



Local Programs Management Handbook



Division of Technical Services
Transportation Program Management
Local Programs Management Office
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INTRODUCTION

LOCAL PROGRAMS MANAGEMENT OFFICE

The Local Programs Management (LPM) Office has been formed to provide a variety of services to local governments as they engage with the North Carolina Department of Transportation (NCDOT). The primary objective of the LPM Office is to establish policy and procedures for those projects that are administered by a Local Government Agency, or LGA. NCDOT passes through federal and/or state funds to LGAs, in order to implement a project, program, or study. Federal funding comes through (primarily) the Federal Highway Administration (FHWA). State funds are appropriated by the NC General Assembly.

An LGA can be a Municipality, County, or State Agency, who proposes to construct a transportation project or carry out a transportation program. Non-profit groups may also act as the initiator of a project, although NCDOT prefers to coordinate through a Local Government Agency. The NCDOT programs projects in the State Transportation Improvement Program to receive federal or state money on the basis of recommendations of Municipal or Rural Planning Organizations (MPOs and RPOs), NCDOT Staff, and Board of Transportation Members.

The LPM Office is committed to establishing appropriate oversight in order to ensure the best use of public funds, whether state or federal, and compliance with all applicable state and federal regulations.

Through this program, the LGA is responsible for carrying out the design and construction of the project, or implementation of the program. NCDOT's role is to advise, approve and oversee the proper expenditure of funds by an LGA on an eligible project or program. FHWA holds NCDOT accountable to ensure that Federal funds are expended correctly and appropriately. The State Auditor's Office holds NCDOT accountable for the responsible expenditure of state funds.

The LPM Office has oversight of multiple funding programs including Transportation Enhancement (TE), Direct Attributable (DA), Earmarks or High Priority funds, select Bicycle and Pedestrian funds, and will provide assistance for those areas of NCDOT that oversee Safe Routes to School (SRTS), Congestion Mitigation and Air Quality (CMAQ), and Municipal Bridge.

Other areas where the LPM will engage with Local Governments will be when a NCDOT project occurs within the boundaries of a Municipality. In those cases, the LPM will prepare and execute an agreement that governs the Municipality's responsibilities concerning the NCDOT project including utility relocation; amenities such as sidewalks, noise walls, and landscaping; and maintenance.

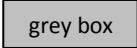
LOCAL PROGRAMS HANDBOOK

This Handbook is designed to be a resource for a Local Government Agency when administering a project with **Federal funds**. The Handbook is meant to be a companion guide to the [Project Agreement](#), and, along with the [Project Management Overview](#), should provide guidance on meeting all pertinent requirements of NCDOT and the Federal Highway Administration.

The Handbook follows the same organization as the Agreement, but provides procedural detail on how the Agreement provisions will be implemented. By signing the Agreement, the Local Government Agency agrees to comply with all the requirements as specified in the Agreement and explained in the Handbook.

This Handbook also provides information on **State-funded only** projects and the different requirements for their implementation in the [State](#) section. An explanation of different agreements that a Local Government may enter into with NCDOT is also provided in the [Project Agreement](#) section.

HOW TO USE THIS HANDBOOK

Each section has a **HEADER** identifying the topic, with a  that provides a brief summary of the topic and the related **POLICY**.

Below the box is more detailed information, including information about **PROCEDURES** and **REFERENCES**. [Hyperlinks](#) are included to reference information on the internet. Terms in [blue](#) reference other subjects in the Handbook.

A listing of commonly-used **ACRONYMS and ABBREVIATIONS** is also included.

While all efforts have been made to incorporate accurate information and sufficient detail for project LGA, it may be necessary to contact the regional representative of the LPM Office or Division Project Managers with questions not answered here.

COUNTIES FOR REGIONAL ASSIGNMENTS

County	Region	County	Region	County	Region
Alamance	Central	Forsyth	Central	Onslow	Eastern
Alexander	Western	Franklin	Central	Orange	Central
Alleghany	Western	Gaston	Western	Pamlico	Eastern
Anson	Western	Gates	Eastern	Pasquotank	Eastern
Ashe	Western	Graham	Western	Pender	Eastern
Avery	Western	Granville	Central	Perquimans	Eastern
Beaufort	Eastern	Greene	Eastern	Person	Central
Bertie	Eastern	Guilford	Central	Pitt	Eastern
Bladen	Eastern	Halifax	Eastern	Polk	Western
Brunswick	Eastern	Harnett	Eastern	Randolph	Central
Buncombe	Western	Haywood	Western	Richmond	Central
Burke	Western	Henderson	Western	Robeson	Eastern
Cabarrus	Western	Hertford	Eastern	Rockingham	Central
Caldwell	Western	Hoke	Central	Rowan	Central
Camden	Eastern	Hyde	Eastern	Rutherford	Western
Carteret	Eastern	Iredell	Western	Sampson	Eastern
Caswell	Central	Jackson	Western	Scotland	Central
Catawba	Western	Johnston	Eastern	Stanly	Western
Chatham	Central	Jones	Eastern	Stokes	Central
Cherokee	Western	Lee	Central	Surry	Western
Chowan	Eastern	Lenoir	Eastern	Swain	Western
Clay	Western	Lincoln	Western	Transylvania	Western
Cleveland	Western	Macon	Western	Tyrrell	Eastern
Columbus	Eastern	Madison	Western	Union	Western
Craven	Eastern	Martin	Eastern	Vance	Central
Cumberland	Eastern	McDowell	Western	Wake	Central
Currituck	Eastern	Mecklenburg	Western	Warren	Central
Dare	Eastern	Mitchell	Western	Washington	Eastern
Davidson	Central	Montgomery	Central	Watauga	Western
Davie	Central	Moore	Central	Wayne	Eastern
Duplin	Eastern	Nash	Eastern	Wilkes	Western
Durham	Central	New Hanover	Eastern	Wilson	Eastern
Edgecombe	Eastern	Northampton	Eastern	Yadkin	Western
				Yancey	Western

**LOCAL PROGRAMS MANAGEMENT OFFICE
CONTACT INFORMATION**

Eastern Region

Debbie Oliver Vick, Program Consultant
Sylvia Marshall, Contract Officer

Phone Numbers

919-250-4148
919-250-4150

E-mail

dovick@ncdot.gov
smarshall@ncdot.gov

Central Region

Marta Matthews, Program Consultant
Sheila Gibbs, Contract Officer

919-250-4147
919-250-4158

mtmatthews@ncdot.gov
sgibbs@ncdot.gov

Western Region

Tabitha Demarest, Program Consultant
Sheila Elliott, Contract Officer

919-250-4154
919-250-4157

tdemarest@ncdot.gov
selliott@ncdot.gov

Environmental Documentation

Ed Davis, Program Consultant

919-250-4144

edavis@ncdot.gov

Sandy Nance, Acting Director

919-250-4152
919-733-7384

snance@ncdot.gov

Program Consultants – approve and negotiate agreements with local governments, handle pre-construction project management activities for federally-funded projects, provide guidance and oversight to LGAs and Divisions for all Locally Administered Projects.

Contract Officers – review and approve all Division-level agreements; prepare and review all TIP agreements (both Municipal and Utility); initiate all agreements for Locally Administered Projects with federal funds.

MAILING ADDRESS: (for all USPS mail)

North Carolina Department of
Transportation
Transportation Program Management
1595 Mail Service Center
Raleigh, NC 27699-1595

DELIVERY ADDRESS: (for all deliveries - UPS,
FedEx)

North Carolina Department of Transportation
Transportation Program Management
1020 Birch Ridge Drive
Entrance B-1
Raleigh, NC 27610

DIVISION CONTACTS

Division Project Managers oversee all construction administration and inspection and provide pre-construction management activities for state-funded projects.

