



Local Programs Procedures

LPP 12-02 Manual Update
Subject: Dispute Resolution Process & Technical Changes

Reference: *Local Assistance Procedures Manual (LAPM)*,
Chapter 1- Introduction & Overview; Chapter 2- Roles & Responsibilities;
Chapter 11- Design Standards; Chapter 15- Advertise & Award Project;
Chapter 16- Administer Construction Contracts; Chapter 17- Project Completion;
Chapter 19- Oversight & Process Reviews;
Chapter 20- Deficiencies & Sanctions

Effective Date: October 5, 2012

Approved: _____ **Original Signed By**
Denix Anbiah, Chief
Division of Local Assistance

WHAT IS AN LPP

LPPs are Local Programs Procedures. These documents are used to deploy policy and procedure updates to the Local Assistance Procedures Manual and Local Assistance Program Guidelines. They are numbered according to calendar year and order in which released.

PURPOSE

The purpose of this LPP is to incorporate Office Bulletin 11-11 “Local Assistance Dispute Resolution Process (LADRP)” and other technical changes into the LAPM.

BACKGROUND

Office Bulletin DLA-OB 11-11 introduced a new dispute resolution process that eliminated the Local Assistance Dispute Resolution Committee and clarified that the Chief, Division of Local Assistance, had final authority to resolve disputes between the district and local agency on local assistance projects.

POLICY & PROCEDURE

The LADRP is an appeal process for local agencies to use when they disagree with the decision they receive from the Caltrans district office concerning their local assistance funded project on or off the State Highway System. Office Bulletin DLA-OB 11-11 expires upon issuance of this LPP.

USER FRIENDLY FEATURES

- These new procedures are incorporated in the electronic version of the LAPM and LAPG that are available at the Division of Local Assistance (DLA) Home Page on the Internet at: <http://www.dot.ca.gov/hq/LocalPrograms/>. Under “Publications” select *Local Assistance Procedures Manual* or *Local Assistance Program Guidelines*.
- Sidebars are used to indicate where revisions were made to affected pages. However, when a chapter is released in its entirety, sidebars are not indicated. The revised pages in this LPP are to replace the pages affected in the hard copy of the LAPM and/or LAPG.
- To receive an electronic notification when new information is posted on the DLA web site, please subscribe to the DLA list server at:
<http://www.dot.ca.gov/hq/LocalPrograms/sub.htm>

Comments and suggestions for improvement to the manual or the processes and procedures are welcome. They may be submitted to David Saia at David.Saia@dot.ca.gov.

SUMMARY OF CHANGES

LAPM Item	Change
Chapter 1 Figure 1-1 Page 1-11	Minor revisions and formatting changes were made to Figure 1-1, “Typical Procedures for Federal-aid Projects.”
Chapter 2 Exhibit 2-B Page 2-20	Under “ <i>Consultant Selection (Chapter 10)</i> ,” Cognizant Agency Audit [23 CFR 172.7-172.9] “Accept” was added to the Caltrans HQ column “Who issues an Acceptance Letter” was added to the end of footnote 9.
Chapter 11 Section 11.2 (Statewide Design Standards for Local Assistance Projects) Page 11-23	Under “ <i>Standard Specifications</i> ,” last sentence was revised.
Chapter 15 Section 15.1 (Introduction) Page 15-1	First paragraph was revised.
Section 15.2 (Definition of Terms Acronyms) Page 15-2 thru 5	The definitions “AC” and “DBE” were revised on page 15-2 and a portion of the “DBE” definition continued on to page 15-3 The term “Full Oversight” was deleted on page 15-3. The definition of “Resident Engineer” was revised on page 15-4. The terms “State-Authorized Project” and “UDBE” were deleted on page 15-5.
Section 15.4 (Project Advertisement) Page 15-6	Under “ <i>Introduction</i> ” the first paragraph was replaced.
Exhibit 15-A Page 15-17 thru 18	Under “ <i>Contract Bid Opening</i> ,” the fourth check box item was revised. Reference to Exhibit 15-G1 was changed to Exhibit 15-G “Local Agency Bidder DBE Commitment (Construction Contracts).”
Exhibit 15-M Page 15-43-44	Removed year designations and made minor formatting changes on page 15-43. Made minor formatting changes on page 15-44.

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Chapter 16 Section 16.1 (Introduction) Page 16-1 thru 2	Paragraph was revised on page 16-1. Second paragraph was revised on page 16-2.
Section 16.2 (Definitions of Terms) Page 16-3 thru 4	“Delegated authority from FHWA,” was added to the definition for Delegated Project on page 16-3. The term “RE” was revised on page 16-4.
Section 16.3 (Project Supervision & Inspection) Page 16-6	Last paragraph in section was revised.
Section 16.5 (Contract Time) Page 16-8	Old form reference (OLD HC 146) removed. Section reference was revised and “State’s” was replaced with “Caltrans.”
Section 16.6 (Subcontractors) Page 16-9	Changed the “Subcontracting Request” form number.
Section 16.7 (Engineer’s Daily Reports) Page 16-10	Revised chapter and section references in last paragraph.
Section 16.8 (Project Files) Page 16-12	Under “ <i>Organization of Files</i> ,” revised Construction Manual Section reference.
Section 16.9 (Construction Records & Accounting Procedures) Page 6-12 thru 13	Under “ <i>Procedures</i> ,” changed “State’s <i>Construction Manual</i> ” to “Caltrans <i>Construction Manual</i> ” on page 6-12. Chapter and section reference were revised in the last paragraph on page 12-13.
Section 16.11 (Labor Compliance) Page 16-16 thru 17	Under “ <i>Procedures</i> ,” made minor formatting changes to first bullet point on page 16-16 and revised chapter reference in first bullet point on page 16-17.
Section 16.2 Equal Employment Opportunity Page 16-17a	Under “ <i>Compliance Reviews</i> ,” “Civil Rights Office” changed to “Office of Business and Economic Opportunity and minor grammatical changes were made. Under “ <i>Reporting</i> ,” minor grammatical changes were made.

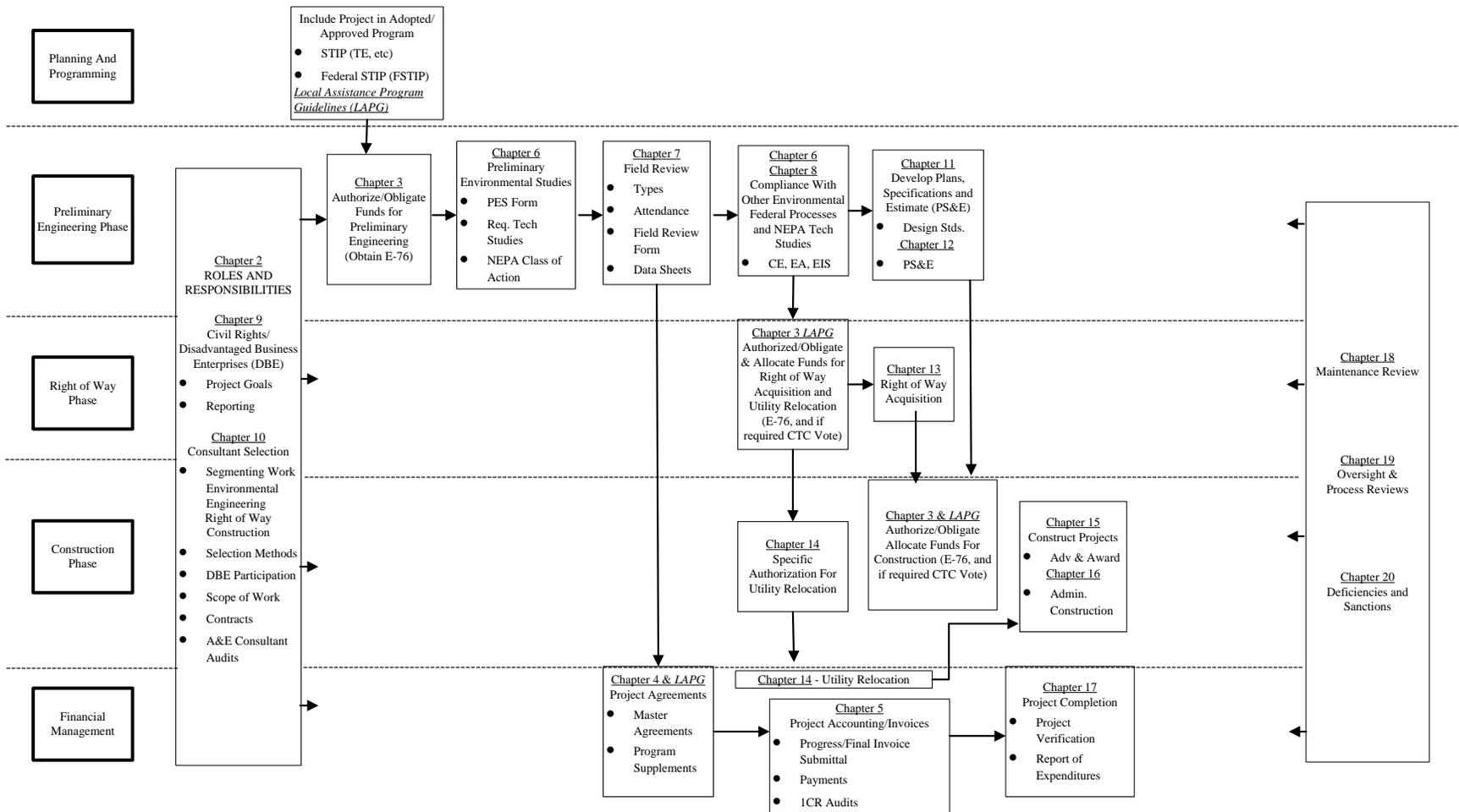
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<p>Section 16.13 (Contract Change Orders) Page 16-19 & 21</p>	<p>Under “<i>Procedures</i>,” revised chapter reference in first paragraph. Added new bullet point and revised section reference in second to last bullet point on page 16-19. Under “Right of Way Delays,” minor formatting changes were made to the Caution.</p>
<p>Section 16.14 (Quality Assurance Program) Page 16-25 thru 26, 28, 30 & 33</p>	<p>Under “Non-NHS Projects,” moved last part of the last bullet from page 16-26 to 16-25. Under “<i>General Procedures</i>,” added title to chapter reference on page 16-26. Under “<i>General Procedures, NHS Projects</i>,” revised section reference on page and removed footnote on page 16-28. Under “<i>General Procedures</i>,” changed Caltrans Standard Specification 1995 edition to 2006 in addition to other minor changes made on page 16-30. Under “<i>Types of Sampling and Testing, Source Inspection, Item 20</i>,” Section reference was revised on page 16-33.</p>
<p>Section 16.15 (Contract Claims) Page 16-42</p>	<p>Under “<i>Contract Provisions</i>,” revised reference to Exhibit 16-U. Under “<i>Claims Procedures</i>,” revised section reference.</p>
<p>Exhibit 16-B Page 16-52</p>	<p>Minor formatting changes were made to the first paragraph. Reference to Form CEM-1201 was revised.</p>
<p>Exhibit 16-I Page 16-66</p>	<p>Revised first paragraph of instructions.</p>
<p>Exhibit 16-S Page 16-101 thru 103</p>	<p>Revised chapter reference on all three pages.</p>
<p>Exhibit 16-T Page 16-105</p>	<p>Updated Exhibit to reflect the 2006 Edition of the Caltrans Standard Specifications.</p>
<p>Chapter 17 Section 17.1 (Introduction) Page 17-2</p>	<p>In second paragraph minor formatting changes were made.</p>
<p>Section 17.2 Definition of Terms Page 17-2</p>	<p>The term “Underutilized Disadvantaged Business Enterprise (UDBE)” was deleted.</p>

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Section 17.7 (References) Page 17-8	Reference “23 CFR 635.126 and Section VI of FHWA From-1273” was deleted. Titles were added to chapter section numbers.
Chapter 19 Section 19.3 (Oversight & Process Review Methods) Page 19-2	Under “ <i>Caltrans Oversight and Process Reviews</i> ,” corrected typo.
Chapter 20 Section 20.4 (Local Assistance Dispute Resolution Process) Page 20-7 thru 8	Section was completely revised.
Figure 20-1 Page 20-9 thru 10	Local Assistance Dispute Resolution Flowchart was added.

