project inspected (field and/or records) by FHWA at various times while it is under construction.	FHWA	FHWA
28	Hardcopy of all CCO's furnished to FHWA for determination of participation. For Local Agency AAA, OSE provides signature on all CCO's to verify adequacy.	District	LA (through District)
29	Prior to Resident Engineer approval, all major CCOs must get FHWA's prior approval ("Construction Manual" - Chapter 5). For Local Agency AAA, OSE recommends approval to FHWA.	FHWA	FHWA
30	FHWA reviews and approves all CCO's.	FHWA	FHWA
31	For Local Agency AAA, Final Inspection by FHWA per "Oversight Engineer Field Guidelines".	N/A	FHWA/CT/LA
32	For State AAA, Final Inspection by FHWA per "Construction Manual."	FHWA/CT	N/A
33	Copy of FHWA Final Acceptance Checklist w/attachments furnished to FHWA. (i.e., Materials Certification, PR 47, DBE percentage, etc.).	District/ HQ Const/ Civil Rights	LA (through District)
34	Project Final Estimate Report (PFER) on Form 1446A completed by FHWA. Copy of PR 47 to FHWA HQ's. Any ineligible costs and/or liquidated damages not already addressed in the PFER (per FHWA determination) are documented on a Federal-aid Ineligible Notice (FIN).	FHWA	FHWA
35	Copy of Final Acceptance Report (and FIN as applicable) furnished to FHWA Finance by FHWA Engineer to allow payment of final voucher.	FHWA	FHWA
36	Project is Final Vouchered.	CT	LA (through CT)
37	All contract documents are kept for three years following payment of final voucher by FHWA.	District	LA
38	FHWA-Finance alerts FHWA-Engineer that FHWA's Project records (Pre and Post) are to be sent to FHWA archives.	FHWA	FHWA

With STATE-AUTHORIZED projects Caltrans is delegated to "act" in FHWA's behalf. This includes completing all applicable forms from the contractor then submitting directly to the applicable FHWA HQ's office. Substitute Caltrans/District for FHWA to use the chart for State-Authorized projects.