Div 1				
Division Project Manager	Barry Hobbs, PE	(252) 482-7977	bhobbs@ncdot.gov	
<hr/>				
Div 2				
Project Engineer	Betty Ann Caldwell, PE	(252) 830-3490	bacaldwell@ncdot.gov	
<hr/>				
Div 3				
Project Manager	Patrick Riddle	(910) 251-5724 x:223	priddle@ncdot.gov	
<hr/>				
Div 4				
Division Project Manager	Jerry Page, PE	(252) 237-6164 x:3551	jpage@ncdot.gov	
<hr/>				
Div 5				
Division Project Manager	Michael J. Kneis, PE	(919) 560-6858	mkneis@ncdot.gov	
<hr/>				
Div 6				
Division Project Manager	Jerry Bradley	(910) 437-2611	jbradley@ncdot.gov	
<hr/>				
Div 7				
Division Project Manager	John Hunsinger	(336) 334-3192	jhunsinger@ncdot.gov	
<hr/>				
Div 8				
Division Project Manager	L. Alison Whitesell, PE	(910) 944-2344	awhitesell@ncdot.gov	
<hr/>				
Div 9				
Division Project Manager	Brett Abernathy, PE, PLS	(336) 703-6500	jbabernathy@ncdot.gov	
<hr/>				
Div 10				
Division Project Engineer	Ritchie Hearne, PE	(704) 982-0101	rhearne@ncdot.gov	
<hr/>				
Div 11				
Division Project Manager	Joe L. Laws, PE	(336) 903-9138	jlaws@ncdot.gov	
<hr/>				
Div 12				
Division Project Manager	Steve Rackley, PE	(704) 480-9027	srackley@ncdot.gov	
<hr/>				
Div 13				
Division Maintenance Engineer	Ed Green, PE	(828) 251-6171 x:208	eagreen@ncdot.gov	
<hr/>				
Div 14				
Division Project Manager	Ralph Cannady	(828) 586-2141	rcannady@ncdot.gov	

ACRONYMS and ABBREVIATIONS

AASHTO	American Association of State Highway and Transportation Officials
ADA	Americans with Disabilities Act
BIKE/PED	North Carolina Division of Bicycle and Pedestrian Transportation
BOT	Board of Transportation
CE	Categorical Exclusion
CFDA	Catalog of Federal Domestic Assistance (Federal Tracking Number)
CFR	Code of Federal Regulations
CMAQ	Congestion Mitigation and Air Quality
CON	Construction
DBE	Disadvantaged Business Enterprise
DEPARTMENT	North Carolina Department of Transportation (NCDOT)
FHWA	Federal Highway Administration
LAP	Locally Administered Project
LGA	Local Government Agency
LPMO	Local Programs Management Office
MPO	Metropolitan Planning Organization
MBE	Minority Business Enterprise
NCGS	North Carolina General Statute
NEPA	National Environmental Policy Act
PE	Preliminary Engineering
PID	Project Information Data Sheet
PS&E PACKAGE	Plans, specifications and cost estimates
ROW	Right of Way
RPO	Rural Planning Organization
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users
SPSF	Small Professional Services Firm
SRTS	Safe Routes to Schools
TIP	Transportation Improvement Program
USDOT	United States Department of Transportation
WBE	Women Business Enterprise
WBS	Work Breakdown Structure (WBS Element)

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

Project Funding Process

The State Transportation Improvement Program (STIP) is the Department's list of transportation projects funded over the next seven years. Currently, it is updated every two years, but this process is undergoing revision.

POLICY: All projects must be funded, or programmed, into the STIP, and if applicable, the Metropolitan Transportation Improvement Program (MTIP). The Local Government Agency is responsible for providing the necessary project details regarding location, scope, schedule, and cost to ensure that the project is correctly programmed.

Federal law requires that any transportation project receiving Federal funds must be included in both the STIP and the MTIP, which establish the funding year, estimated funding amount, and source(s) of funds for the project.

Depending on the source of funds, the Local Government Agency will provide this information either directly to the NCDOT TIP Program Manager (see contacts below) or to the Coordinator for their respective Metropolitan Planning Organization (MPO) or Rural Planning Organization (RPO).

PROCEDURE:

The STIP Process, which currently occurs every two years, is explained at <http://www.ncdot.org/planning/development/TIP/TIP/>

NEW PROJECTS FUNDING REQUEST

- Submit the following information to the TIP Program Manager:
 - Location of the project
 - Route on which the project is located, or name of facility as appropriate
 - Termini (beginning and end points on the route/facility)
 - Description of work
 - Estimated costs and proposed delivery schedule for right of way, utility work, and construction phases

EXISTING PROJECTS FUNDING REQUEST

Any changes to the amount of funding or schedule changes will require an amendment to the TIP. Submit new information to the TIP Program Manager

TIME FRAME FOR PROGRAMMING

The process for adding a project to or amending a project in the TIP is at least 60 days. **Only after Agreement is executed by NCDOT, may any authorizations for funding occur.**

NOTE: For State-funded only Projects, procedure is different – see [State](#) section

Once the project has been programmed, NCDOT will notify the LGA by mail or e-mail with information on the next steps to prepare an [Agreement](#).

RESOURCES

TIP Program Manager
 NCDOT Program Development Branch
 1534 Mail Service Center
 Raleigh, NC 27699-1534

Regional TIP Contacts (see pg 3 for regional assignment by County)

<u>Eastern Region</u>	<u>Phone Numbers</u>	<u>E-mail</u>
Ray McIntyre, PE	919-733-3690 x:343	rmcintyre@ncdot.gov
<u>Central Region</u>		
Mike Stanley, PE	919-733-3690 x:306	mtstanley@ncdot.gov
<u>Western Region</u>		
Van Argabright, PE	919-733-3690 x:367	vargabright@ncdot.gov

PROJECT INFORMATION DATA SHEET

The first step in preparing the Project Agreement is the completion of the Project Information Data Sheet. This sheet is used to obtain specific information about the funded project.

Once the project has been programmed into the NCDOT Transportation Improvement Program, the LGA will be required to submit a Project Information Data (PID) Sheet in order to prepare a Project Agreement.

The PID Sheet will ask specific questions about the scope of the project, location, implementation schedule, phases for reimbursement, and responsibilities of each party.

In order to prepare an agreement efficiently and accurately, it is important for the LGA to fully complete the PID Sheet. If any information is omitted, the PID will be returned to the LGA.

PROCEDURE:

- LGA will receive a PID Sheet from either the LPM Office or the Division once project funds are programmed. A PID may also be found on the electronic forms website at <http://www.ncdot.org/business/> - click on Electronic Forms.
- LGA will complete and submit form to LPM Office - see [Contacts](#) for more information.
- A project [Agreement](#) will be prepared once a completed PID is received.

Two questions on the PID ask for the length the **Useful Life** of a project and the **Milestone Schedule** the project should meet. The next sections provide more explanation on how to determine these numbers.

PID Sheet Question #8

USEFUL/ECONOMIC LIFE

The Useful or Economic Life of a Project is the length of time that the LGA should ensure the public interest in and access to a project, as well as maintaining any relevant property access agreements.

POLICY: NCDOT expects the LGA to ensure the public investment for a project for the useful life as stated in the project agreement, or reimburse expended funds if public access cannot be maintained.

