



OFFICE MEMORANDUM

DATE: August 25, 2006

TO: Region Engineers
Region Delivery Engineers
TSC Managers
Resident/Project Engineers
Region Construction Engineers

FROM: Larry E. Tibbits
Chief Operations Officer

John C. Friend
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SUBJECT: Bureau of Highway Instructional Memorandum 2006-10
Region Oversight of Local Agency Construction Projects
(Supersedes BOH IM 2005-02)

The Michigan Department of Transportation (MDOT) and local agencies have a mutual goal of providing a quality and cost-effective transportation system while ensuring federal and state funding participation.

Per Title 23 of the Code of Federal Regulations (CFR) under Part 635.105(a), MDOT is responsible for all federal aid highway projects developed and delivered in Michigan. This responsibility includes adequate oversight of local agency federal aid highway construction projects. Therefore, MDOT staff and consultants overseeing local agency construction projects are required to follow the procedures as set forth in this instructional memorandum.

This document makes several references to MDOT's *Construction Manual*. It is imperative that department and local agency personnel involved with local agency construction projects use the most recent version of this manual. Effective immediately, the following shall apply to all local agency construction projects.

DEFINITIONS:

LPE The local agency project engineer.
DR MDOT's designated representative responsible for oversight on local agency construction projects. This MDOT representative must be a licensed professional engineer and will usually be the TSC delivery engineer or TSC manager.

PROJECT ADMINISTRATION: MDOT-LET LOCAL AGENCY PROJECTS (Road/Bridge/Enhancement)

These procedures are designed to ensure federal and state funding participation for local agency projects let by MDOT.

Pre-Grade Inspection/Grade Inspection Meetings – The Local Agency Programs (LAP) Unit is responsible for scheduling and conducting plan review and inspection meetings, and notifying the appropriate department personnel. Each region or TSC shall provide the name of the DR to the local agency. The local agency is responsible for sending the preliminary plans, specifications, and estimate package to the DR. If the DR is unable to attend the grade inspection (GI) meeting, he/she should forward all comments regarding the project to the LAP Unit staff engineer no later than the date of the scheduled meeting. These comments will be discussed at the GI meeting and addressed by the local agency. The local agency is responsible for the quality of the plans, specifications, and estimates. The DR's comments, if any, are intended to provide basic constructability guidance and statewide consistency. The LAP Unit is responsible for ensuring the plans meet minimum federal or state funding eligibility requirements during the design stage in consultation with the FHWA. The local agency shall notify the DR in the early stages of plan development of projects that involve work within MDOT's right of way. For additional information, refer to MDOT's *Construction Manual*, Section 102, Plans, Proposal, Input, Review and Evaluation, and Progress Clause.

Checklist for Construction Documentation – The DR should refer the LPE to www.michigan.gov/mdotlap for information on project administration procedures and details for the retention and disposal of project records, as well as current construction documentation requirements.

Preconstruction Meeting – A preconstruction meeting shall be held prior to the contract award. The LPE is responsible for scheduling and conducting the preconstruction meeting and shall invite the DR. The DR (or designee) shall attend preconstruction meetings for projects within MDOT's right-of-way. For additional information, please refer to MDOT's *Construction Manual*, Section 102, Preconstruction Meeting.

Interim Meetings – If a DR (or designee) does not attend the preconstruction meeting, an opportunity must be provided for the LPE to meet and discuss issues/concerns or field related problems with MDOT.

Field Inspections - During construction of the project, the DR (or designee) may be available as a technical resource. The DR (or designee) is to conduct at least one field inspection on all large or complex projects. The field inspection is to be a general inspection of the project, including a review of the construction operations, traffic control, and progress of the project. The DR should provide guidance, where applicable, or address any issues the local agency may have with the project. The inspection should be documented by the local agency and placed in the project files.

Work Orders and Contract Modifications – The LPE must contact the DR for concurrence before initiating work orders or contract modifications that involve extras/adjustments that will exceed Federal Highway Administration, State Administrative Board or State Transportation Commission thresholds. The thresholds can be review in BOH IM 2004-14, *Processing Contract Modifications*, and BOH IM 2005-11, *Federal Highway Administration Approval Limits on Contract Modifications*. A document titled *Local Agency Programs Section, Federal Eligibility Guidelines*, is available at LAP's Web site http://www.michigan.gov/documents/mdot_federal_Guidelines_99105_7.pdf. These guidelines indicate under what circumstances items are eligible for participation for projects funded with federal and/or state funds. All contract modifications must be signed, authorized, and approved, per current MDOT procedures. See *Construction Manual*, Section 103, Contract Modifications.

Extension of Time – The LPE must forward all contractor extension of time requests, Form 1100A, to the DR for review and approval before initiating a contract modification. The LPE must process all extension of time requests and/or contract modifications to extend the contract

completion date in a timely manner to avoid the loss of participating federal funds, as described below in the Final Inspection and Acceptance of Project section.