FIGURE 1-1 TYPICAL PROCEDURES FOR FEDERAL-AID PROJECTS



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**EXHIBIT 2-B: FEDERAL-AID PROJECT RESPONSIBILITIES LIST
FOR DELEGATED PROJECTS OFF THE STATE HIGHWAY SYSTEM
(Pursuant to 2010 FHWA & Caltrans Joint Stewardship and Oversight Agreement)**

Project Action/Activity	Local Agency	Caltrans District	Caltrans HQ	FHWA
Project Authorization (Chapter 3)				
Construction Engineering > 15% Total Contract Item Costs	Prepare	Approve	Review	Verify
Project Agreement and Modification [23 CFR 630.110]	Prepare	Recommend	Approve ¹	Verify ²
Obligate Funds	-	-	-	Approve ³
Funding Eligibility Determinations	Prepare	Recommend	Approve	Verify ⁴
Reimbursement Vouchers (interim and final)	-	-	Prepare	Approve
Section 1.9 Approvals of Incurred Costs. [23 CFR 1.9]	Prepare	Recommend	Recommend	Approve
Agreements (Chapter 4)				
Master Agreement	Sign	File Copy	Prepare/Approve	-
Program Supplement Agreement	Sign	File Copy	Initiate/Approve	-
Accounting/Invoices (Chapter 5)				
Invoice	Prepare	<i>Approve</i> ⁵	Approve ⁶	-
Project Eligibility	Prepare	Approve	Review	-
Environmental Procedures (Chapter 6)				
Project-Level Transportation Conformity Determination for CE pursuant to SAFETEA-LU 6005 MOU	Prepare	Request	-	Approve
NEPA Approval Consistent with SAFETEA-LU 6004 & 6005 MOUs (for detailed NEPA actions and approvals refer to LAPM Chapter 6 and the SER)	Prepare	Approve	-	-
Field Review (Chapter 7)				
Field Review	Perform	Participates ⁷	-	-
Minor ITS Project development [23 CFR 940.11] (SERF)	Prepare	Approve	-	-

¹ Approval and signatures are needed by both Caltrans and FHWA.

² Subject to FHWA's random sample verification process. Verification is defined as routine, independent confirmation of sampled projects.

³ Obligation of funds by FHWA is the final step in the project authorization process.

⁴ Subject to FHWA's random sample verification process.

⁵ Actions in italics such as "Review" indicate a change in procedures.

⁶ DLAE performs initial review and approval. Headquarters Local Programs Accounting performs final review of invoice prior to payment by the State which is subsequently reimbursed by FHWA.

⁷ DLAE participates in field reviews unless otherwise documented in project files.

Project Action/Activity	Local Agency	Caltrans District	Caltrans HQ	FHWA
Public Hearings (Chapter 8)				
Public Hearing [23 CFR 771.111(h)]	Perform & Certify	-	-	-
Civil Rights & Disadvantaged Business Enterprises (Chapter 9)				
DBE Implementation Agreement [LAPM]	Prepare	Approve	-	-
DBE Annual Goals [LAPM]	Prepare	Approve	-	-
ADA Coordinator [49 CFR 27.13(a)]	Certify	Accept	-	-
ADA Complaint Procedure [49 CFR 27.13(b)]	Certify	Accept	-	-
ADA Agency Self-Evaluation [28 CFR 35.105]	Certify	Accept	-	-
ADA Transition Plan [28 CFR 35.150]	Certify	Accept	-	-
Consultant Selection (Chapter 10)				
Consultant Selection [23 CFR 172.7-172.9]	Perform	Review ⁸	-	-
Consultant Agreements	Approve	Review ⁹	-	-
PIF – Use of Non-Competitive Negotiated Consultant Contracts [23 CFR 172.5(3)]	Prepare	Approve	-	-
Cognizant Agency Audit [23 CFR 172.7-172.9]	Prepare	Copied	Review ¹⁰	-
Consultants in Management Role [23 CFR 172.9(d)]	Approve	Review ¹¹	-	-
Design Standards (Chapter 11)				
Preliminary Plans for Major and Unusual Structures	Prepare	Approve	-	-
Design Standards	Approve	-	-	-
Design Exceptions, non-Interstate [23 CFR625.3]	Approve	-	-	-
Experimental Features	Prepare	Recommend	Recommend	Approve
Value Engineering [23 CFR 627, SAFETEA-LU 1904]	Approve	Review ¹²	-	-
Financial Plans for Projects from \$100 Million to \$499 Million [SAFETEA-LU 1904]	Prepare	Review & Approve	-	-
High Risk ITS Project Development [23 CFR 940.11]	Prepare	Recommend	Recommend	Approve

⁸ DLAE receives DBE information and may participate in consultant selection process upon request and contingent on available resources.

⁹ DLAE receives and reviews executed consultant contract before payment, is made.

¹⁰ DLAE local agency coordinates review of proposed consultant contract indirect cost rates, etc. with Caltrans Audit & Investigations, DLAE to be copied on correspondence.

¹¹ DLAE reviews completed “Conflict of Interest for Consultants in Management Positions” form and the procedure used to hire consultant.

¹² For all Federal-aid projects exceeding \$25 million on the National Highway System and bridge projects exceeding \$20 million on or off the Federal-aid system. DLAE to coordinate review of local agency Value Analysis Study with District Value Analysis Coordinator.

Standard Plans

The following standard plans are acceptable for use on all local federal-aid projects not located on the SHS:

- The current edition of *Caltrans Standard Plans*
- The current edition of the *Standard Plans for Public Works Construction* (commonly referred to as “*the Green Book*”), developed and promulgated by the American Public Works Association, Southern California Chapter, and the Associated General Contractors of California, Southern California Districts

For locally sponsored projects on the SHS, the *Caltrans Standard Plans* must be used.

Standard Specifications

The following standard specifications are acceptable for use on all local federal-aid projects not located on the SHS:

- The current edition of *Caltrans Standard Specifications*
- The current edition of the *Standard Specifications for Public Works Construction* (commonly referred to as the “*Green Book*”), written and promulgated by the American Public Works Association, Southern California Chapter, and the Associated General Contractors of California, Southern California Districts
- Local standard specifications may be used for projects on the NHS, provided they have been reviewed and approved for such use by Caltrans.

For locally sponsored projects on the SHS, Caltrans Standard Specifications, and Caltrans Standard Special Provisions must be used.

11.3 Locally Developed Design Standards

Plans and specifications for federal-aid highway projects shall provide for a facility that adequately meets the existing and probable future traffic conditions in a manner conducive to safety, durability, and economy of maintenance. Section 109, *Standards*, of Title 23 of the U.S. Code also requires that projects shall be designed and constructed to conform to the particular needs of each locality.

Since statewide standards do not always meet the particular needs of each locality, local design standards that meet the following requirements are allowed on local federal-aid projects off the SHS.

Local Geometric Standards

Local geometric design standards that have been developed for use on locally funded new and reconstruction, or 3R projects, may be used on federal-aid projects off the NHS if:

- The standards have been approved by the County Board of Supervisors or the City Council,

- The standards must be signed by the City/County Public Works Director if he/she is a California registered Civil Engineer. If not, they may be signed by the City/County Engineer if registered. If the City/County Engineer is not registered, the delegation can be made to the highest level engineer in the agency who is registered. Locally adopted design standards may be signed by a consultant on retainer as City/County Engineer if such individual is registered and is responsible directly to the Public Works Director or City/County Manager, and
- Locally adopted design standards are reviewed for possible updating whenever the applicable AASHTO standards are updated.

Local Pavement Structural Section

Pavement structural section design methods or standards developed by a local agency for their own locally funded projects may be used for all local federal-aid projects off the NHS.

11.4 Design Exceptions

Occasionally, project conditions may warrant an exception to certain accepted standards or procedures. Such conditions might include: extreme difficulties or high cost of obtaining right of way; cost of construction; or the mitigation of environmental impacts.

Although all deviations from accepted standards and procedures must be justified and documented in some manner and retained in the project files; not all design exceptions must adhere to the formal design exception procedures as described below.

Standards For Which Deviations Are Permitted

Deviations from accepted standards are permitted as follows:

Geometric Criteria - The FHWA has determined that deviation from the following geometric control criteria for highways and bridges require formal approval:

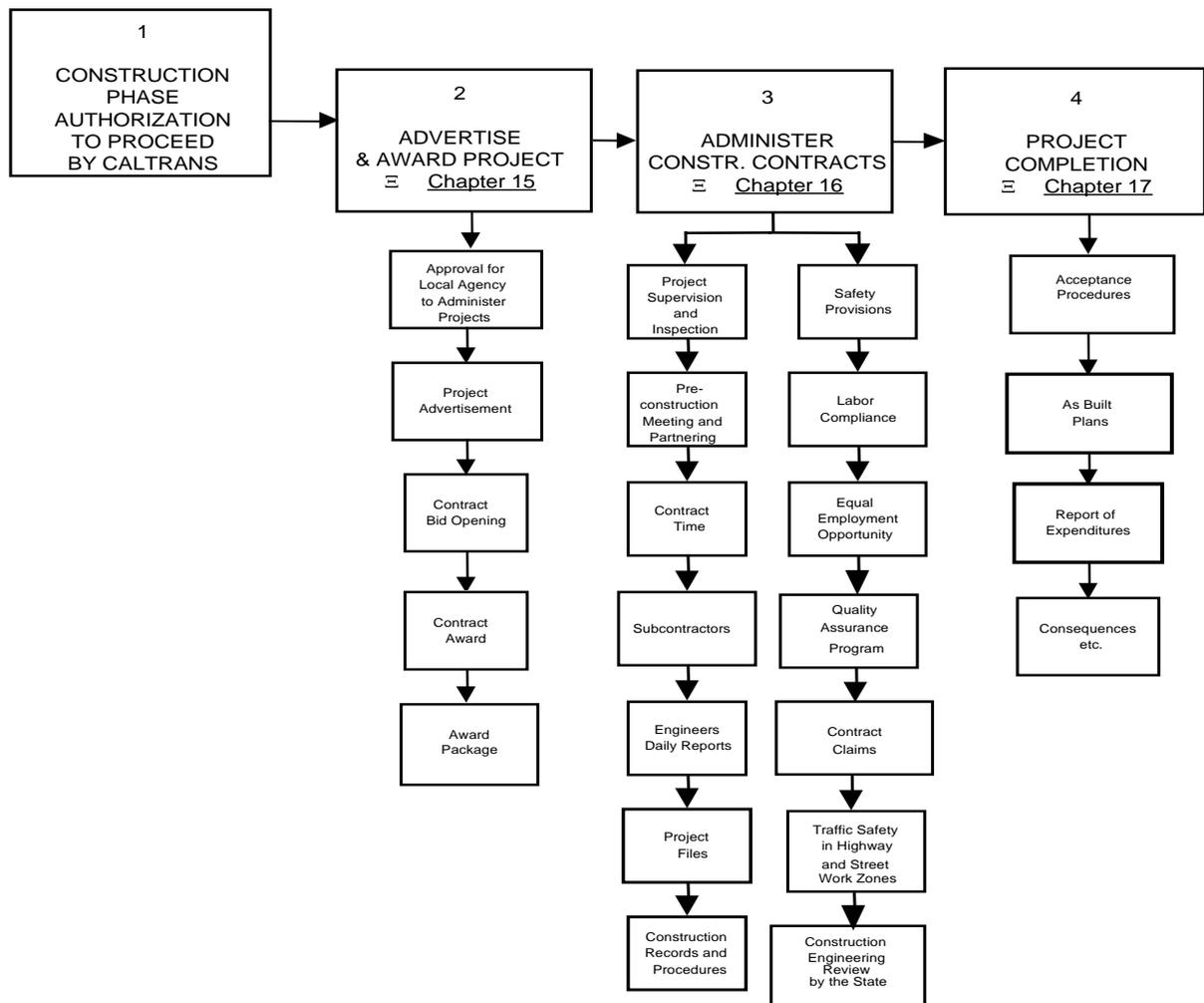
- Design speed
- Cross slope
- Lane and shoulder width
- Superelevation
- Horizontal and vertical alignment
- Horizontal and vertical clearance
- Stopping sight distance
- Bridge width
- Grades