The LGA's responsibility for the completed project for the term agreed to as the useful or economic life is very important. For the length of this time period, NCDOT expects the LGA to do the following:

- Maintain public access to the project
- Maintain any historic preservation requirements
- Maintain any property agreements

IMPORTANT: The LGA is solely responsible for maintaining the physical condition of the property, usually in perpetuity.

FHWA expects that public interest in and access to a project should be commensurate with the amount of federal funds expended. For example, an expenditure of \$1 million dollars to renovate a train station would probably require public access in perpetuity, while an expenditure of \$50,000 for a sidewalk would require the LGA to maintain that sidewalk for public access for a period of 10 to 15 years.

PHYSICAL MAINTENANCE

Physical maintenance refers to the LGA's ability to maintain the project in the same *physical* condition as when completed, allowing for normal wear and tear, without additional funds from NCDOT.

PUBLIC ACCESS

Any leases or other property agreements into which the LGA enters should contain a provision to allow for public access over the useful life of the project.

RESTRICTIONS/COVENANTS on HISTORIC PROPERTIES

If the project involved restoration or rehabilitation of a historic structure, the LGA is responsible for maintaining the integrity of that work.

Example: historic windows, roof, other materials

If the public investment is not maintained by the LGA, NCDOT reserves the right to request reimbursement of expended funds.

PID Question #11

MILESTONE DATES

The **Milestone Dates** are those dates that are set for the completion of certain activities. At this time, NCDOT is monitoring the completion date of pre-construction activities and construction activities (or final project completion).

POLICY: NCDOT expects the LGA to adhere to the agreed-upon milestone schedule. Any change to milestone dates that results in a longer time frame for completion must be agreed to in writing by all parties and documented in the Project File.

Local Government Agencies submit proposed dates to complete pre-construction and construction activities as part of their Project Information Data (PID) Sheet.

Pre-Construction activities include planning/environmental documentation, ROW acquisition and certification, final construction documents—in short, everything required to put a project out for bids.

Construction activities include all the construction work, inspection time, and submittal of the final invoice.

The dates provided by the LGA will be reviewed by the Department and if approved, will be incorporated into the Project Agreement.

The Department will monitor implementation activities to ensure timely progress and completion of a project. If milestone dates are not met, the Department may reconsider the funding of the project.

INACTIVE PROJECTS

Inactive projects are defined as those projects that have had no funding reimbursement over a certain period of time. FHWA may withdraw funds on those projects determined to be inactive. The table below summarizes what qualifies as an inactive project, based on the remaining amount of funds and the length of time that no invoice activity has occurred:

Balance of funds	No Activity
>\$500,000	One year
≥50,000 and ≤\$500,000	Two years
<\$50,000	Three years

The Project LGA may be required to explain why the project is inactive, and submit an invoice for [Reimbursement](#) if necessary to reactivate the project.



PROJECT INFORMATION DATA SHEET
 LOCAL PROGRAMS MANAGEMENT OFFICE
 1595 MAIL SERVICE CENTER
 RALEIGH, NORTH CAROLINA 27699-1595

FOR NCDOT USE ONLY:
TIP #: _____
WBS PE: _____
WBS ROW: _____
WBS CON: _____

NOTES: BEFORE COMPLETING FORM, PROJECT MUST BE IN STIP
 ATTACH RESOLUTION FROM LOCAL GOVERNMENT COMMITTING MATCHING FUNDS FOR THE PROJECT
 ATTACH RESOLUTION FROM MPO APPROVING STP-DA FUNDS FOR THE PROJECT (IF STP-DA)
 PROJECT AGREEMENT WILL BE PREPARED UPON RECEIPT OF COMPLETED FORM

I. LOCAL GOVERNMENT AGENCY INFORMATION

1.	Local Government Agency (LGA)	Check One:	<input type="checkbox"/> Village	<input type="checkbox"/> City	<input type="checkbox"/> State
			<input type="checkbox"/> Town	<input type="checkbox"/> County	<input type="checkbox"/> Federal
2.	LGA CONTACT:	TITLE:			
	MAILING ADDRESS (PO Box or Street):	CITY:	COUNTY:	STATE: NC	ZIP:
	PHONE:	FAX:	E-MAIL:		

II. PROJECT INFORMATION

3.	PROJECT NAME AND/OR ID NUMBER: <i>(i.e. Elm St Turn Lanes, White Creek Greenway, 5th Street Sidewalk, Bridge 547)</i>				
4.	DETAILED DESCRIPTION OF PROJECT: <i>(including termini, project length, and scope of work – attach location map)</i>				
5.	IS PROJECT A CONTINUING/LATER PHASE OF A PREVIOUS OR CURRENT PROJECT(S)? IF YES, IDENTIFY PROJECT NUMBER(S) AND STATUS OF EARLIER PROJECT(S):			<input type="checkbox"/> YES <input type="checkbox"/> NO	
6.	DOES ANY PART OF PROJECT ENCROACH ON THE NCDOT HIGHWAY SYSTEM?			<input type="checkbox"/> YES <input type="checkbox"/> NO	
7.	DOES ANY PART OF PROJECT ENCROACH ON RAILROAD RIGHT OF WAY?			<input type="checkbox"/> YES <input type="checkbox"/> NO	
8.	WHAT IS THE EXPECTED ECONOMIC OR USEFUL LIFE OF THE PROJECT? THE USEFUL LIFE IS THE AMOUNT OF TIME THE PROJECT SHOULD BE ACCESSIBLE TO THE GENERAL PUBLIC.			YEARS	
9.	WHO WILL MAINTAIN THE PROJECT AFTER COMPLETION?				
10.	IS ALL RIGHT OF WAY/PROPERTY NEEDED FOR THE PROJECT IN PUBLIC OWNERSHIP OR PUBLICLY ACCESSIBLE BY LEASE OR EASEMENT?			<input type="checkbox"/> YES <input type="checkbox"/> NO	
11.	WHAT IS THE EXPECTED COMPLETION DATE FOR - COMPLETION OF ALL PRE-CONSTRUCTION ACTIVITIES (ALL PLANS COMPLETE, ROW ACQUIRED, ETC.): COMPLETION OF ALL CONSTRUCTION ACTIVITIES ON THE PROJECT:				
12.	HAS ANY WORK BEGUN ON THE PROJECT? IF YES, EXPLAIN:			<input type="checkbox"/> YES <input type="checkbox"/> NO	

III. FUNDING INFORMATION

13.	Total Cost of Project	Federal Funds Programmed		Local Match	
	\$	\$	Percentage: %	\$	Percentage: %
13A.	Total Preliminary Engineering Cost	FEDERAL		LOCAL	
	\$	\$	Percentage: %	\$	Percentage: %
13B.	Total Right of Way Cost	FEDERAL		LOCAL	
	\$	\$	Percentage: %	\$	Percentage: %
13C.	Total Construction Cost	FEDERAL		LOCAL	
	\$	\$	Percentage: %	\$	Percentage: %
14.	ADDITIONAL INFORMATION ABOUT FUND SOURCE AND MATCHES:				
15.	FUNDING TYPE: <i>(check appropriate funding source)</i>				
	<input type="checkbox"/>	1. Transportation Enhancement			
	<input type="checkbox"/>	2. Congestion Mitigation and Air Quality			
	<input type="checkbox"/>	3. High Priority or other Federal earmark			
	<input type="checkbox"/>	4. Safe Routes to School			
	<input type="checkbox"/>	5. Bicycle and Pedestrian			
	<input type="checkbox"/>	6. Rail			
	<input type="checkbox"/>	7. Surface Transportation Program Direct Attributable (STP-DA) funds allocated by MPO			
	<input type="checkbox"/>	8. State			
	<input type="checkbox"/>	9. Other (Explain)			
16.	PROVIDE ANY ADDITIONAL INFORMATION ABOUT THE PROJECT THAT IS NECESSARY FOR PREPARING THE AGREEMENT:				