Contractor Claims – Region and/or TSC staff attendance at claim hearings at the local agency level is appropriate, but not required. Local agency claim reviews are optional and are meant to resolve claim issues at the lowest possible level. These claim meetings will usually be conducted by the local agency manager or supervisor, and will be conducted with the project engineer and the contractor. Region involvement is required at TSC, region, and central office review hearings, per MDOT procedures. Refer to MDOT's *Construction Manual*, Section 103, Contractor Claims for Extra Compensation.

Final Inspection and Acceptance of Project – The LPE shall notify the DR when the project is ready for a final field inspection. The DR (or designee) shall attend the final field inspection. The LPE shall submit Form 1120 to the DR for signature by the TSC manager. Refer to MDOT's *Construction Manual*, Section 109, Acceptance of Work. The LPE shall demonstrate progress to secure final acceptance within six months of the project completion date, or the date established by subsequent extension of time requests approved by MDOT. Failure to do so may jeopardize federal funding for the project.

Final Project Reviews (Certified/Uncertified Engineers) – Refer to MDOT's *Construction Manual*, Section 109, Final Estimate Review, for further details on conducting final reviews of project documentation. These reviews are required on all local projects administered by non-certified engineer(s) and will help to assure substantial conformance to the plans, proposal, specifications, and other federal requirements.

Monitoring Overdue Finals –The DR shall monitor and track overdue finals for local government projects and advise the respective LPEs. The DR may provide assistance to respective LPEs in eliminating all overdue finals. For information, please contact the Contract Services Division or the Construction and Technology Support Area's Region Services Unit.

Charging Time – MDOT staff who perform design and construction project oversight services must charge their time to the respective local agency project. If the local government project number is not available or not yet programmed, time is to be charged and coded per the most recent construction advisory on charging time to local agency projects.

PROJECT ADMINISTRATION: LOCAL-LET LOCAL AGENCY PROJECTS **(Enhancement Projects Only)**

These procedures are designed to ensure federal and state funding participation for local agency projects let by the local unit of government.

Pre-Grade Inspection/Grade Inspection Meetings – The LAP Unit is responsible for scheduling and conducting plan review and inspection meetings, and notifying the appropriate department personnel. Each region or TSC shall provide the name of the DR to the local agency. The local agency is responsible for sending the preliminary plans, specifications, and estimate package to the DR. If the DR is unable to attend the GI meeting, he/she should forward all comments regarding the project to the LAP Unit staff engineer no later than the date of the scheduled meeting. These comments will be discussed at the GI meeting and addressed by the local agency. The local agency is responsible for the quality of the plans, specifications, and estimates. The DR's comments, if any, are intended to provide basic constructability guidance and statewide consistency. The LAP Unit is responsible for ensuring the plans meet minimum federal or state funding eligibility requirements during the design stage in consultation with the FHWA. The local agency shall notify the DR in the early stages of plan development of projects that involve work within MDOT's right-of-way. For additional information, refer to MDOT's

Construction Manual, Section 102, Plans, Proposal, Input, Review and Evaluation, and Progress Clause.

Advertising and Award Notifications – The LAP Unit shall provide a copy of the local/state agreements and the authorizations to advertise and award to the DR and the LPE. The authorization to award will include a description of the scope of work, and contain the bid and agreement amounts.

Checklist for Construction Documentation – The DR should refer the LPE to www.michigan.gov/mdotlap for information on project administration procedures and details for the retention and disposal of project records, as well as current construction documentation requirements.

Preconstruction Meeting – The LPE is required to schedule and conduct a preconstruction meeting and invite the DR. The DR (or designee) shall attend preconstruction meetings for projects within MDOT's right-of-way. The local agency shall supply a final set of contract documents (proposal, plans, addendums, etc.) to the DR at the preconstruction meeting. Preconstruction meetings shall be held prior to the contract award. For additional information, please refer to MDOT's *Construction Manual*, Section 102, Preconstruction Meeting.

Interim Meetings – If a DR (or designee) does not attend the pre-construction meeting, an opportunity must be provided for the LPE to meet and discuss issues/concerns or field related problems with MDOT.

Field Inspections - During construction of the project, the DR (or designee) may be available as a technical resource. The DR (or designee) is to conduct at least one field inspection on all large or complex projects. The field inspection is to be a general inspection of the project, including a review of the construction operations, traffic control, and progress of the project. The DR should provide guidance, where applicable, or address any issues the local agency may have with the project. The inspection should be documented by the local agency and placed in the project files.

Overruns – The maximum amount of federal and state funds available for the project is established in the MDOT/local agency agreement. If federal or state participation in the "as bid" federal or state participating work does not exceed that limit, federal or state reimbursement may be made on "as constructed" quantities that exceed the original contract estimate. The overrun must be deemed by the DR to be necessary to complete the work as specified on the plans, cannot exceed the total bid for the contract by ten percent, and require prior MDOT approval by the DR. Overrun work that is performed prior to approval is not eligible for state or federal reimbursement. Federal and state reimbursement may not exceed the available funds as established in the MDOT/local agency agreement at any time.

