Construction Policy Bulletin

CPB 08-4 Federal Highway Administration Involvement in Contract Administration

References:	*Construction Manual*	Section 5-007, "Federal Highway Administration Involvement in Contract Administration"
		Section 5-308, "Federal Highway Administration Contract Change Order Requirements"
	Oversight Engineer Field Guidelines	Section 2-4, "Federal Highway Administration"

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Chief
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Background

The 2007 Joint Stewardship and Oversight Agreement between Caltrans and the Federal Highway Administration (FHWA) provides a roadmap for managing the federal-aid highway program. Caltrans and FHWA jointly determine which projects are classified as "high profile projects" and document FHWA involvement in individual high profile project agreements. Federal-aid projects not selected as high profile projects are designated as "delegated projects."

Existing Procedure

Section 5-007, "Federal Highway Administration Involvement in Contract Administration," of the *Construction Manual* establishes FHWA oversight requirements based on the project classification of full oversight ("N") or state authorized ("E"). Section 5-308, "Federal Highway Administration Contract Change Order Requirements," of the *Construction Manual* describes FHWA involvement in processing of contract change orders. Section 2-4, "Federal Highway Administration," in the *Oversight Engineer Field Guidelines* describes FHWA involvement when a local agency administers a federal project on the state highway system.

New Procedure

When first assigned responsibility for a construction contract on the state highway system, Caltrans and local agency resident engineers, must determine if it is a federal-aid contract and the federal-aid classification.

"High profile projects" and "delegated projects" will be using the same "N" and "E" designations as full oversight and state authorized projects have in the past. Resident engineers need to review the resident engineer's pending file and talk to the project manager to determine their project's classification.

Federal-aid projects that are classified as full oversight or state authorized will continue to follow the existing procedures in the *Construction Manual* and *Oversight Engineer Field Guidelines.* During the transition period, construction projects can still be classified as full oversight or state authorized.

Delegated projects follow the same procedures as state authorized projects in the *Construction Manual* and *Oversight Engineer Field Guidelines*, except for federal environmental requirements. FHWA has delegated to Caltrans some of FHWA's authority and responsibility for compliance with the National Environmental Policy Act (NEPA) and other environmental laws. Resident engineers should review the project NEPA documents and discuss with the district environmental – construction liaison, to determine if FHWA involvement is necessary when there are changes to the environmental requirements for the project.

The resident engineer should receive a copy of the high profile project agreement in the resident engineer's pending file or from the project manager. Before the start of construction, the construction senior must review the high profile project agreement with the FHWA transportation engineer and discuss FHWA's involvement on the project.

FHWA will no longer review or approve minor contract change orders for "N" projects, as outlined in Section 5-308A(2), "Federal Highway Administration Approval Requirements – Minor Contract Change Orders," of the *Construction Manual*. Resident engineers no longer need to supply copies of the minor contract change orders to FHWA. Minor contract change orders are still subject to FHWA's process review; therefore, FHWA eligibility still needs to be noted on all contract change order memorandums. The district contract change order desk will answer any questions on contract change order federal-aid eligibility.

Caltrans is now receiving federal-aid funds indirectly from the California Office of Traffic Safety. Construction projects that receive these indirect federal-aid funds use "OTS" as the federal-aid number. Contract documents with OTS designation contain the same federal-aid contract special provision as delegated projects. Resident engineers must follow the same procedures for OTS as for delegated projects.

If you have any question or comments about this bulletin, please contract Rick Gifford, Office of Contract Administration, at (916) 657-5211.