SUBMITTAL DIRECTIONS:

E-MAIL PROJECT INFORMATION DATA SHEET WITH LOCATION MAP (AND PHOTOS IF AVAILABLE) **OR** MAIL A HARD COPY WITH ATTACHMENTS – ADDRESS BELOW TO THE ASSIGNED PROGRAM CONSULTANT FOR YOUR AREA:

DIVISIONS 1-4, 6 DEBBIE OLIVER VICK dovick@ncdot.gov 919-250-4148

DIVISIONS 5, 7-9 MARTA MATTHEWS mtmatthews@ncdot.gov 919-250-4147

DIVISIONS 10-14 TABITHA DEMAREST tdemarest@ncdot.gov 919-250-4154

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE PROGRAM CONSULTANT FOR YOUR AREA.

LOCAL PROGRAMS MANAGEMENT OFFICE
1595 Mail Service Center
Raleigh, North Carolina 27699-1595

PROJECT AGREEMENT

An Agreement sets out the roles and responsibilities of the NCDOT and any entity that is being affected by a transportation-related project. The provisions of an Agreement will be based on the funding source (state or federal), who is performing the work (NCDOT or Entity), and who is receiving reimbursement (NCDOT or Entity). In most instances, the entity will be a **Local Government Agency**.

POLICY: The **Local Government Agency** (LGA) and **NCDOT** will execute a Project Agreement that addresses relevant federal and state regulations governing the implementation of the Project. Each party must adhere to all provisions in order for funding participation to occur.

Any modifications, deletions, or additions to the Project Agreement must be agreed to in writing by **both parties**.

Preparing and executing a Project Agreement is the most important step in implementing a project. Without an agreement, the project cannot move forward.

The [Project Information Data Sheet](#) allows the preparation of an agreement that accurately describes the work and responsibilities of all parties. The Local Programs Handbook (this manual) will follow the outline of the Agreement and will spell out how the terms of the Agreement will be implemented.

The Agreement outlines the responsibilities and the consequences of failing to meet required procedures. The terms of the Agreement will define who has the primary responsibility for undertaking the design and construction of the project and or the implementation of the program being funded (NCDOT or LGA).

When the LGA has responsibility for all phases of the project, the LGA must be in compliance with all provisions of the Agreement in order for NCDOT to participate in the funding.

Main components of the Agreement

- Description of the Project (as described in the [Project Information Data Sheet](#));
- [Funding Participation](#)
- [Milestone Dates](#)
- Provisions concerning [Environmental Documentation](#), [Design](#), [Right of Way](#), [Construction Administration](#), [Construction](#), and Maintenance;
- Terms governing [Reimbursement](#) and Reporting Requirements; and
- Signature page for LGA and NCDOT with date of full execution.

The Project Agreement must be fully executed AND funds must be authorized before NCDOT can participate in the costs of the project.

PROCEDURE for PREPARING AND EXECUTING a PROJECT AGREEMENT

- NCDOT will draft a Project Agreement within 2 weeks of receiving a completed [Project Information Data Sheet](#) and will send to the other party (LGA) for review.
- A **Scoping** Meeting may be held for all involved persons to meet and discuss any particular issues for the Agreement. This is the opportunity for NCDOT staff to see the project site (if applicable) and for issues regarding project administration to be clarified.
- Once the draft is reviewed and commented on, NCDOT will send out the final Agreement to the LGA for signatures.
- After receiving the Agreement, the LGA has ninety (90) days to review, sign and return it to NCDOT. Full execution occurs when NCDOT signs the Agreement.
- NCDOT will then return a fully executed copy for the LGA's project file.

POSSIBLE AGREEMENT MODIFICATIONS

The Agreement is a binding and legal document—any modifications, deletions, or additions must be agreed to in writing by all parties.

- Change to the scope of work (addition or deletion of work)
- Change to [Milestone Dates](#)
- Change to the parties of the agreement – usually only occurs when NCDOT Division Offices agree to undertake the design or construction of a project.
- Changes to the funding amount

PROCEDURE for MODIFICATION

- The LGA submits a request, in writing, to modify the Agreement, describing the requested changes.
- NCDOT will review, and will respond in writing. Not all requested changes may be accepted.
- Changes may be made in the form of an amended or supplemental agreement, or may be documented via correspondence.

VOIDING AN AGREEMENT

If for any reason a project cannot be completed as agreed upon, then the Agreement must be voided. There may be financial consequences – see [REIMBURSEMENT](#) section for more information.

IMPORTANT: No work should be undertaken on a project before the Agreement is executed and Funding authorized. If work does take place on a particular phase, it will not be eligible for reimbursement by NCDOT and FHWA.

FUNDING AUTHORIZATION OVERVIEW

Funding Authorization is how the Federal Highway Administration authorizes, or obligates, funds for the project. No work can occur before Funding Authorization occurs.

POLICY: NCDOT will not participate in any work that occurs before Funding Authorization is obtained.

Authorizations are broken into 3 phases. For the work associated with the project, it is important to have the correct authorization. **All funding authorizations must be confirmed in writing from the Project Manager.**

For work associated with:	Authorization Needed:
Planning, Environmental Documentation, survey, design	Preliminary Engineering
Right of Way Acquisition, Utility Relocation	Right of Way
Construction Activities (including advertising and letting a Construction Contract)	Construction

Funds must be authorized in the Fiscal Year in which they were programmed. If the schedule programmed into the TIP cannot be met, then the LGA must request an amendment to the TIP – see [STIP](#) section for more information.

Once funds have been authorized for a particular phase, it is important that the LGA use those funds in a timely manner. FHWA ties project inactivity to the failure to use funds within a certain time frame after authorization – see [Milestone Dates](#) for more information.

MATCH REQUIREMENTS

Federal funds are usually matched in an 80/20 split, so that 80% of the project costs are paid by federal funds, and 20% of the project costs are paid by a local match. Some programs waive the local match and will provide 100% federal or federal/state funds, so that there is no local match. The Agreement will state the funding source and what match is required, if any.

If costs of the project exceed the authorized federal funds plus the local match, then the Local Government Agency will be responsible for those additional costs.

IMPORTANT: State funds only – State funds must be authorized before Agreement is prepared and executed.

PRELIMINARY ENGINEERING AUTHORIZATION

Preliminary Engineering Authorization allows the LGA to be reimbursed for eligible planning, design and professional services costs. Authorization occurs only after a Project Agreement has been fully executed.

POLICY: The LGA shall not initiate any work, nor solicit for professional services, prior to receiving preliminary engineering authorization.

Preliminary Engineering Authorization allows you to be reimbursed for costs related to preconstruction activities, or Preliminary Engineering (PE). That includes planning, environmental documentation, design, surveys, in short, everything except purchase of [right of way](#), [utility relocation](#), and [construction](#) – these activities have separate authorizations.

After full execution of a Project Agreement, NCDOT will request authorization of preliminary engineering funds, if this is an eligible phase of work. Generally, NCDOT will set up 10% of the funding for preliminary engineering. PE may be adjusted after the review and approval of a consultant contract. PE expenses should be monitored so that it stays within this range; additional funds may not be available.