CHAPTER 15 ADVERTISE AND AWARD PROJECT

15.1 INTRODUCTION

This chapter, Chapter 16, “Administer Construction Contract,” and Chapter 17, “Project Completion,” are for use by local agencies who administer federal-aid construction projects under an “Administering Agency-State Agreement.” When a locally sponsored project is within the state right of way (R/W) and the state (Caltrans) is the administering agency, the state’s *Construction Manual* is used.

FIGURE 15-1 ADVERTISE & AWARD PROJECT



This chapter covers the activities beginning with advertising of a construction contract and continuing through the bid opening, award, and detail estimate procedures. It has been prepared mainly as a guide for administration of federal-aid contracts by local agencies. Each local agency Resident Engineer should be familiar with the contents of this chapter, Chapter 16, “Administer Construction Contract,” and Chapter 17, “Project Completion” before administering such contracts.

15.2 DEFINITION OF TERMS ACRONYMS

- AASHTO - American Association of State Highway and Transportation Officials
- AC - Advance Construction is a project authorization technique that allows the Federal Highway Administration to authorize a project without obligating Federal funds. FHWA is required to fully obligate the Federal share of a Federal-aid project at the time it executes a project agreement. Under an AC authorization, FHWA approves a project as being eligible for Federal funding but does not commit to funding the project. As such, the project must meet all Federal requirements except for the requirement to obligate funds.
- ASTM - American Society for Testing and Materials
- Administering Agency - The state or a city, county, other public agency, or nonprofit organizations, that advertises, opens bids, awards and administers the contract. They are frequently called local agency or agency and were previously called responsible agency.
- Bid Rigging - a conspiracy to disrupt or circumvent the competitive environment by establishing a competitive advantage for certain bidders.
- CCO - Contract Change Order
- CE - Construction Engineering. This phase includes the work of project advertising¹ through construction, preparation of as-built plans, final estimates, and payments. This phase must be authorized prior to advertising, and CE must be separately identified in this authorization.
- CFR - Code of Federal Regulations
- Contingencies - An amount of funds usually a small percentage of the detail estimate, set aside for unforeseen items or quantities of work not specified in the contract documents, but required to complete the project. The percentage used for contingencies varies depending on the type and scope of work.
- Contract Administration - Includes advertising, opening bids, award, and execution of the contract; control of work and material; and making payments to the contractor.
- Contractor - The person or persons, firm, partnership, corporation, or combination thereof, who have entered into a contract with the administering agency, as party or parties of the second part of his/her or their legal representatives.
- DBE - Disadvantaged Business Enterprise. A for-profit “small business concern” that is at least 51 percent owned and controlled by one or more socially and economically disadvantaged individuals. One or more such individuals must also control the management and daily business operations. These individuals must be citizens (or lawfully admitted permanent residents) of the United States and (1) any

¹ CE includes advertising only if not included in PE phase and only after authorization date.

individual who a federal-aid recipient finds to be a socially and economically disadvantaged individual per 49 CFR 26 on a case-by-case basis, or (2) who are either Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans (persons whose origin are from India, Pakistan, Bangladesh, Bhutan, Maldives Islands, Nepal or Sri Lanka), Women, or any other group found to be socially and economically disadvantaged as determined by the Small Business Administration (see 49 CFR, Part 26)

- Department of Transportation - The Department of Transportation of the State of California, as created by law, also referred to as Department, State, or Caltrans.
- District - A subdivision of the department organized to administer the affairs of the Department for a specific geographical area and for the local agencies in that area (see Exhibit 2-A of the LAPM).
- DLA - Division of Local Assistance (Caltrans Headquarters unit only)
- DLAE - The District Local Assistance Engineer, the individual in each district responsible for providing services and assistance to the local agencies.
- E-76 - Federal-aid Program Document titled: "Authorization to Proceed" Form.
- EA - Expenditure Authorization number
- EEO - Equal Employment Opportunity
- ER - Emergency Relief
- Finance Letter - A document required by Local Program Accounting (see Exhibit 15-N) and submitted by the administering agency to Caltrans with information required as backup for the federal-aid/state project agreement.
- FSTIP - Federal Statewide Transportation Improvement Program
- HPMS - Highway Performance Monitoring System
- Headquarters - The Headquarters office of the Department located at 1120 "N" St., Sacramento, CA 95814.
- Invoice - A detailed list of expenditures that an administering agency requests reimbursement for with federal funds, pursuant to the Local Agency-State Agreement (see Chapter 5, Exhibit 5-B, "Sample Federal-aid Invoice with Two Appropriations & Different Reimbursement Rates").
- ISTEA - Intermodal Surface Transportation Efficiency Act of 1991. ISTEA was an Act signed by the President on December 18, 1991, providing authorization for six (6) years for highways, highway safety, and mass transportation. ISTEA was superseded by TEA-21 in 1998 and by SAFETEA-LU in 2005.
- LRH - Last Resort Housing
- Local Agency - A California city, county or other local public agency. In many instances this term is used loosely to include nonprofit organizations
- Local Agency-State Agreement - Agreement between the State and local agency. Generally refers to the Master Agreement and all supplemental agreements (Program Supplements) to the Master Agreements. These agreements are required for the State to provide reimbursement to the local agency for all federal-aid projects.

- Locode - Numeric identifier for each local agency or administering agency (assigned by the Division of Local Assistance).
- LPP - Local Programs Procedures. Documents used for deployment of new procedures and policies between updates of Local Assistance manual, guidelines and programs. Each procedure is numbered according to calendar year and order in which released.
- MPO - Metropolitan Planning Organization
- NHS - National Highway System, a specially Designated Highway System established by the Intermodal Surface Transportation and Efficiency Act of 1991 and adopted by the United States Congress.
- Office Engineer - Chief of the Headquarters or District Office of Office Engineer. The office engineering unit is responsible for insuring that the PS&E is complete, biddable and buildable.
- PE - Preliminary Engineering, this phase includes all project initiation and development activities undertaken after its inclusion in the approved FSTIP through the completion of PS&E. It may include preliminary Right of Way engineering and investigations necessary to complete the NEPA document.
- PS&E - Plans, Specifications & Estimate
- Prequalification - The AASHTO defines prequalification as a means of predetermining job experience and work capacity and to identify individuals and organizations from which the agency may accept a bid. The AASHTO also has encouraged the use of prequalification procedures in its *1981 Suggested Guidelines for Strengthening Bidding and Contract Procedures*.
- RAP - Relocation Assistance Program
- R/W - Right of Way, This phase includes the work necessary to appraise and acquire project right of way, relocate individuals or businesses, and revise or relocate utilities.
- Report of Expenditures - Collectively refers to the following final report documents: Final Inspection of Federal-aid Project (FIF 7/96), Final Invoice, Final Detail Estimate, Change Order Summary (containing liquidated damages/contractor's claims, date of completion, date of acceptance by City or County), Final Report of Utilization of Disadvantaged Business Enterprise (DBE), Materials Certificate, and Report of Completion of Structures if bridges were constructed.
- Resident Engineer – A qualified engineer who is empowered to administer the construction contract. Pursuant to California professional engineering licensing requirements, the resident engineer may be unlicensed provided their work is performed under the review of a licensed engineer.
- S&H Code - California Streets and Highways Code
- SHA - State Highway Agency (Caltrans)
- SAFETEA-LU - Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users signed into law by President George W. Bush on August 10, 2005, with guaranteed funding for highways, highway safety, and public transportation totaling \$244.1 billion. SAFETEA-LU represents the largest surface transportation investment to date. SAFETEA-LU was built on the foundation established by the two preceding Federal Transportation Acts: ISTEA and TEA-21.

- Supplemental Work - Work that is anticipated but because of its uncertainty, cannot be included as a contract item e.g., additional staking, utility work, etc. If supplemental work is determined to be needed, a change order is required to include it in the contract. This work should normally be part of the contingencies.
- Surety - A security against loss or damage or for the fulfillment of contract obligation, bond.
- TEA-21 - Transportation Equity Act for the 21st Century. Enacted on June 9, 1998, which authorized the federal surface programs for highways, highway safety, and transit for the six year period 1998-2003.

15.3 APPROVAL FOR LOCAL AGENCY TO ADMINISTER PROJECTS

MAJOR NHS PROJECTS

Caltrans must approve the local agency's construction administration procedures before a local agency can advertise the construction of a federally financed major NHS project (see Chapter 7 "Field Reviews" for the determination by the DLAE of which NHS projects will be considered major). The procedures should be discussed in general at the field review and detailed written procedures shall be approved by the DLAE before the local agency will be allowed to administer any construction contracts for the project.

Additionally, a local agency shall not advertise the project until it has received in writing an "Authorization to Proceed" with construction from Caltrans (see Chapter 3, "Project Authorization").

The written construction administration procedures should cover the following items:

- Construction Management personnel and procedures
- Consultant use and selection
- Project advertisement, bid opening and award procedures
- Pre-Construction Procedures
- Subcontracting
- Traffic Safety procedures
- Materials Testing

- Change order review and approval procedures
- Oversight procedures if a State highway is involved
- Maintenance of records and Access
- Estimates and Progress Payment

The DLAE will consult with Headquarters DLA for assistance with the review and approval of the local agency procedures.

ALL OTHER PROJECTS

Approval by Caltrans of the local agency's construction administration procedures will not be required for all other projects. However, each agency that administers a federal-aid construction project will be required to complete a "Local Agency Construction Contract Administration Checklist" (Exhibit 15-A) before their "Request for Authorization to Proceed with Construction" will be approved. **A local agency shall not advertise a project until it has received in writing an "Authorization to Proceed" with construction from Caltrans (see Chapter 3, "Project Authorization").**

15.4 PROJECT ADVERTISEMENT

INTRODUCTION

One of the most basic tenets of Federal aid contracting is that construction contracts are to be awarded competitively to the contractor which submits the lowest responsive bid. Project advertisement is the process used in soliciting such competitive bids from contractors.

This federal mandate is set forth in 23 U.S.C. 112 and reinforced by 23 CFR 635.114(a) which requires that:

"Federal-aid contracts shall be awarded only on the basis of the lowest responsive bid submitted by a bidder meeting the criteria of responsibility as may have been established by the SHA..."

