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STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

September 10, 2010

MEMORANDUM TO: Division Engineers
FROM: Jon G. Nance, PE
Chief Engineer – Operations
SUBJECT: ARRA Local Project Oversight

Early in the ARRA project development stage, locally administered projects were identified as a high risk area. The risk is potential non-participation by FHWA and loss of ARRA funding if the local agencies fail to follow required federal project administration practices. In an effort to mitigate this risk, several FHWA sponsored workshops have been held with local agencies and the Department over the last eighteen months. In addition the Department developed project oversight guidelines and a project review checklist to be used by our Resident Engineers or others assigned to perform project oversight.

Please review the attached guidelines and project review checklist with your staff and reiterate the importance of providing appropriate oversight on these projects. Additional oversight beyond that recommended in the guidelines may be required if deficiencies are found and it is critical that we work with the local agencies to make any and all necessary corrections. If additional training is needed to assist you with this effort, please contact Ron Hancock in the Construction Unit at (919) 733-2210.

JGN/reg

Attachments

- cc: Terry R. Gibson, P.E., State Highway Administrator
- Lacy Love, P.E., Director of Asset Management
- Ricky Greene, Jr., P.E., Director of Field Support
- Ron Hancock, P.E., State Construction Engineer
- Chris Peoples, P.E., State Materials Engineer
- Jimmy Travis, P.E., Manager of the Programs Management Office
- Resident Engineers
- Roadway Construction Engineers
- Bridge Construction Engineers
- John Sullivan, III, P.E., FHWA Division Administrator

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1 SOUTH WILMINGTON STREET
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Locally Administered Construction Oversight Guidelines

Division Construction Engineer (DCE) Duties

- Prior to preconstruction conference, review any Professional and Engineering Service Agreements for conformance with Department procedures. Ensure that the Professional Management Services Unit of the Division of Technical Services reviews agreements with Private Engineering Firms (PEFs) to provide Construction Engineering and Inspections (CEI) services.
 - PEFs that perform design work for the project may not be utilized to perform CEI services. Local Agencies may submit a request for an exemption to this policy to the State Construction Engineer. Exemptions may be approved depending on the scope of work.
 - PEFs must be prequalified to perform CEI services.
 - Certified Technicians must be provided to test and inspect items of work that require testing / inspecting by certified technicians (i.e. concrete, asphalt, densities). This applies to projects administered by PEF or Local Government Agency (LGA) staff.
- Review reporting requirements at the preconstruction conference.
- Prior to beginning work, review contract administration requirements and financial status (remaining balance of Agreement amount) with the LGA.
- Assign a DOT representative to provide project oversight.
- Monitor expenditures – Construction and CEI – and advise LGA in writing if the Agreement amount is exceeded or is anticipated to be exceeded.
- Approve claims and Supplemental Agreements in accordance with the Department's established thresholds.
- Final inspection and written notice to LGA of required corrective work.
- Final review of project records to determine conformance with required procedures prior to final reimbursement.

Resident Engineer (RE) or other DOT Representative Duties

- Attend Preconstruction Conference.
- Attend Monthly Construction and other regularly scheduled construction meetings.
- Ensure that the private engineering firm used to perform construction administration is prequalified to perform Construction Engineering and Inspection by NCDOT. Also, ensure technicians who perform testing for project acceptance possess the appropriate certifications.
- Review project as needed but a minimum of monthly. A monthly report shall be prepared and sent to the responsible agency documenting the following contract elements.
 - Pay record documentation.
 - Daily inspection reports.
 - Disadvantaged Business Enterprise/Minority Business Enterprise/Women Business Enterprise participation and tracking.
 - Materials received documentation.
 - Minimum sampling of materials.

- Payroll submittal.
- Contract change documentation – Supplemental Agreements and Claims - For Supplemental Agreements, the RE / DOT Representative shall review the Project Agreement to verify that the supplemental work is within the original scope of work and to ensure funding is available for the change order. The Local Programs Management Office shall be contacted if an amendment to the agreement or a change in funding is necessary.
- Documentation of penalties / acceptance as reasonably close conformance.
- Review and / or approve all claims and Supplemental Agreements in accordance with the Department's established thresholds. Supplemental Agreements must be approved in writing prior to beginning the supplemental work.
- Enter submitted DBE-IS forms into SAP.
- Process invoices submitted by the LGA for reimbursement.
- Final project review – schedule DCE for final inspection, when appropriate.

Roadway Construction Engineer / Bridge Construction Engineer Duties

- Provide reporting and contract administration training upon request from DCE or RE.
- Perform audits to supplement RE reviews – every 3 months
- Report results of audits to Division Engineer
- Review Claims and Supplemental Agreements in accordance with the Department's established thresholds.
- Perform final inspection, when requested by the DCE.

Local Government Agency Duties

- Provide daily contract administration.
- Provide project documentation in accordance with the Department's policy and procedures and in accordance with Federal regulations.
- Ensure that the private engineering firm utilized for construction administration is prequalified to perform Construction Engineering and Inspection by NCDOT. Also, ensure the technicians who perform the testing for project acceptance possess the appropriate certifications
- Ensure Disadvantaged Business Enterprise/Minority Business Enterprise/Women Business Enterprise compliance. Submit DBE-IS forms with invoices to document Disadvantaged Business Enterprise/Minority Business Enterprise/Women Business Enterprise program compliance.
- Contact RE or DOT Representative when Supplemental Agreements or Claims need review and approval.
- Contact RE or DOT Representative prior to performing any work outside the original scope of the project or when there are questions regarding the Department's policy and procedures.
- Present project invoices to the RE or other assigned Division staff for reimbursement of costs as included in the Project Agreement. Invoices should include all appropriate documentation and project records to support the invoice payment request.

PROJECT VISIT/REVIEW - LOCALLY ADMINISTERED PROJECTS

TIP/Project # _____ Division _____ Date(s) of Visit/Review _____
 Municipality _____ Contractor _____

Project Description: _____

Check	Items Reviewed
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- Project Diary Entries: _____

- Pay Record Book Entries: _____

- DBE Participation & Tracking: _____

- Materials Received Documentation: _____

- Following Minimum Sampling Guide: _____

- Payroll Submittal: _____

- Supplemental Agreements: _____

- Force Account Records Reviewed: _____

- Claims: _____

- Failing Samples (Documentation of Penalties /Accepted as Reasonably Close Conformance):

General Comments: _____

Project should be reviewed periodically (weekly recommended) by the Engineer or his representative. The weekly reviews shall be used to prepare this monthly report to be submitted to the applicable municipality who is administering the ARRA project.

Resident Engineer Signature: _____ Date: _____