WORK PERFORMED BY NCDOT – if any reviews are done by NCDOT, the cost will be charged against the project, therefore, it is important to factor those costs into an overall budget.

PROCEDURE:

- NCDOT will submit the funding request to FHWA
- NCDOT will notify the LGA, *in writing*, when funding is authorized and expenses may be incurred.

IMPORTANT: Any costs incurred before preliminary engineering is authorized are not eligible for reimbursement.

PROFESSIONAL SERVICES

Professional Services provide technical expertise in the planning and design phase of a project. Specialists that may be engaged for the design of the project include architects, engineers, and landscape architects, among others.

POLICY: Requirements for Professional Services must be publicly announced, acquired on the basis of **qualifications**, and engaged at a fair and reasonable price. NCDOT must approve the award of a professional services contract or the use of in-house services by a LGA.

Only project-related activities that directly contribute to the planning, design, development, or implementation of the project are eligible for Federal participation. These include the following:

1. Preliminary Engineering – This includes conceptual plans, planning or environmental studies, preliminary design, final design, and all other related design work necessary to advance a project to physical construction. Examples include preparation of surveys, environmental documents, plans, specifications, and estimates.
2. Construction Engineering – This includes supervision and inspection of construction activities; additional staking functions considered necessary for effective control of the construction operations; testing materials incorporated into construction; checking shop drawings; and measurements needed for the preparation of pay estimates.
3. Right-of-Way Acquisition Services – This includes all work associated with acquisition of property interests needed for the project. Examples include preparation of right-of-way plats, appraisals for parcel acquisitions, review of appraisals, preparation for and trial of condemnation cases, and furnishing of relocation advisory assistance.
4. Other Services – For projects that do not result in physical construction, this includes activities that are necessary for the development or implementation of the project. Examples include developing or preparing safety programs, feasibility studies, conceptual studies, or other planning documents.

OUTSIDE CONSULTANT

If an LGA engages outside professionals in the planning, design and administration of the project, the LGA must follow state and federal regulation. All procurement is governed by The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (49 CFR 18). Specific guidance relating to procurement of specialized services is listed below—for all other procurement needs, adhere to the guidance in 49 CFR 18.

PROCEDURE:

- Announce all requirements for services – include scope of work and any technical qualifications by which firms will be judged.
- Include provisions for the utilization of [Small Professional Services Firms](#).
- Select most qualified firm to undertake work and negotiate a price.

- Submit unexecuted contract to NCDOT for review and approval.
- NCDOT will limit reimbursement to an approved amount.

REFERENCES:

- [49 CFR 18.36\(d\)3\(v\)](#) Procurement – Qualifications–Based Procurement
- [23 CFR 172](#) – Administration of Engineering and Design Related Service Contracts
- [NCGS 143](#), Article 3D – Procurement of Architectural, Engineering and Surveying Services

IN-HOUSE STAFF

An LGA may choose to use qualified in-house staff to design the project. This is a reimbursable expense, but it will reduce the funding available for construction.

PROCEDURE:

- Submit a letter to NCDOT describing the proposed work and documentation showing staff qualifications, staff time, wage rates, and proposed equipment usage.
- NCDOT will respond in writing as to whether the decision to undertake this work in-house is acceptable.

SMALL PROFESSIONAL SERVICES FIRMS

The Small Professional Services Firm (SPSF) Program is a race, ethnicity, and gender neutral program designed to increase the availability of contracting opportunities for small businesses on federal, state or locally funded contracts.

SPSFs must meet size standards as determined by the Small Business Association (SBA).

POLICY: Provisions for the utilization of SPSFs must be included in the request for proposals or services that a LGA issues.

Although no goals are usually set for participation by SPSFs on a professional services contract, the LGA must include assurances in the proposed contract that encourages the use of SPSFs by a consultant.

PROCEDURE

- Include Special Provision (SP1G69) *Disadvantaged, Minority, Women Business Enterprises (Race And Gender Neutral) Professional Services Contracts Only*, as part of the professional services contract found at <http://www.ncdot.org/doh/preconstruct/ps/contracts/sp/2006sp/municipal.html> in the advertisement for proposals.
- SPSF firms are encouraged to be used and if everything is equal in the proposals, the team with SPSF participation should get preference

ENVIRONMENTAL DOCUMENTATION

An environmental document ensures that the project has been reviewed for potential impacts to the natural, cultural, and human environment.

POLICY: All federally-funded projects must be in compliance with the National Environmental Policy Act (NEPA), in order for construction funds to be authorized.

The National Environmental Policy Act, or NEPA, is applicable to all federally-funded projects. Many projects that are locally administered can often qualify for the lowest level of NEPA analysis, which is a programmatic Categorical Exclusion (CE). If more involved environmental documents are needed, they will be discussed when the agreement is being prepared.

PROCEDURE:

- During the Scoping Meeting, NCDOT will evaluate the project and determine the level of Environmental Documentation required.
- If the project qualifies for a Categorical Exclusion, then the Project LGA will submit the completed form to NCDOT for review and approval.

IMPORTANT: An approved Environmental Document is required before NCDOT can request construction authorization.

State-funded only projects have lesser requirements for environmental documentation – see State section for more information.

DESIGN – PLANS, SPECIFICATIONS & ENGINEER’S ESTIMATE

Design is the process of developing the plans and specifications from which the project will be constructed. Several different reviews may occur during the design phase.

POLICY: All projects on the NCDOT right of way must follow Departmental design standards. All projects off the NCDOT right of way may follow local standards, but will still be required to adhere to applicable federal design standards.

PROCEDURE:

Develop plans according to Departmental and other applicable design standards. Submit plans to NCDOT for review at the following stages:

- Preliminary Plans (design development)
 - Intermediate Plans (60%-90%)
 - Final Plans, Specifications, and Estimate
- *Remember, allow adequate time for review and approval*

DESIGN STANDARDS (may not be inclusive)

- AASHTO (American Association of State Highway Transportation Officials)
- Americans with Disabilities Act (ADA) standards.
- Secretary of Interior’s Standards for Rehabilitation (Historic Properties)
- NCDOT’s Specifications Book
- NCDOT’s *Guidelines for Planting within Highway Right-of-Way*

ENGINEER’S ESTIMATE

The engineer's estimate should reflect the anticipated line item costs of the project in enough detail to permit an effective review and comparison of the bids received. The estimate can be based on historic data, actual cost or a combination of both. The estimate will be used to set goals for the participation of Minority Businesses and will be used as a baseline to compare bids received against it.

IMPORTANT: NCDOT must approve the final plans, specifications, and estimate before construction authorization can be issued.

ENCROACHMENT AGREEMENT

POLICY: An Encroachment Agreement executed between the LGA and NCDOT is required for all projects that encroach on the NCDOT Right of Way.

Projects may require an encroachment agreement with another entity depending upon the owner and the use agreement.

If your project encroaches on the NCDOT ROW, you will need to enter an encroachment agreement with NCDOT for the work.

The encroachment will address issues such as traffic control, landscaping requirements, and future maintenance.

PROCEDURE:

- Submit an encroachment application with a set of plans to your **District Engineer's Office**. Copy the Division Project Manager and the LPM Office on your submittal.
- Approval is a fully executed Encroachment Agreement executed between the LGA and NCDOT.

OTHER ENCROACHMENTS

An encroachment agreement may be required from other types of property holders – usually railroads, including those owned by NCDOT, require a separate encroachment agreement.