These principles are the basis for Federal assistance to the state highway construction programs.

On locally administered projects, the construction engineering is performed by local agency personnel, unless arrangements are made to hire a consultant. If a consultant is used, the local agency must still designate an employee of the agency as the person in responsible charge of the project. The only exception to this procedure is if the administering agency has hired a consultant on retainer to act as the City Engineer or Public Works Director. Then the consultant may act as the person in responsible charge of the project.

Construction engineering for "locally administered" projects shall be performed in accordance with the requirements found in Chapter 16, "Administer Construction Contract" of this manual.

EXHIBIT 15-A LOCAL AGENCY CONSTRUCTION CONTRACT ADMINISTRATION CHECKLIST

Local Agency _____

I ADVERTISE AND AWARD PROJECT**A. Project Advertisement**

- Projects are not advertised until the Authorization to Proceed (E-76) for the construction phase has been approved by Caltrans FHWA.
- For all Federal-aid projects, a minimum of three weeks for project advertisement is required (15.4 "Project Advertisement").

B. Contract Bid Opening

- All bids are opened publicly and read aloud either item-by-item, or by total amount. If a bid is not read, the bidder is to be identified and the reason for not reading the bid announced (15.5 "Contract Bid Opening")

The following documents will be completed and retained in the project files.

- For federal-aid projects, a list of bidders and total amount bid with an item-by-item breakdown (Exhibit 15-D, "Sample Bid Tabulation Summary Sheet") of the three lowest bidders.
- Bidders' list to be compiled from prime and subcontractors bidding or quoting on contract.
- If a DBE goal is specified, the original of the Local Agency Bidder DBE Commitment (Construction Contracts) (Exhibit 15-G).
- EEO Certification (Exhibit 12-E, Attachment C), The Noncollusion Affidavit (Exhibit 12-E, Attachment D), Non-Lobbying Certification (Exhibit 12-E, Attachment F), Disclosure of Lobbying Activities (Exhibit 12-E, Attachment G)
- Local Agency Bid Opening Checklist (Exhibit 15-I)

C. Contract Award

- Contracts are awarded on the basis of the lowest responsive bid from a responsible bidder (15.6 "Contract Award").
- For all NHS projects, a bid analysis will be performed (15.6 "Contract Award").
- No negotiations with contractor occurred prior to award (not allowed).

The following documents will be forwarded to the Caltrans District Local Assistance Engineer immediately after award of the contract:

- Contract Award Checklist (Exhibit 15-L)
- Detail Estimate (Exhibit 15-M)
- One copy of the Local Agency Bidder DBE Commitment (Construction Contracts) (Exhibit 15-G)
- Finance Letter
- RE's Checklist

D. Subcontracting

- For all federal-aid transportation projects, at least 30% of the contract work is to be performed by the prime contractor (see Chapter 16, Section 16.6 "Subcontractors")

Local agency's person in "Responsible Charge"

(date)

Distribution: (1) Original Local Agency Project File
(2) One copy - DLAE

EXHIBIT 15-M DETAIL ESTIMATE

File: _____
 Federal Project No.: _____
 Project Location: _____
 Date: _____

To be used as a basis of agreement for Federal-aid Project #(1) _____
 in the City/County of(2) _____

Construction Authorization Date:(3) _____,
 Type: (4) _____
 Preliminary Engineering (Authorization Date:(5) _____,

Right of way (Acquisition Authorization Date:(6) _____,
 Acquisition (No. Parcels _____) \$ _____
 RAP
 (number homes _____) \$ _____
 (number businesses _____) \$ _____
 LRH (Parcel No. Name _____) \$ _____
 TOTAL COST \$(7) _____

Utilities (Authorization Date:(8) _____,
 Total Cost \$ _____

Improvement Type Code: (9) _____ Length (10) _____ (miles)

Item Estimate (11)

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT
1	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	\$
2	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	\$
3	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	\$
"	"	"	"	"	"
"	"	"	"	"	"

Subtotal Contract Items \$ _____
 Agency/State Furnished Materials \$(12) _____
 Force Account (Day Labor) - striping, etc. \$ _____
 Total \$ _____
 Contingencies (Including supplemental work) \$(13) _____

 Contract Total \$ _____
 Construction Engineering \$(14) _____

TOTAL COST \$ _____

Distribution: All Projects: (1) Original + 4 copies-Caltrans District Local Assistance Engineer. (2) Copy-Local Agency Project File

**DETAIL ESTIMATE
SUMMARY (15)**

	Total Cost	Participating Cost	Federal Funds	Other Funds
Preliminary Engineering	\$ _____	\$ _____	\$ _____	\$ _____
Right of way	\$ _____	\$ _____	\$ _____	\$ _____
Construction:				
<u>Improvement type</u>				
Code _____	\$ _____	\$ _____	\$ _____	\$ _____
Code _____	\$ _____	\$ _____	\$ _____	\$ _____
Construction Engineering:				
Total Cost	\$ _____	\$ _____	\$ _____	\$ _____

Contract Items Participating	=	\$ (16) _____	=	_____ %
Contract Items nonparticipating	=	\$ _____	=	_____ %
Total	=	\$ _____	=	100.00 %

* Reimbursement Ratio: (17) _____ %

Appropriation Code(s) (18)

Name/Date Prepared _____

* Reimbursement ratios may vary within each phase of work such as Emergency Relief PE for Emergency Repair (100%) and PE for restoration (88.53%). In these cases, the detailed estimate shall include two separate lines of preliminary engineering.

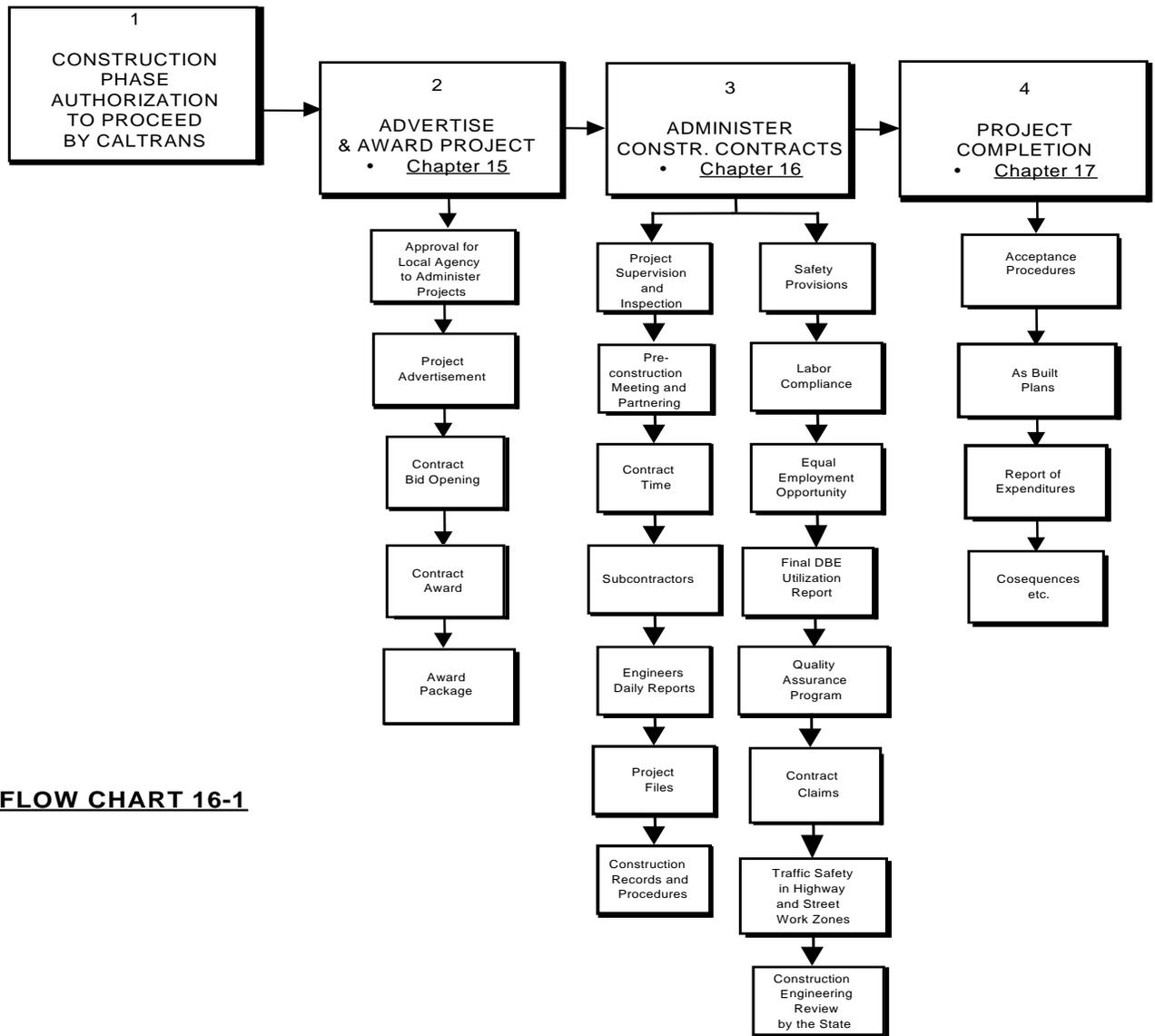
Distribution: All Projects (1) Original + 4 copies-Caltrans District Local Assistance Engineer.
(2) Copy-Local Agency Project File

CHAPTER 16 ADMINISTER CONSTRUCTION CONTRACTS

16.1 INTRODUCTION

This chapter, Chapter 15, *Advertise and Award Project*, and Chapter 17, *Project Completion* of this manual are for use by local agencies, who administer federal-aid projects under “Administering Agency-State Agreement.” When a locally sponsored project is within the State R/W and the State (Caltrans) is the administering agency, the Caltrans *Construction Manual* is used in lieu of these procedures.

ADMINISTER CONSTRUCTION CONTRACTS FLOWCHART



FLOW CHART 16-1

This chapter covers the topics beginning with project supervision, contract time, subcontractors, Engineer's daily reports, projects files, construction records and procedures, safety provisions, labor compliance, equal opportunity employment, disadvantaged business enterprise, contract change orders, material sampling and testing, and traffic safety in the highway and street zones. This chapter has been prepared mainly as a guide for administration of federal-aid contracts by local agencies. Each local agency Resident Engineer (RE) should be familiar with the contents of this chapter, Chapter 15, *Advertise and Award Project*, and Chapter 17, *Project Completion*, before administering such contracts.

The California State University, Sacramento conducts courses titled the Resident Engineer Academy, and "Construction Administration and Project Completion of Federal-aid Project." These courses are offered to local agency REs through the Cooperative Training and Assistance Program (CTAP). The RE Academy is designed to introduce the new RE to the roles and responsibilities associated with position and to the requirements of the Federal-aid Program. The "Construction Administration and Project Completion of Federal-aid Projects" explains in detail the federal-aid requirements in this chapter and Chapter 17, *Project Completion*. Contact your District Local Assistance Engineer (DLAE) for information on these training opportunities.

This manual is not a contract document. It is a book of reference and instruction to be used in the administration of federal-aid projects. In case of conflicts the contract documents and the Local Agency-State agreements shall prevail.

