



Local Programs Procedures

LPP 93-03 Construction Engineering

Reference: Local Programs Manual, Volume I, Section 15

Effective Date: September 1, 1993

Approved: *Original Signed By*
Chief, Office of Local Programs

This procedure modifies the limitation on Federal reimbursement for construction engineering costs to comply with ISTEA. This revision will be incorporated into the Local Programs Manual during the next update.

EXISTING PROCEDURES

LPM, Volume I - Project Processing Procedures, Section 15 - Plans, Specifications and Estimates, page 11, "Construction Engineering" states: "Federal reimbursement for construction engineering is limited to 15% of the Federal participating construction costs." This limits Federal reimbursement for construction engineering costs to 15 percent of the construction cost on each project.

NEW PROCEDURES

ISTEA changed the limitation on Federal reimbursement for construction engineering as a percentage of total project construction costs. Under ISTEA, Federal reimbursement for construction engineering is limited to 15 percent of the total estimated construction costs of all projects financed with Federal-aid highway funds that fiscal year. This percentage applies to the total of all projects involving Federal funds and eliminates the project-by-project limitation of 15 percent. The estimated construction cost excludes the estimated costs of right-of-way, preliminary engineering and construction engineering.

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In order to give local agencies flexibility in determining how their Federal apportionments will be spent, construction engineering costs in excess of 15 percent can now be obligated on individual local agency projects. Approval of costs in excess of 15 percent on specific projects, however, is subject to review for reasonableness by the District Local Streets & Roads Engineer and approval by Office of Local Programs Area Engineers.

The Office of Local Programs will work with the Federal Resources Branch, in the Division of Budgets, to monitor construction engineering costs for local programs. If it appears that the 15 percent limitation for California will be exceeded, the Federal Resources Branch and the Office of Local Programs will make appropriate adjustments to the Federal-aid programs, without affecting individual local agency projects that have already been approved.