RIGHT OF WAY AUTHORIZATION

Right of Way Authorization is necessary for any Right of Way Acquisition or utility relocation. ROW Authorization occurs only after an Environmental Document has been approved.

POLICY: NCDOT will not participate in any right of way or utility costs that have been incurred before ROW funding authorization has been made. NCDOT will not participate in the costs of relocating municipally-owned utilities.

Right of Way Authorization is only necessary when NCDOT is participating in the costs of Right of Way Activities – [Acquisition](#) and/or [Utility Relocation](#). Authorized funds may be used towards survey, appraisal, lawyer’s fees, and purchase of real property.

LGAs are solely responsible for relocating or improving utilities. The costs of utility relocation may be an eligible expense, in accordance with your Agreement. NCDOT will not participate in the costs of relocation or improvement of Municipally-owned utilities (usually water and sewer); however, adjusting manhole/water valves less than two feet may be reimbursable.

PROCEDURE:

- LGA submits Environmental Document, Estimated Cost for Right of Way, and Right of Way Acquisition Plan, which shows sufficient documentation of property (metes and bounds) to prepare a deed and record it.
- NCDOT will submit the Funding request to FHWA. NCDOT will provide notification when the funding is authorized and expenses may be incurred.

IMPORTANT: Any costs that are incurred related to right of way acquisition and/or utility relocation, before right of way funds are authorized, are not eligible for reimbursement.

RIGHT OF WAY

All projects must be accessible to the general public when completed. Sufficient public access may be guaranteed by public ownership or by a lease or easement document.

POLICY: All Right of Way must be acquired in accordance with the “Uniform Act” and the Federal Highway Administration must certify the Right of Way to ensure that acquisition procedures have been followed and that all property is publicly accessible.

PROCEDURE:

The LGA is responsible for ensuring that sufficient right of way exists for the project.

- If the project can be constructed within existing right of way/easements/property, proceed to [Right of Way Certification](#).
 - If the project requires the acquisition of new right of way/easements/property, then you must adhere to specific federal guidelines.
- **ACQUISITION of NEW Right of Way and/or Easements**
If it is necessary to acquire right of way, the LGA must comply with the **Uniform Act: [49 CFR 24](#) - Uniform Relocation Assistance And Real Property Acquisition For Federal And Federally-Assisted Programs**. Most importantly, an owner must be notified that they are entitled to receive fair market value for their property and appraisals must be reviewed and approved by NCDOT.

IMPORTANT: See [AUTHORIZATION](#) for information about obtaining right of way authorization if your acquisition will be reimbursed by NCDOT. If any of the above steps are taken prior to authorization, no reimbursement will be made.

- **LEASE**
A lease allows the use or occupation of a property for a specific length of time, usually in exchange for monetary value. If a project involves a building, it may require a lease from the Owner of the building to the LGA. It is important that lease agreements preserve the public access to the property and are commensurate with the Useful/Economic Life of the Project.
- **ENCROACHMENT – also see NCDOT Encroachment Agreement**
An encroachment agreement may be required when the project is located on someone else’s right of way. NCDOT encroachments are discussed under DESIGN.

Railroads: If the project involves railroad right of way, there must be appropriate documents in place to allow access to the right of way for the period of useful life.

REFERENCES

Contact the Division Right of Way Agent for detailed instruction and assistance

RIGHT OF WAY CERTIFICATION

Right of Way Certification is the assurance from NCDOT to FHWA that Federal policies/regulations have been adhered to regarding the Right of Way Acquisition phase of the project.

POLICY: All projects must have ROW Certification before construction authorization can be released.

ROW Certification is issued by the Division Right of Way Agent for the county where the project is located, after receiving a request from the LGA accompanied by needed documentation – see [Right of Way](#).

Projects are examined to determine whether new easements or property were acquired or whether the project is to be constructed within existing public right of way/property owned by the LGA.

There are four ways to prove existing public right of way limits

- Recorded right of way/deed/easement
- Recognition of right of way limits within a recorded deed/map of the subject property – the deed/map is specific to each property. That is, a right of way width on one property cannot be assumed by virtue of a deed/map on another.
- A survey which locates the property corners of the subject property – preferably by RLS
- Existing maintenance limits – if this is used on non-NCDOT roads, the LGA should furnish a letter on their letterhead, stating the ROW width claimed by them.

NOTE: On NCDOT roads, the NCDOT may be able to provide information to assist the LGA in determining the existing right of way limits. However, it is ultimately the responsibility of the LGA to locate/plot the existing public right of way along its proposed project.

PROCEDURE:

- Submit plan sheets showing the improvements along with the existing public right of way limits. **Existing public right of way should be verified prior to plan development.**
- If right of way was acquired, then LGA should also submit valuation evidence or copy of approved appraisal, copies of written offer communication.
- If right of way was donated, LGA should provide evidence of donor communication.
- The Right of Way Agent will issue a “Field Certification” if property acquisition procedures were followed correctly and documentation shows that the LGA has the right to construct the project on the property.

IMPORTANT: Right of Way Certification is required before NCDOT can request Construction Authorization.

BID DOCUMENTS

The Bid Document is prepared by the LGA in order to put the project out for bids. Several federal provisions must be included in the document in order for the project to be in compliance with federal regulations.

POLICY: Local Governmental Agencies may use their own Standard Provisions and Specifications, but must incorporate NCDOT's Special Provisions where applicable.

The LGA prepares a bid document that is used to bid out the project. Several federal provisions must be included in the bid document and it must be reviewed and approved by NCDOT **before** construction authorization is requested.

All federally-funded projects, regardless of type of work or location, require the inclusion of **FHWA 1273**, which is a compilation of required contract provisions for Federal-aid construction contracts. Not all requirements will apply to every project – check applicability notes.

Other Federal Provisions that may be required include Davis-Bacon Wage Rates, Buy America, and Equal Opportunity Provisions, among others. The NCDOT will assist in determining the correct specifications and provisions to include in the bid document.

PROCEDURE

- Access the NCDOT Specifications and Provisions page at http://www.ncdot.org/doh/preconstruct/ps/specifications/specifications_provisions.html and select "Municipal Projects." Incorporate relevant specifications and special provisions into contract manual.
- Submit contract documents to NCDOT for review and approval. Review can take up to 30 days.

REFERENCES

The Contract Standards and Development Unit will review the bid documents. Contact information can be found through the link above.

IMPORTANT: An approved bid document is required before NCDOT can request construction authorization.

CONSTRUCTION AUTHORIZATION

Construction funds are used to pay for the costs of construction activities, including construction administration and inspection. Construction authorization can only be requested after an [environmental document](#) is approved, [right of way](#) is certified, the final [PS&E](#) package is approved and [bid documents](#) are accepted by NCDOT.

POLICY: NCDOT will not reimburse any costs related to advertising and letting a construction contract prior to construction funds being authorized.

PROCEDURE:

- NCDOT will request construction funds to be authorized from FHWA
- NCDOT will notify the LGA and will provide a notice to proceed with procuring bids once construction funds have been authorized. The LGA may not advertise the construction contract until construction authorization is received ([23 CFR 635.112](#)).

IMPORTANT: If the LGA advertises for bids before construction is authorized, the work will not be eligible for reimbursement.

PROCUREMENT - CONSTRUCTION SERVICES

POLICY: Construction contracts must be awarded to the **lowest responsible, responsive bidder** after advertisement and solicitation of competitive bids. NCDOT must concur in the award of a construction contract by the LGA.