16.2 DEFINITIONS OF TERMS

- AASHTO - American Association of State Highway and Transportation Officials
- ASTM - American Society for Testing and Materials. A national technical society formed in 1902 to standardize specifications, methods of testing materials, and publish information regarding improvement of engineering materials.
- Acceptance Testing (AT) - The testing of materials entering a construction project to verify that the materials, or products, comply with contract specifications.
- Certificate of Compliance - A certificate signed by the manufacturer of materials stating that the materials involved comply in all respects with the requirements of the specifications.
- Construction - As defined in the United States Code (USC): The term "construction" means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping (including the establishment of temporary and permanent geodetic markers in accordance with specifications of the National Oceanic and Atmospheric Administration in the Department of Commerce), resurfacing, restoration, and rehabilitation, acquisition of rights of way, relocation assistance, elimination of hazards of railway grade crossings, elimination of roadside obstacles, acquisition of replacement housing sites, acquisition and rehabilitation, relocation, and construction of replacement housing, and improvements which directly facilitate and control traffic flow, such as grade separation of intersections, widening of lanes, channelization of traffic, traffic control systems, and passenger loading and unloading areas. The term also includes capital improvement which

directly facilitate an effective vehicle weight enforcement program, such as scales (fixed and portable), scale pits, scale installation, and scale houses and also includes costs incurred by the state in performing federal-aid project related audits which directly benefit the federal-aid highway program.

- Contract Claim - A demand for additional compensation, which cannot be resolved between the contractor and the local agency representative in responsible charge of the project.
- Contract Claim Award - A payment made by a local agency to a federal-aid contractor on the basis of an arbitration or mediation proceeding, administrative board determination, court judgment, negotiated settlement, or other contract claim settlement.
- Contract Claim Defense Costs - Local agency costs related to the defense and settlement of contract claims including, but not limited to salaries of employees, consultants, attorney fees, boards of arbitration, appeals boards, courts or similar tribunals.
- CFR - Code of Federal Regulations. Document produced by the federal government implementing the requirements of federal statutes.
- DBE - Disadvantaged Business Enterprise See Chapter 9, Section 9.5.
- Delegated Project – A lower risk project not selected as a High Profile project, for which Caltrans has been delegated authority from FHWA for all aspects of a federal-aid project except those activities which may not be delegated by federal law (requiring Federal Highway Administration [FHWA] approval). Prior to September 2007 these projects were referred to as “State-Authorized” projects defined by set criteria (rather than risk) such as non-Interstate 3R projects, Interstate construction projects under \$1 million, non-NHS projects, and so forth. Over 99% of local assistance projects are delegated in which Caltrans or the local agency has approval authority for most project level activities.
- Final Invoice - For an example see Chapter 17, *Project Completion*, Exhibit 17-C, and refer to Chapter 5, *Accounting/Invoices*, for instructions.
- Force Account - A basis of payment for the direct performance of highway construction work with payment based on actual cost of labor, equipment, and materials furnished with consideration for overhead and profit.
- Foremen - Men and women in direct charge of crafts workers or laborers performing work on the project.
- “Frequency Tables (Tables)” - See Exhibit 16-R, *Size, Frequency, and Location of Sampling and Testing*.
- High Profile – High Profile projects are high risk projects for which the FHWA maintains project level approval for many project delivery activities. Prior to September 2007 these projects were referred to as FHWA “Full Oversight” projects based on set criteria (rather than risk) such as Interstate construction over \$1 million, major Intelligent Transportation System, and so forth. Very few local assistance projects are High Profile project.
- Independent Assurance Sampling and Testing (IAST) - Periodic testing by a specially trained tester, to verify that acceptance testing is being performed correctly with accurate test equipment.
- Laborer, Semi-Skilled - All laborers classified by specialized type of work.
- Laborer, Unskilled - Non-classified laborers.

- Local Agency - A California City, County, or other local public agency. In many instances this term is used loosely to include nonprofit organizations.
- Maintenance - As defined in the USC: the preservation of the entire highway, including surface, shoulders, roadsides, structures, and such traffic control devices as are necessary for its safe and efficient utilization.
- “Materials Certificate” - See Chapter 17, *Project Completion*, Exhibit 17-F.
- Mechanics - Equipment service and maintenance personnel
- NHS - National Highway System
- Officials (Managers) - Officers, project engineers, superintendents, etc., having management level responsibilities and authority
- Others - Miscellaneous job classifications are to be incorporated in the most appropriate category listed on the form. All employees on the project should thus be accounted for.
- Progress Invoice - Periodic billing invoice by local/regional agencies for reimbursement of costs on ongoing contracts.
- QAP - Quality Assurance Program
- QC/QA - Quality Control/Quality Assurance - see “Statistical Quality Assurance” in this chapter
- Quality Assurance Program - A sampling and testing program that will provide assurance that the materials and workmanship incorporated in each highway construction project are in conformance with the contract specifications. The main elements of a Quality Assurance Program are acceptance testing and independent assurance sampling and testing.
- RE - Resident Engineer. A qualified engineer who is empowered to administer the construction contract. Pursuant to California Professional Engineering licensing requirements, the Resident Engineer may be unlicensed provided their work is performed under the review of a licensed engineer.
- SHA - State Highway Agency (Caltrans)
- Source Inspection - Acceptance testing of manufactured and prefabricated materials at locations other than the job site.
- State-Authorized Project - A classification for federal-aid projects, which are not subject to FHWA review and oversight required by *Title 23 Code of Federal Regulations*. For State-Authorized federal-aid projects the FHWA and Caltrans exercises the maximum degree of delegation of authority to local agencies (see Chapter 2, Section 2.4, *Stewardship - Letters of Agreement*, and Figure 2-1, *FHWA Oversight*).
- Supervisors - All levels of project supervision, if any, between management and foreman levels
- TCP - Traffic Control Plan

16.3 PROJECT SUPERVISION AND INSPECTION

INTRODUCTION

Construction engineering is eligible for federal-aid reimbursement if it is identified and programmed in the “Authorization to Proceed.” A fifteen percent (15%) limitation on construction engineering is required for the federal-aid program on a statewide basis. For more information on programming construction engineering see Chapter 3, *Project Authorization*.

For “Delegated” projects, FHWA has assigned the oversight responsibility of contract administration and construction inspection to Caltrans. This responsibility is conveyed to Caltrans by way of an E-76, which is executed for each federal-aid project. For all local federal-aid projects, further delegation of responsibility is made by Caltrans to the agency administering the project by way of the state/local agreements called master agreements and program supplements. This delegation is based on the following conditions:

- All federal requirements shall be met on work performed under a contract awarded by a local public agency.
- Force account work shall be in full compliance with Chapter 12, *Plans, Specifications & Estimate*, Section 12.2, *Method of Construction*.
- Local public agency is adequately staffed and suitably equipped to undertake and satisfactorily complete the work.
- Local public agency shall provide a full-time employee of the agency to be in responsible charge of the project that employs consultants for construction engineering services.

Such an arrangement does not relieve the Caltrans of overall project responsibility. Caltrans shall review local agency project staffing by periodic process reviews to assure compliance.

PROJECT STAFFING

Adequate construction personnel shall be provided to ensure adequate field control, conformance with the contract specifications, accurate contract payments to the contractor, and that quality transportation facilities are constructed. Local agencies shall include in the project records the names and titles of all staff assigned to each federal-aid project.

The documentation of project staffing is essential in making a determination of the adequacy of the local agency’s construction staffing.

PROCEDURES

The administering agency must designate a qualified engineer who is empowered to administer the contract. The agency may employ a consultant to provide construction engineering services such as inspection or survey work, however, the agency must provide a full-time employee to be in charge of and have administrative control of the project. A consulting firm that is on retainer as City Engineer is considered as a full-time publicly employed engineer.

Contractors, including those operating in joint venture, are required under the contract to designate in writing a person or persons authorized to supervise the work and to act for the contractor on the project. The administering agency's engineer is to assure that this information is on file. The addresses and local telephone numbers of such persons should be included.

The work must be inspected to assure compliance with the contract. Deviations must promptly be brought to the contractor's attention. Material samples must be taken and tests performed as noted in Section 16.14 of this chapter or in accordance with the local agencies own Quality Assurance Program. A record must be made of the engineer's and inspector's activities, as noted in Section 16.7 of this chapter.

The activities of the engineer and inspector may vary considerably depending on the terms of the contract; such as, end result specifications; method specification; types of measurement and payment clauses; experience of the contractor; complexity of the work; adequacy of the plans and specifications; protection of the public; and other factors. The local agency shall assign the necessary personnel to the project to assure that all the requirements of the contract are being fulfilled.

When a problem arises, the RE may request assistance or clarification from the DLAE. The DLAE shall evaluate staff availability and determine if assistance can be provided. The RE may refer to Chapter 4 of the Caltrans *Construction Manual* for more specific activities relating to roadwork. The State's *Bridge Construction Records and Procedures Manual* contains technical reference material for structure work.

16.4 PRE-CONSTRUCTION CONFERENCE AND PARTNERING

PARTNERING

Partnering is a relationship between the local agency and the contractor, formed in order to effectively complete the contract to the benefit of both parties. The purpose of this relationship is to maintain cooperative communication and to mutually resolve

conflicts at the lowest possible management level. A Caltrans special provision on partnering is included as a sample in the “Boiler Plate” contract documents in Section 12.8 of this manual.

Partnering is not a requirement of the federal-aid program, but it is eligible for participation as part of the construction engineering cost of the project. Generally, the costs are shared between the contractor and administering agency. Partnering can be a valuable extension of the pre-construction conference.

Partnering is not an alternate dispute resolution method. It is a change in the attitude and the relationship between owner and contractor. Partnering is the creation of a relationship between the owner and contractor that promotes achievement of mutual and beneficial goals. Partnering is where trust, cooperation, teamwork and the successful attainment of mutual goals are the hallmark.

The keys to making partnering work include communication, willing participants, senior management support, up front commitment, and a plan. Communication starts early in the process through a team-building session. All the key managers for the project are assembled for a workshop which focuses on team building, goal setting, identifying issues, and solving problems. The workshop is run by a facilitator who ensures all issues are brought out into the open. Authority to solve problems is delegated to the lowest level. Follow up meetings are held to evaluate goals and objectives.

When a local agency chooses to use the partnering approach, the partnering workshop can be independent of the pre-construction conference or integrated as a breakout session

When formal partnering is desired the contract should contain appropriate specifications for partnering. The Caltrans Office Engineer in each district is available to assist in providing specifications for the process. Partnering is not always appropriate and judgment should be exercised when selecting which projects this process would be beneficial to. Informal partnering may also be beneficial and does not require contract provisions to be implemented.

PRE-CONSTRUCTION CONFERENCE

For all construction projects, the administering agency shall schedule a pre-construction conference, unless the administering agency determines that the project is of such a minor nature that a meeting is not necessary.

The meeting shall be attended by representatives of the local agency and contractor. It is suggested that other affected agencies, local authorities (police, fire, etc.), and public utilities personnel be invited to attend. When an invitation is extended to Caltrans, representation will be up to the DLAE when he/she determines resources are available. Additional meetings may be advisable where considerable effort and time is required to cover specific areas, such as labor compliance, Equal Employment Opportunity (EEO), record keeping, etc.

Local agency representatives shall explain the various forms, reports, as well as sanctions for noncompliance with local, state, and federal requirements. Discussion is to include requirements for Equal Employment Opportunity, state and federal safety, labor compliance and DBE. Potential utility and traffic safety problems should also be discussed, as well as National Environmental Policy Act (NEPA) compliance requirements.

A written record of attendance and items discussed shall be made by the administering agency. A copy of the written record or the reasons for not holding the pre-construction conference shall be kept in the project files.