Extra Work – The LPE must contact the DR for concurrence before initiating work orders or contract modifications for extras/adjustments. Extra work is defined as any work that is determined to be essential to the satisfactory completion of the contract, but which neither appeared therein as a specified item of work nor is included in the price bid for other items in the contract. Reimbursement of all eligible project costs, including any extra or overrun, shall not exceed the maximum amount of federal and state funds available for the project, as defined in the MDOT/local agency agreement. Extra work eligible for reimbursement is limited to \$48,000 and shall not begin until approval by the DR is received and documented in the project files. Extra work performed prior to approval is not eligible for state or federal reimbursement. A document titled *Local Agency Programs Section, Federal Eligibility Guidelines*, is available at LAP's Web site http://www.michigan.gov/documents/mdot_federal_Guidelines_99105_7.pdf. These guidelines indicate under what circumstances items are eligible for participation for projects funded with federal and/or state funds.

Extension of Time – The LPE must forward all contractor extension of time requests, Form 1100A, to the DR for review and approval before initiating a contract modification.

Contractor Claims - Federal and state participation in claims is subject to the maximum amount of federal and state funds as established in the MDOT/local agency agreement. Attendance at the local agency level claim hearing by the DR is suggested, but not required.

Final Inspection and Acceptance of Project – The LPE shall notify the DR when the project is ready for a final field inspection. The DR (or designee) shall attend the final field inspection. The LPE shall submit Form 1120 to the DR for signature by the TSC manager.

Final Project Reviews (Certified/Uncertified Engineers) – Refer to MDOT's *Construction Manual*, Section 109, Final Estimate Review, for further details on conducting final reviews of project documentation. These reviews are required on all local projects administered by a non-certified engineer(s) and will help to assure substantial conformance to the plans, proposal, specifications, and other federal requirements.

Final Estimate – The LPE shall submit the final request for reimbursement, Form 802P, along with copies of the Final Inspection/Acceptance and Certification Report (Form 1120), and the Final Estimate Review Summary (Form 1147), to the DR for review and approval. The DR shall forward the final estimate package to the LAP Unit for processing and approval. The DR should direct the LPE to the department's website (www.michigan.gov/mdotlap) for further information on these and other procedures related to local-let projects that are federally funded transportation enhancement, or state funded economic development projects.

Charging Time – MDOT staff who perform design and construction project oversight services on enhancement projects must charge their time to the respective local agency project and coded per the most recent construction advisory on charging time to local agency projects.

PROJECT ADMINISTRATION: ECONOMIC DEVELOPMENT DIRECT GRANT PROJECTS

These procedures are designed specifically for those “direct grant” projects let by the local agency with state funding participation only. All economic development projects that are not administered as direct grants will be administered as MDOT-let local agency projects.

Direct Grant Process – In fiscal year 2000, the Office of Economic Development and Enhancement (OEDE) implemented a unique process for administering state transportation economic development fund grants. The OEDE provides the grant directly to the local agency to be let and awarded under the local requirements of Public Act 51 of 1951. The only exception to following local requirements is that contractors must pay state prevailing wage rates on direct grant projects.

Project Administration – A DR is not required for direct grant projects. The OEDE will conduct pre- and post-project site visits, approve modifications (rarely), and close out the project upon completion.

The OEDE will inform the region or TSC early during project development of Transportation Economic Development Fund projects in which they may be interested. The OEDE will work cooperatively to ensure potential trunkline-related issues are addressed. On occasion, local recipients of direct grants perform work on a state trunkline under MDOT permit. When this occurs, the permitting process will ensure adherence to MDOT procedures. There will be no change to the direct grant process. Question or concerns regarding direct grant projects should be directed to the OEDE.

CENTRAL SUPPORT AREA ASSISTANCE**Construction and Technology Support Area Staff Engineers by Region**

Bay	Jeff Grossklaus	517-322-5769
Grand	Eric Burns	517-322-6331
Metro	Gian Taneja	517 322-6181
North	Curtis Bleech	517-322-1237
Southwest	Dave Gauthier	517-322-5710
Superior	Jeff Grossklaus	517-322-5769
University	Dave Gauthier	517-322-5710

Pile Driving Data – Data are obtained through the Construction and Technology Support Area. Contact the Bridge Operations Section at 517-322-5120 or 517-322-6331.

Monitoring Overdue Finals – Contact the Construction and Technology Support Area's Operations Review Specialist at 517-322-6181.

MDEQ-Environmental Notification – MDEQ is responsible for providing notification to the local road commissions of any non-contiguous wetlands within their jurisdiction that may be impacted by their respective projects. We encourage all region/TSC staff responsible for local agency oversight to contact their respective region resource specialist for assistance to ensure consistency with federal and state requirements for wetland protection.

Review Process-MDOT/LAP – Refer to www.michigan.gov/mdotlap for guidelines on federal eligibility, performing construction engineering, and for instructions on preparing to bid federal aid projects through MDOT. Contact Local Agency Programs at 517-335-2233.

Office of Economic Development and Enhancement – Please contact the manager of the Office of Economic Development and Enhancement Programs at 517-373-2666.

Please share this information with consultants and local agencies within your area.

Chief Operations Officer

Engineer of Delivery

BOHD:C/T:JJG:kab

Index: Local Government Projects

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