GUIDANCE

All procurement is governed by The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (49 CFR 18), however transportation projects within the highway right of way must be procured in accordance with Federal Highway Administration regulations at 23 CFR 635. The State of North Carolina also has procurement procedures for construction projects by local governments at NCGS 143 Article 8 – Public Contracts.

CONSTRUCTION SERVICES

In order to proceed to the construction phase of the project, all LGAs must advertise, receive competitive bids, and award a construction contract to the lowest responsible, responsive bidder. The location of the project will determine whether or not particular federal regulations will apply.

PROCEDURE:

- Projects located **ON** a highway – In addition to the NCGS, follow relevant provisions of 23 CFR 635 Subpart A – Contract Procedures that differ from the general statute:
 - The project must be advertised for at least three (3) weeks
 - No negotiation is allowed with the low bidder
- Projects located **OFF** the highway — Follow *NCGS 143 – Article 8 Public Contracts*
 - Project cost \geq \$500,000 – follow *NCGS 143-129 – Procedure for letting of public contracts*
 - You must advertise for at least seven (7) days
 - Allowed to negotiate with low bidder if bid is greater than funding available
 - Must receive at least three bids; if not, LGA must readvertise. If after 2nd advertisement, 3 bids are not received, LGA may accept the lowest bid received (NCGS 143-132)
 - Project cost between \$30,000 and \$499,999 – follow *NCGS 143-131 – When counties, cities, towns and other subdivisions may let contract on informal bids*
 - No public advertising required
 - NCDOT recommends soliciting at least three bidders to submit a bid
 -
- AFTER RECEIVING BIDS, LGA should review for compliance with Disadvantaged Business Enterprise goals, and submit the following to NCDOT:
 - Letter that describes overview of bid process, identifies low bidder, and requests NCDOT to concur in award
 - Bid Tabulation

- Listing of DBE Subcontractors
- Letters of Intent (if applicable)
- Good Faith Effort if DBE goal is not met
- Municipal Resolution awarding contract to low bidder, pending NCDOT concurrence.

All forms should have been included in [Bid Document](#) – see separate section

- NCDOT will review the documents and reply in writing, giving approval to proceed.

EXCEPTIONS:

In a few cases, a LGA may be approved to acquire construction services through [Force Account](#).

IMPORTANT: DISADVANTAGED BUSINESS ENTERPRISES requirements apply for all **PROCUREMENT** activities, see separate section for guidance.

REFERENCES:

- 49 CFR 18.36(d)(1) – Procurement by small purchase procedures
- 49 CFR 18.36(d)(2) – Procurement by sealed bids
- 23 CFR 635 Subpart A – Contract procedures
- NCGS 143 Article 8 –Public Contracts

MINORITY BUSINESSES PARTICIPATION

POLICY: Minority Business shall have equal opportunity to participate in the performance of contracts funded financed in whole or in part by Federal and/or state funds.

Definitions:

Disadvantaged Business Enterprises (DBE) is the US Department of Transportation term for economically and socially disadvantaged groups. The DBE program supersedes state or local requirements concerning the solicitation and participation of minority businesses, whenever federal funds are involved.

Minority Business Enterprise (MBE) and Women Business Enterprise (WBE)

These state terms are used for businesses that are majority owned by a minority or a woman. The MBE/WBE program applies when a project is funded with state funds only.

For a business to be considered a DBE, MBE, or WBE, it must be certified by NCDOT. See <http://www.ncdot.org/business/ocs/dbe/> for more information on how to become certified

PROCEDURE:

BID DOCUMENT

NCDOT will review the engineer's estimate for the project and establish a goal for participation by DBEs. Only firms certified by NCDOT as a DBE (federal funds), and MBE/WBE (state funds) can count towards meeting the goal. The goal will be inserted in the contract documents.

REFERENCES

FEDERAL FUNDS	Use <i>Special Provision (SP1G62) Disadvantaged Business Enterprise (POC and Municipalities)</i> in the Bid Document .
STATE FUNDS	Use <i>Special Provision (SP1G68) Minority Business Enterprise and Women Business Enterprise (POC and Municipalities)</i> in the Bid Document .

DETERMINING ADEQUATE PARTICIPATION

When bidding on a construction contract, all bidders must submit a listing of minority subcontractors they propose to use and the dollar amounts on the Commitment Items Form. The apparent low bidder must then submit a **Letter of Intent** with each subcontractor, committing both parties to an established dollar figure. If the low bidder does not meet the goal, he must show a good faith effort to solicit minority contractors for the contract.

DOCUMENTING PARTICIPATION

As the contractor pays his minority subcontractors, he must submit a **Subcontractor Payment Report**, showing how much he has paid to each subcontractor. If the total amount paid to a minority subcontractor is less than what was reported in the Letter of Intent, the contractor must provide an explanation for the difference.

FORCE ACCOUNT

The term “force account” means the direct performance of construction work by a LGA, railroad or utility company. It involves the use of labor, equipment, materials, and supplies furnished by them and used under their direct control, in lieu of contracting with an outside firm.

POLICY: In limited circumstances, the NCDOT will approve the use of force account, if it is more cost-effective, or an emergency exists.

Both Federal regulations and NC General Statutes require construction contracts to be awarded on the basis of competitive bidding. There are, however, exceptions to this requirement and Force Account may be used in limited cases, when it can be demonstrated that it is more cost-effective or an emergency exists, and certain requirements are met.

PROCEDURE:

All proposed uses of Force Account must be approved by NCDOT.

- Submit proposals to use Force Account to NCDOT. Proposals must include documentation to support the use of Force Account.
- All proposals must be in accordance with the following guidance:

[23 CFR 635 Subpart B](#) – *Force Account Construction*

- Finding of cost-effectiveness – either there is a lack of bids or the bids received are unreasonable, or the construction is more appropriately undertaken by a railroad or utility because of the inherent nature of the work; or
- An emergency exists

NCGS [143-135](#) – *Limitation of application of Article (143-129)*

- Work must be undertaken by employees on the permanent payroll of the LGA; and
 - Either the total project costs do not exceed \$125,000 or the labor costs do not exceed \$50,000.
- NCDOT will review request and respond in writing, if approved.

LGA LETTER REQUESTING NCDOT CONCURRENCE
(Place letter on Town/City/Agency letterhead)

NCDOT PROJECT MANAGER

Subject: Name of Project
 Project TIP#

Dear (NCDOT PROJECT MANAGER):

Enclosed are the following items: bid tabulation sheets for the subject project and a copy of the City/Town/County resolution.

The final engineer's estimate was \$_____. The low bid was submitted by (name) in the total amount of \$_____. This bid was _____% (higher/lower) than our final engineer's estimate. [Note: if the low bid is more than 10% higher than the final engineer's estimate, justification should be provided either as to why the estimate is low (i.e. current materials prices are higher than originally estimated) or why the bid should be accepted, rather than re-bid.]

A Disadvantaged Business Enterprises goal was established at _____% for this project and was (achieved/not achieved) by the low bidder. [Note: If DBE goal is not achieved, use the following] We have reviewed the efforts by the low bidder to meet the DBE goal and believe the low bidder made a good faith effort to solicit DBEs. See attached documentation.

We have conducted an item-by-item review of the bids and have concluded that (name of recommended low bidder) has properly prepared its bid with no irregularities and no questionable prices.

Accordingly, we have recommended that the City/Town/County of (Name) accept this bid and award the contract to (Name of recommended low bidder) after NCDOT review and approval.