16.5 CONTRACT TIME

PROCEDURES

The administering agency is responsible for reviewing working days, contract time requirements, and documenting time extensions according to their own requirements. These requirements must be consistent with other similar projects not using federal-aid. Contract time extensions proposed after acceptance of the contract must have written approval of the administering agency. Generally the approval is made by change order for a specified amount of working days. Approvals can be made if the justification demonstrates a delay to the controlling item of work in the contractor's schedule

The administering agency shall maintain a written record of project progress. This record must indicate factors which may affect the work, such as weather conditions, utility delays, strikes or labor disputes, and material shortages. Based on these factors a record of working days shall be maintained.

Documentation similar to Exhibit 16-A, "Weekly Statement of Working Days," Form CEM-2701 is an acceptable record of project progress and shall be retained in the project file. A discussion on the use of the form is contained in Section 3-805, "Time of Completion," of the Caltrans *Construction Manual*.

16.6 SUBCONTRACTORS

INTRODUCTION

Subcontracting procedures apply to all federal-aid highway projects.

PROCEDURES

1. FEDERAL-AID PROJECTS

Contracts for federal-aid projects shall specify the minimum percentage of work that a contractor must perform with "its own organization." This percentage shall be not less than thirty percent (30%) of the total original contract price excluding any identified "specialty items"¹. When "specialty items" are specifically identified, they may be performed by subcontract and the amount of any such specialty items may be deducted from the total original contract before computing the amount of work required to be performed by the contractor's own organization. The contract amount upon which the above requirement is computed includes the cost of materials and manufactured products which are to be purchased or produced by the contractor under the contract provisions.

¹ Local agencies using *Caltrans Standard Specifications* or the *Standard Specifications for Public Works Construction (Green Book)* and choosing to use the thirty percent (30%) specified for federal-aid projects must include a special provision to override the *Caltrans Standard Specifications Section 8-1.01*, or the *Green Book specifications Section 2-3.1*, which require a minimum of fifty percent (50%) of work a contractor must perform with its own organization, excluding any identified specialty items.

2. SUBCONTRACTING

- a. The contractor must request permission in writing and receive written consent from the local agency **before** subletting any portion of a contract to a first tier subcontractor. This is accomplished by using the “Subcontracting Request” (Form CEM-1201). This form is included as Exhibit 16-B, of this chapter and states what portion of an item is to be subcontracted along with the dollar value of that item. The requirement for written consent does not apply to second and lower tier subcontracts. However, all weekly payroll, labor compliance, EEO, insurance and other contractual obligations remain in effect regardless of tier. All subcontracts shall be in the form of a written agreement and contain all pertinent provisions and requirements of the prime contract including all or a portion of the federal boiler plate specifications. Certain provisions of the boiler plate are required based on the dollar amount of the contract, or type of facility being constructed. Refer to Chapter 12, “Plans Specifications & Estimate,” for specific details of these requirements.
- b. There are special requirements for DBE trucking as reporting must be done monthly on all trucking done by DBE subcontractors in order to document DBE participation. Monthly reporting will be accomplished using Exhibit 16-Z, "Monthly DBE Trucking Verification".

3. TERMS: Terms used above are defined as follows:

“its own organization” - includes only workers employed and paid directly by the prime contractor, and equipment owned or rented, with or without operators. Such term does not include employees or equipment of a subcontractor, assignee, or agent of the prime contractor.

“Specialty Items” - are limited to items of work that require highly specialized knowledge, craftsmanship or equipment not ordinarily available in the type of contracting organizations qualified and expected to bid on the contract as a whole. The items are generally limited to minor components of the overall contract. However, the fabrication and erection of certain types of steel structures are of such a nature and intricacy that they should be considered “specialty items” even though the cost of this work may constitute the major portion of the contract amount. For each individual construction contract, the administering agency must select any items that are to be treated as “specialty items” and list such selected items in the Special Provisions, or bid schedule.

16.7 ENGINEER'S DAILY REPORTS

PROCEDURES

The administering agency's Resident Engineer, Assistant Resident Engineers, and construction inspectors shall keep daily reports to record work in progress.

The Daily Reports shall record the hours worked by men and equipment:

- Where work is being paid for based on the cost of labor, equipment, and material
- When there is an anticipated change in character of work
- When there is a potentially significant overrun or underrun, or
- When there is disputed work or a potential claim

The detail should be sufficient to permit review of the contractor's costs of the work in a manner similar to force account. Equipment should be identified sufficiently to enable determination of the applicable rental rates and operator's minimum wage. In some cases it may be desirable to record dates of arrival or departure of equipment, as well as idle time for breakdown or other reasons.

The narrative portion of the report should include a description of the contractor's operation and the location where the work was performed. It should also include statements made by the contractor or agency personnel, which are pertinent to the work. The report must also contain the name of the contractor or subcontractor performing the work.

When the report is used to determine compliance with the labor provisions (see (Section 16.11, "Labor Compliance") of the contract, include the following additional information:

- The names or identification numbers of the contractor's personnel
- The respective classifications of the work being performed
- The number of hours worked on the date covered by the report

Reporting for labor compliance shall be done on a random spot-check basis only. The number of reports for labor compliance purposes should vary with the size and duration of the contract and the degree of compliance revealed by checking previous reports. One report per week for each operation being performed on the project should be used as an initial guide. The frequency may be reduced after a high degree of compliance has been verified.

An example of both the Resident Engineer and Assistant Resident Engineers daily report forms used by Caltrans are shown as Exhibit 16-C.

The engineers' daily reports discussed herein are required in addition to the extra work reports submitted by the contractor. For more information on the organization and use of the daily reports see the Caltrans *Construction Manual*, Chapter 5, Section 5-102, "Organization of Project Documents," 5-004, "Resident Engineer's Daily Report," 5-005, "Assistant Resident Engineer's Daily Report," and 5-101, "Forms Used for Contract Administration."

16.8 PROJECT FILES

An administering local agency must establish a separate record file for each federal-aid highway project. The project file shall contain all data pertinent to the work and to the

requirements of the specifications. In general, project files should support: 1) adequacy of filed control, 2) conformance to contract specifications, and 3) contract payments to the contractor. The file must be complete, available at a single location, and organized and maintained in a manner that permits inspection by Caltrans and FHWA personnel during process reviews or random checks.

Generally, whenever the local agency is unable to produce requested data or information, it shall be assumed by reviewing personnel the required actions were either never performed or not properly recorded. Organized project files can minimize these negative assumptions.

DLAEs shall periodically perform process reviews and inspect, during construction, local agency project files for compliance with federal and State requirements. Organization and content of the project file is one indicator of the effective and efficient management of the project by the resident engineer. It also minimizes resources necessary for conducting process reviews.

ORGANIZATION OF FILES

Local agency administered federal-aid highway project files shall be organized and include the following information indicated below:

Project Record Filing System - Locally Administered Federal-aid Projects

1. Project Personnel
2. Correspondence
 - a. Contractor
 - b. General
3. Weekly record of working days (if contract time is specified. See Sections 12.9 and 16.5 of this manual)
4. Materials Data¹
 - a. Certificate of Proficiency -Form 03-HC-1 (Exhibit 16-D)²
 - b. Independent Assurance Sampling and Testing - Form MR-0102 (Exhibit 16-E)⁴
 - c. Report of Witness Tests- Form MR-0103 (Exhibit 16-F)⁴
 - d. Project Acceptance Test Results and Initial Tests (no form available)
 - e. Project Independent Assurance Tests (no form available)⁴
 - f. Report of Comparison Between Independent Assurance Tests (IAT) and Acceptance Tests - Form MR-0104 (Exhibit 16-G)⁴
 - g. Summary of Independent Assurance Testing - Form MR-0105 (Exhibit 16-H)⁴
 - h. Notice of Materials to be Used - Form HC-30 (3/81) (Exhibit 16-I)⁴
 - i. Notice of Materials to be Furnished - Form MR-0608 (Old: TL-608) (Exhibit 16-J)⁴
 - j. Notice of Materials to be Inspected - Form MR-0028 (Old: TL-28) (Exhibit 16-M)⁴
 - k. Report of Inspection of Material - Form TL-29 (REV. 2-80) (Exhibit 16-K)⁴
 - l. Field Laboratory Assistant Reports

¹ Material Data will vary according to the Local Agency's Quality Assurance Program (QAP). Items listed are required for the Caltrans QAP if adopted by the local agency.

² Used for NHS projects only.

⁴ Note that these forms are not standard and vary by agency and manufacturer

- m. Certificates of Compliance¹
 - n. Material Testing Summary Log (as specified in Section 16.14, “Quality Assurance Program”)
5. Engineer’s Daily Reports
 - a. Resident engineer
 - b. Structure engineer
 6. Contract Item Pay Quantity Documents
 7. Contract Change Orders
 8. Extra Work Reports
 9. Progress Pay Estimates and Status of Funds
 10. Labor Compliance and EEO records
 11. Contractor’s Payrolls
 12. Final Report
 13. Materials Certificate
 14. DBE Records

Other sections of this chapter explain the contents of the above listed file categories.

This chapter includes a standardized category system which helps the Resident Engineer and staff keep their files organized. A large and complex local agency project usually requires a more detailed record-keeping system. The record-keeping system described in Caltrans *Construction Manual*, Section 5-102, “Organization of Project Documents” is suggested for large projects.

AVAILABILITY

All contract documentation and backup records shall be available at any time for inspection by Caltrans and FHWA reviewing personnel. Use of a uniform project record-keeping system, together with diligent maintenance of the system, greatly facilitates a process review and minimizes negative findings. Good records of all construction activities clearly demonstrate to all concerned that project supervision and control were attained on the project.

16.9 CONSTRUCTION RECORDS AND ACCOUNTING PROCEDURES

PROCEDURES

On “State Administered” projects, the procedures outlined in the Caltrans *Construction Manual* shall be followed. On “Locally Administered” projects, a similar accounting system should be used. The essential elements of the system are as follows:

¹ Note that these forms are not standard and vary by agency and manufacturer

1. It must contain a file of source documents supporting payments made to contractors. Source documents shall be any written record(s) prepared by the administering agency which clearly record:
 - To what specified portion of work it applies;
 - The necessary measurements and/or calculations by which the quantity is Determined; and
 - The name of the individual who made the determination.
2. The calculations on source documents are to be checked in accordance with good engineering practice and the name of the checker included thereon. Checking should be performed as soon as practicable, but in any event prior to payment of a final estimate. Quantities from source documents must be entered in the appropriate project records.
3. Weighmaster certificates are source documents and must be validated by a representative of the administering agency at the point of delivery.
4. It should contain a separate item sheet for each contract item and each other appropriate accounting category such as; adjustments of compensation; extra work payments; payments for materials not yet incorporated into the work; and deductions.
5. It should contain a contingency balance and anticipated changes sheet, on which the current estimated probable final cost of the work is recorded.
6. It must provide for retention of the records in accordance with the local agency-State Agreement. This agreement requires that records be retained by the local agency for a period of three years from the date of final payment under the project program supplement.

Progress Estimates must be prepared and a copy submitted to the Caltrans Accounting Service Center Attention: Local Programs Accounting Branch with each invoice requesting reimbursement. The local agency may use its own format. The Progress Estimate shall be used as part of the back-up for the invoice shown as Exhibit 16-L.

Chapter 5, Section 1, "Project Records and Reports," of the Caltrans *Construction Manual* is a good reference to assist local agencies in organizing their accounting system for a typical federal-aid project.

16.10 SAFETY PROVISIONS

INTRODUCTION

This section applies to all federal-aid projects.

Federal and State laws have established occupational safety and health standards with which all employers must comply. These laws basically require an employer to provide a safe place of employment; i.e., one that is reasonably free from danger to life, or health.

PROCEDURES

The contractor shall be required under the contract specifications to comply with

safety rules and regulations (see the FHWA Form 1273 section titled "Safety - Accident Prevention"). The "Construction Safety Orders" of the California Division of Industrial Safety apply to all federal-aid contracts.

In administering this part of the contract, the engineer is required to see that the contractor properly provides for the safety of the workmen. **Under no circumstances should the contractor be instructed orally or in writing on how to correct a deficiency.** The unsafe condition should simply be identified as well as the specific regulation involved if it is known. In carrying out the responsibilities of assuring safety compliance as a contract requirement, the following guidelines shall be used:

1. **Imminent Hazard** -- These are conditions that, if not corrected, would likely result in an accident causing severe or permanently disabling injury, or death.

When an imminent hazard is found to exist or when the Contractor permits repeated occurrences of a hazardous condition the Resident Engineer should take the following steps:

1. Advise the Contractor verbally of the condition and the need for immediate correction.
2. Remove all employees from the hazardous exposure.
3. Have the Contractor remove all personnel not necessary to make the corrections. Complete all necessary abatement actions.
4. If the Contractor complies, document the incident in the contract's Safety Diary with appropriate references in the Resident Engineer's Diary.
5. If the Contractor does not comply, shut-down the affected operation(s). Document the condition(s) and your order in writing.

Whenever it is necessary to shut-down a Contractor's operation the Local Agency Construction Safety Coordinator and the Division of Occupational Safety and Health should be notified of the hazardous condition and the actions taken. Diaries giving all details leading up to the suspension and copies of orders by the Resident Engineer and/or the Division of Occupational Safety and Health shall be maintained in of the contract files (Category 6 if Caltrans' filing system is used).

2. **Dangerous Conditions (Serious Hazards)** -- These are conditions that do not present an immediate danger to workers, but if not corrected could result in a disabling injury and possibly death, or could develop into an imminent hazard.

When a dangerous condition (sometime referred to as a Serious Hazard) is found to exist the Resident Engineer should take the following steps:

1. Advise the Contractor verbally of the condition and the need for timely correction. If appropriate, set a compliance deadline.
2. Remove State and Consultant employees from the hazardous exposure.
3. If the Contractor complies, document the incident in the contract's Safety Diary with appropriate references in the Resident Engineer's Diary.

4. If the Contractor does not comply, consider ordering the shut-down of affected operation(s). Document the condition(s) and your order in writing. If the operation is ordered to be shut-down, proceed in the same manner as described for an imminent hazard.
3. **Minor or Non-Serious** -- These are conditions that could result in minor injuries or that may be classified as a threat to health.

When a non-serious or minor condition is found to exist the Resident Engineer should take the following steps:

1. Advise the Contractor verbally of the condition and the need for correction.
2. If the Contractor complies, document the incident in the contract's Safety Diary.
3. Protect State and consultant employees from exposure.
4. If the Contractor fails to correct the condition or permits its repeated occurrence, the Construction Safety Coordinator should be notified.

CITATIONS & INFORMATION MEMORANDUM

Cal/OSHA issues citations if, during an inspection, they observe an employee exposed to an unsafe or unsanitary condition. Citations may also be issued in situations where an employee exposure can be shown to have occurred even though it was not observed during the course of the inspection. Every citation will identify the violation and the gravity of the violation (serious, general or regulatory).

In addition to the authority to issue citations, Cal/OSHA has the authority to prohibit entry into an unsafe area or to use unsafe equipment (Labor Code Section 6325) when an imminent hazard exists. The violation of this type of order is a misdemeanor.

When an actual exposure cannot be demonstrated, but a condition is found to exist that would be a violation if an exposure were to occur, then Cal/OSHA may issue an "Information Memorandum." To allow an employee to be exposed to a condition identified in an Information Memorandum constitutes a willful violation of the Safety Orders.

Should a Contractor receive a Citation, shut-down order (yellow tag) or an Information Memorandum, the Construction Safety Coordinator should be notified. The Resident Engineer should react to the Cal/OSHA action as outlined in the previous section. The level of action shall be based on the severity as determined by Cal/OSHA.

16.11 LABOR COMPLIANCE

INTRODUCTION

Labor compliance regulations apply to all projects both on and off the NHS system.

PROCEDURES

The administering agency (defined in Chapter 15) is responsible to designate a labor compliance officer to enforce the contract provisions and ensure that all labor compliance requirements are performed and documented in the project file. Generally, labor compliance requirements are discussed at the pre-construction conference.

Labor compliance requirements shall be monitored by Caltrans through a process review or a mini process review. Process review teams should include representatives from Caltrans District Local Assistance and a District Labor Compliance Officer. Coordination for the process review is the responsibility of the DLAE.

When labor compliance problems are discovered by the administering agency they should be reported to DLAE for statistical purposes. The local agency is responsible for determining the appropriate action required to remedy or address the problem. When labor compliance problems are discovered by process review, they should be documented in the process review report with a recommendation for correction of the problem. The report shall be submitted to Headquarters Division of Local Assistance, Attention: Process Review Committee. The committee shall review the report and recommendations for statewide consistency and implement approved recommendations.

The administering agency must maintain sufficient records to ensure contractor/subcontractor compliance with wage and apprenticeship sections of the contract. Specific actions required include, but are not limited to:

- Preparing inspector's daily reports which note employee, labor classifications, hours worked, and equipment working on the project. Ideally, the number of employees, names, classifications, and hours worked should be noted on each daily report. See "Resident and Assistant Engineers Daily Report" (forms CEM-4501 and HC-10A4) Exhibit 16-C, (first and second page). If this is not possible, then as a minimum, the data must be reported in at least one diary during the week.
- Conducting spot interviews with employees on the project. A form similar to, or State Form HC-0031 should be used (, "Employee Interview: Labor Compliance/EEO"). The Spanish version of this form can be downloaded at: <http://www.dot.ca.gov/hq/construc/forms/cem2504s.pdf>
- Maintaining written evidence of apprentices employed on the project.
- Ensuring that the contractor submits certified payrolls and/or owner operator listings (as appropriate) for their work and from all subcontractors or equipment rental companies who perform work on the project. Every laborer or mechanic performing work on the project must appear on either a certified payroll or owner operator list.
- Spot checking the payrolls or listings to ensure that at least the applicable Davis-Bacon or State prevailing wage rates as referred by the Special Provisions are paid.
- Cross checking reports, interviews, payrolls and wage rates in order to determine the contractor's and subcontractor's compliance. Comparing all force account or day labor work to certified payrolls. Employees' names, classifications, and wage rates should match.
- Ensuring that the contractor posts all specified posters, notices, wage determinations, etc. at the job site.

- Applying necessary sanctions against the prime contractor for failure to submit payrolls or noncompliance with the labor standard requirements. Sanctions must be in conformance with current Caltrans policy as described in *Caltrans Construction Manual, Chapter 8, Section 1, "Labor Compliance."*
- Reporting any apparent violation of state or federal labor requirements to the DLAE immediately upon discovery. In the case of local agency contracts that are 100 percent federally funded, violations should also be reported to the US Department of Labor (a listing of their office addresses is shown in Exhibit 16-Q). This information shall be forwarded to and maintained by the HQ Local Assistance Civil Rights Coordinator and is to be forwarded on form FHWA-1494 semi-annually, to the Caltrans Headquarters Construction Office. Caltrans Headquarters Construction is responsible for summarizing the information statewide and submitting it to FHWA. The local agencies may contact the District Labor Compliance Officer for advice, training, and assistance as needed, or the following for labor compliance cases at the California Department of Industrial Relations, Division of Labor Standards Enforcement

Southern California

Public Works Contracts
Division of Labor Standards Enforcement
6150 Van Nuys Blvd., Rm. 100
Van Nuys, CA 91401
(818) 901-5538

Northern California

Public Works Contracts
Division of Labor Standards Enforcement
2424 Arden Way, Rm. 340
Sacramento, CA 95825
(916) 263-2842

16.12 EQUAL EMPLOYMENT OPPORTUNITY

INTRODUCTION

Equal Employment Opportunity (EEO) requirements apply to all federal-aid construction contracts and all related subcontracts of \$10,000 or more. The Contractor is subject to the U.S. Department of Transportation EEO and nondiscrimination requirements pursuant to 23 USC 140 and its implementing regulations. In addition, the contractor is subject to the U.S. Department of Labor's federal-aid contract requirements that include women and minority recruitment goals and the adherence to specific EEO and affirmative action standards pursuant to 41 CFR, Chapter 60 (see FHWA Form 1273, Exhibit 12-E, Chapter 12).

PROCEDURES

A proactive approach to ensure compliance is to discuss the requirements of the contract at the pre-construction conference. The EEO responsibilities specifically listed in the "Required Contract Provisions, Federal-aid Construction Contracts (Form 1273)" are broad and inclusive, requiring specific actions regarding all aspects of employment including but not limited to recruitment, hiring, upgrading, promotion, transfer, overtime, demotion, layoff, termination, training, working with the union, addressing discrimination complaints, and dissemination of EEO policy.

RECORDKEEPING

The administering agency must document contractor's compliance with the EEO requirements according to the FHWA Form 1273, Exhibit 12-E, Chapter 12 and maintain the record for three years.

COMPLIANCE REVIEWS

Caltrans Office of Business and Economic Opportunity selects a federal-aid prime contractor to be reviewed, and conducts formal compliance reviews of federal-aid prime and subcontractors during the peak employment period of both Caltrans and local agency federal-aid contracts. The formal compliance review consists of a desk audit and an on-site review examining the contractor's personnel policies, EEO practices, workforce composition (i.e., job classification, race, gender) and documentation of the contractor's efforts to recruit women and minorities in all aspects of employment. An EEO Contractor Compliance Review model based on 23 CFR Part 230, Subparts A and D is used by the Caltrans Civil Rights Office.

REPORTING

The FHWA Form PR-1391, (see sample: Exhibit 16-O, "Federal-aid Highway Construction Contractors Annual EEO Report", Chapter 16) is prepared by the prime contractor and by each subcontractor if the federal-aid construction contract work exceeds \$10,000. The reporting period is only for federal-aid construction contracts that are active during the last pay period in July. If the contract is completed prior to the last pay period in July, or the construction contract does not begin until August, then no PR-1391 report needs to be filed.

It is the responsibility of the administering agency to ensure the prime contractor and subcontractors complete the form accurately and timely. The administering agency must review, countersign and submit the PR-1391 to the DLAE by August 25 of each year. Failure to submit the report form in a timely manor may result in sanction and/or a process review. The DLAE compiles and forwards the reports to the Division of Local Assistance Civil Rights Coordinator no later than August 30.

U.S. Department of Labor (DOL), Executive Order 11246 - Only the DOL has the authority to determine compliance with EO 11246 and its implementing regulations. Local agencies do not have independent authority to determine compliance with EO 11246, and 41 CFR, Chapter 60, or the minority and female goals established by the Office of Federal Contract Compliance Programs, (OFCCP). If the administering agency becomes aware of any possible violations of EO 11246 or 41 CFR, Chapter 60, the administering agency has the authority and responsibility to notify the OFCCP. For contact information, see Exhibit 16-Q, "U.S. Department of Labor, Office of Federal Contract Compliance Programs (Offices Within California)" Chapter 16.

It is recommended that Chapter 5, Section 3, “Contract Change Orders,” of the Caltrans *Construction Manual* be reviewed for additional information on change orders. The procedures described therein shall be followed on “State administered” local assistance projects. For “locally administered” projects, the following procedures apply.

Changes on planned design/environmental/mitigation features may need to be reevaluated before proceeding with the change. Any change in environmental mitigation commitments, permit conditions, agreements with resource agencies, or the introduction of new social, environmental, or economic issues that need to be addressed under applicable federal, State, or local law shall be referred to Caltrans for further action.