Bid Tabulations and percentages over/under the final engineer's estimates are as follows:

Name(s) of Bidders	Total	Difference
ABC Company	\$XXX,XXX.XX	-X.X%
XYZ Company	\$XXX,XXX.XX	+X.X%

The contract date of availability shall be [typically] upon written notice to proceed and the completion date shall be (number) calendar days after written notice to proceed. Liquidated damages shall be assessed at \$_____ per calendar day.

By signing this letter the City/Town/County certifies that all applicable federal and state guidelines and policies were followed in the bid process.

We request that the NCDOT review the bid package and the City/Town/County of (Name) resolution to award the construction contract to the lowest responsible bidder—(name of low bidder) and validate that the correct procedures were followed.

Sincerely,

(Name of LGA Project Manager)

encl.

CONSTRUCTION ADMINISTRATION – Engineering and Inspection

Construction Administration involves the oversight of construction activities, the review and acceptance of any change orders, and inspection and/or testing of finished projects.

POLICY: The LGA must perform construction administration for all projects, although NCDOT will perform the final inspection and accept the project. NCDOT will also be required to accept the work done as part of the [Encroachment Agreement](#).

For projects **ON** the highway right of way – NCDOT will assign a local District or Resident Engineer to inspect the project as necessary.

For projects **OFF** the highway right of way – the LGA will be responsible for inspecting and certifying the project to ensure compliance with approved plans, but NCDOT will also provide a final inspection.

PROCEDURE:

During construction, a representative of the LGA must oversee all activities. If necessary, oversight meetings may be called where the NCDOT and/or other involved agencies attend. Any change orders should be submitted by the LGA to NCDOT for review and approval.

NCDOT will inspect and approve all projects.

Only after project has been inspected and approved may final [Reimbursement](#) request be submitted.

MAINTENANCE

Maintenance includes the normal upkeep of a completed project to ensure it remains in good condition and accessible to the general public. The responsibility for maintenance will be identified in the Project Agreement

POLICY: The LGA must maintain the completed project, with the exception of roads that are on the State Highway System. In those cases, NCDOT will provide maintenance.

The Project Agreement will identify the party responsible for maintenance and if the project is not maintained in accordance with the useful life, then NCDOT may require the repayment of federal-aid highway funds.

REIMBURSEMENT

Reimbursement is the standard method of payment for Federally-funded, Locally Administered Projects. The LGA pays for services (pre-construction and construction), the Department reimburses the LGA, and then FHWA reimburses the Department. Reimbursement requests may be submitted throughout the progression of the project, as phases are completed.

POLICY: The LGA must pay 100% of the project costs and then request reimbursement – generally the reimbursement rate is 80%, which means the LGA must pay 20% of project costs, although the reimbursement rate may vary depending on the program area. Final reimbursement will not be made until the project has been inspected and accepted by the Department.

Generally, Federally-funded projects are funded at 80% of project costs; the LGA provides a 20% local match. Reimbursement means the LGA must pay 100% of the costs up front, document payment, and then request reimbursement of 80% of eligible project costs from NCDOT. Specific reimbursement rates will be specified in the Project Agreement and will detail the requirement for a local match or not.

PROCEDURE:

LGA must submit a Reimbursement Package that includes the following

- Cover letter (on LGA letterhead) that shows
 - Project TIP # and WBS Elements
 - Total costs paid (separate PE, ROW, and construction costs and exclude any sales tax);
 - List of invoices and firms paid with amounts
 - Materials test results – QA & QC reports
- Actual invoices from consultants, pay applications from contractors, etc., referencing the work done for the project
- Subcontractor Payment Report
- Copy (front and back) of cancelled checks or copy of bank statement showing where checks have cleared.

Any missing documentation will delay the payment processing by the NCDOT.

Generally, NCDOT will reimburse 80% of eligible project costs up to the Federal Award amount, in accordance with the Project Agreement. This guarantees that the LGA pays at least 20% of project costs; however, LGAs may pay more than 20% if project costs are higher than originally estimated. For certain program areas, the LGA may not be required to participate with a match – refer to the Project Agreement for all matching requirements.

WORK PERFORMED BY THE DEPARTMENT

If a Project Agreement specifies that the Department will perform either Pre-Construction or Construction activities, then the Department will charge 100% of the costs to the project funds. The Department will then deduct the LGA's share from any invoices the LGA submits for reimbursement. All costs over the federal/state funding and match will be the responsibility of the LGA.

FUNDING AND ELIGIBLE COSTS

POLICY: NCDOT will only reimburse eligible costs on the project. Eligible costs may be limited by the type of funding. If costs submitted by the project LGA are not eligible, NCDOT will not reimburse them.

The Project Agreement will provide the basic framework for eligible costs – generally if the work fits in with the approved scope of activities, then the costs will be eligible for reimbursement; however, various federal-aid funding programs have different definitions of eligible costs. It is important to discuss the eligibility of expenditures with NCDOT, if they are not specifically stated in the Project Agreement.

<u>SCOPE OF ACTIVITIES</u>	<u>GENERALLY ELIGIBLE COSTS</u>
PLANNING / ENVIRONMENTAL	Preparation of environmental document, mitigation, permits
DESIGN	Solicitation of consultants, preparation of plans, specs, and estimates, preliminary fieldwork (survey)
RIGHT OF WAY ACQUISITION	Environmental Assessment, realty appraisals, surveys, closing costs, approved cost of property.
UTILITIES	Relocation, removal of utility lines (except Municipally-owned utilities)
RIGHT OF WAY CERTIFICATION	Documenting ownership of property
CONSTRUCTION	Solicitation of contractors, construction of project, construction administration, engineering, sampling, testing, inspection.

FHWA Policy on Allowable Costs:

Entity

State, Local, and Tribal Governments
Private, non-profit organizations
Educational Institutions

Cost Principle

[OMB Circular A-87](#)
[OMB Circular A-122](#)
[OMB Circular A-21](#)

Any costs incurred prior to project authorization are not allowed.

STATE FUNDED PROJECTS ONLY

Many locally administered projects receive state funds only, and the implementation of these projects is less rigorous than projects that receive federal funds. Examples of state funds include: Small Construction, Moving Ahead, Contingency, and Public Access. The first contact for use of state funds by a local government should be the Division Engineer.

PROGRAMMING	Contact Division Engineer to describe project and to determine if state funds can be utilized. The Division will make a funding decision.
FUNDS AUTHORIZATION	Funds are authorized when the project is approved by the Department.
AGREEMENT	The Division will initiate an Agreement b/w NCDOT and the Local Government. This will not occur until funds have been authorized/approved. NOTE DIFFERENCE B/W FEDERAL AND STATE FUNDS FOR THIS STEP.
PLANNING / ENVIRONMENTAL	State funds require the completion of a Minimum Criteria Determination Checklist.
DESIGN	All projects must be in accordance with NCDOT Standards and Specifications.
RIGHT OF WAY	All right of way acquisition is the responsibility of the LGA. Acquisition will be in accordance with the NCDOT Right of Way Manual.
BID DOCUMENT	Include Provisions for MBE/WBE goals, if assigned.
CONSTRUCTION	The LGA shall coordinate with the Division Office to obtain approval of bids and oversight of construction activities. Minority goals may be required in accordance with state policy.
REIMBURSEMENT	Determined by the terms of the project agreement. Some projects may define reimbursement at schedule intervals – monthly, quarterly, or annually, or at the end of a phase, only after costs have been incurred.