If the change order work is of an emergency nature and additional federal funds are needed, the administering agency shall request the increase in federal funds from the DLAE and RTPA/MPO. Approval for additional federal funds may be given verbally, but the local agency shall submit the request in writing to the DLAE and RTPA/MPO immediately to confirm such approval in writing. The request by the administering agency shall include a revised detail estimate. The approval for additional federal funds shall be retained in the construction records.

The administering agency is responsible for determining eligibility of all change orders. Some examples of work which require change orders are listed below:

- Revisions to geometric design (main road, ramps, frontage road, or crossing)
- Revision of the structural section above sub-base level
- Revisions in conflict with standards upon which project approval was based
- Revisions involving addition, deletion, or relocation of major structures
- Any change in planned access provisions
- Any change which should alter the scope of the contract
- Any change related to type or quality of materials to be furnished
- Changes in specifications or specified method of processing
- Changes resulting in an increase or decrease quantity of an item of more than 25 percent in conformance with Section 4-1.03B, “Increased or Decreased Quantities,” of the *Caltrans Standard Specifications*.
- Adjustments resulting from the application of the *Caltrans Standard Specifications* Section 9-1.08, “Adjustment of Overhead Costs.”
- Force account work over \$15,000 in amount and not provided for, in an approved PS&E as supplemental work, or within the amount budgeted for contingencies

A change order may be determined participating, participating in part, or nonparticipating, in regards to using federal funds. In general, most changes are participating provided they are necessary to complete the project as originally contemplated at the time the plans and specifications were approved.

Nonparticipation should not be a determination used in order to circumvent federal requirements (i.e., waiver of Buy America in order to accept foreign materials would jeopardize project funding).

NONPARTICIPATING

Following are some items which normally are **nonparticipating**:

- Utility work - betterments or work not programmed
- Plant establishment periods of over 3 years¹
- Work outside project limits as defined in the project authorization document
- Work not on properly designated route
- R/W obligation not programmed
- R/W obligation already compensated
- Work chargeable to other programs
- Maintenance work (except Demonstration Programs)
- Work not in accordance with approved Specifications, unless quality is not reduced
- Non highway related work
- Work outside of local agency rules or limits
- Work done for CCOs which exceeds the authorized amount of federal funds.
- Work over and above amount programmed
- Deviations from design standards
- Nonconforming materials
- Equipment rental rates in excess of those allowed by FHWA (see equipment rental rates at the end of this section for more information).

TIME EXTENSIONS

Change orders shall also provide the time needed to accomplish the work. Standard specifications should require the contractor to submit an activity schedule that outlines the contract operations from start to finish. Reasonably, this schedule should depict the planned operation by day or week and may take the form of a critical path. A trace of the critical path identifies the controlling operations. In the absence of a critical path or activity schedule, a determination of the controlling operation(s) is necessary.

If work covered by a change order affects a controlling operation, an extension of the contract time is warranted. If the controlling operation is unaffected, an extension of the contract time is not warranted. In order to establish the time required to perform the work, an estimate of the time should be developed as the other components (i.e., labor, equipment, and materials) are estimated.

¹ *Federal Policy Guide*, December 9, 1991, Transmittal 1 23 CFR 752, Section 752.4 Landscape development. Normal one year plant establishment periods may be extended to a 3 year period where survival is considered essential to their function, such as junkyard screening and urban landscape projects.

Occasionally, there are events that are beyond the control of either the local agency or the contractor that affect the controlling operation. These should be enumerated in the local agency's standard specifications and be acceptable to support an extension of contract time. Such events include the following:

- Labor strikes (including job pickets)
- Public protests (to the project)
- General riot
- Declaration of war
- "Acts of God"
- Traffic accidents (e.g., hazardous spills)

Events that are normally considered to be under the control of the contractor and, as such, do not warrant a time extension include:

- Shutdowns for maintenance
- Breakdowns
- Suspensions or stop work orders for violation of safety or pollution regulations
- Shutdowns for construction accidents
- Materials delays

MATERIALS DELAYS

The contractor is responsible for the timely order and delivery of materials for the project. A delay in delivery of materials does not in itself generally support an extension of contract time. However, if an unusual market condition (i.e., an industry-wide strike, natural disaster, or area-wide shortage) occurs, a time extension may be in order.

RIGHT OF WAY DELAYS

Because of the Right of Way Certification required from the local agencies prior to the FHWA project authorization, the FHWA policy generally does not permit participation in time extensions for such delays. Whenever the railroad or utility is permitted to adjust its facilities coincidentally with contract operations, such activities must be clearly addressed in the contract provisions. All parties should understand that any interference by the railroad or utility to the contractor's operations generally will not constitute an allowable delay. In general, an extension of contract time due to ROW delays is very unusual and is the exception rather than the rule. For federal-aid eligibility of an extension, it must be shown that:

- The construction work was actually delayed by the ROW, railroad, or utility difficulty;
- The contractor did everything required by the contract to minimize the delay; and
- The local agency was unable to exercise effective control of the situation despite its best efforts.

Caution: Compensation for ROW delays is not eligible for federal participation if the delay is defined as per *Caltrans Standard Specifications*, Section 8-1.09, "Right of Way Delays."

All questions regarding eligibility (federal funding participation) can be directed to the DLAE for guidance.

Process reviews shall be conducted by DLAE periodically to monitor approved change orders. If change orders are found to be ineligible during a process review, federal funds paid for the change order shall be withdrawn from the project.

EQUIPMENT RENTAL RATES

Federal policy requires that actual costs be used to determine extra work payments; however, actual equipment costs are not readily available. Therefore, the FHWA permits the local to specify in their construction contract specifications the use of commercially available rate guides (i.e., *Dataquest Rental Rate Blue Book*) as well as equipment rate schedules developed by SHAs (*Caltrans Blue Book*) which are in conformance with the federal cost principles and the FHWA's policy contained herein.

The federal cost principles applicable to rental rates for contractor furnished equipment are contained in 48 CFR, Part 31. The provisions in OMB Circular 87 apply when State-owned equipment is used.

Rental Rate Guides: A State may, subject to the FHWA's concurrence, adopt the *Dataquest Rental Rate Blue Book* or another industry rate guide, or it may develop its own guide (which Caltrans has done, and is referred to as the *Caltrans Blue Book*). The State must make the determination that the equipment rental rates developed or adopted fairly estimate a contractor's actual cost to own and operate the equipment. It is the FHWA's responsibility to review each State's rates for compliance with the policy.

Adjustment Factors: Equipment is not expected to operate for 12 consecutive months. Maps at the beginning of each (*Dataquest Rental Rate Blue Book*) equipment section indicate adjustment factors based on climate and regional costs. Rate adjustment tables indicate adjustment factors based on equipment age. The adjustment factors in the maps and tables are to be applied when determining the eligible rate.

Maximum Rate: The Blue Book adjusted rates cover all eligible equipment related costs. Therefore, they are considered to be the maximum eligible rates for federal-aid participation purposes.

Hourly Rates: The developer of the Blue Book accumulates all contractor costs for owning a piece of equipment on an hourly basis. The monthly rate displayed in the rental guide is determined by multiplying the hourly accumulated costs by the monthly standard of 176 hours. Therefore, for periods of equipment use less than the standard 176 hours per month, federal-aid participation shall be limited to the hourly rate obtained by dividing the monthly rate by 176. Premium rates contained in the rate guides shall not be used.

Standby Equipment Rates: The contractor continues to incur certain ownership costs when equipment is required to be on standby. The use of a standby rate is appropriate when equipment has been ordered to be available for force account work but is idle for reasons which are not the fault of the contractor. While an industry standard does not exist for standby rates, it has been the normal practice of the courts to reduce published ownership rental guide rates by 50 percent for standby rate usage. Therefore, the FHWA will accept use of 50 percent of the ownership rental rates of an approved guide as the standby rate in lieu of a contractor's actual standby costs. There should be no operating costs included in the rate used, and standby time should not exceed 8 hours per day, 40 hours per week, or the annual usage hours as established by the rate guide.

NON -NHS PROJECTS

For federal-aid projects off the National Highway System, local agencies may adopt their own Quality Assurance Program used for transportation projects not utilizing federal-aid funds, or adopt the Caltrans QAP described in this section. Caltrans will not process a Request for Authorization for Construction without verification of an adopted QAP.

For local agencies that adopt the Caltrans QAP procedures the following shall apply:

- Caltrans will certify the local agency's (or their consultants') laboratory and acceptance testers if Caltrans test methods are used.
- If the local agency's QAP does not include Caltrans test methods, Caltrans will not certify the local agency's laboratory or acceptance testers. Caltrans will certify the local agency's laboratory and acceptance testers if the local agency is also administering a project on the NHS or State Highway System at the same time. The local agency shall either conduct the testing or contract out with a consultant that meets local agency requirements.
- Acceptance of manufactured and prefabricated structural materials shall be based on either a Certificate of Compliance and/or source inspection by the local agency or a qualified consultant. If the administering agency cannot perform the source inspection and qualified consultants are not available, the agency may request that Caltrans conduct the inspections on a reimbursed basis (see "Source Inspection" in this chapter for details on requesting Caltrans' services).

For local agencies that do not adopt Caltrans QAP, they shall develop their own QAP that includes as a minimum:

- Acceptance Testing - procedures for regular testing of materials entering a construction project to verify that the materials, or products, comply with contract specifications or standards
- Independent Assurance Sampling and Testing - procedures to verify that acceptance testing is being performed correctly by:
 - a) Verifying that equipment used for acceptance testing is properly calibrated and in good working condition.
 - b) Witnessing sampling and testing by the Acceptance Tester.
 - c) Splitting material samples and comparing the test results between the Acceptance Tester and Independent Assurance Sampler and Tester.
- Testing of Manufactured Materials - procedures for inspecting, accepting and testing of manufactures and prefabricated materials either by source inspection, job site inspection, or certificate of compliance

Whatever QAP the local agency chooses for projects off the NHS, the program decided upon shall be documented and approved by the Public Works Director. A non-registered Public Works Director must delegate the approval to the City/County Engineer if such individual is appropriately registered. If the City/County Engineer is not registered, the delegation can be made to the highest level engineer in the agency who is. Copies of the approved quality assurance program shall be kept on file and available for State review.

If the local agency chooses to use the Caltrans test methods, Caltrans METS will perform the IAST if requested. Otherwise, it is the local agency's responsibility to perform IAST with its own staff, or hire a consultant determined qualified by the local agency.

NHS PROJECTS

It is Caltrans' responsibility to have a Quality Assurance Program (QAP) for use on both State highway and local street and road federal-aid construction projects. The QAP described in this section meets the requirements of the Federal Highway Administration (FHWA) for local agency projects. **Local agencies must follow the QAP procedures described in this section for all projects on the NHS.**

The Caltrans QAP requires IAST as a check on the reliability of sampling and testing performed during acceptance testing. The independent assurance sampling and testing is not to be used for determining quality and acceptability of material incorporated into the job. Such tests are used only for the purpose of determining the reliability of testing personnel, procedures used, and calibration of testing equipment. When the local agency elects to use ASTM test methods, it is Caltrans' responsibility to perform necessary IAST with its own ASTM proficient staff and equipment, or hire a qualified consultant to perform the ASTM IAST.

GENERAL PROCEDURES

Administration of local agency projects may be transferred to the State via a cooperative agreement. All material sampling and testing required for State-administered cooperative projects is performed as described in Chapter 6, "Sampling and Testing," of the Caltrans *Construction Manual* and the *Quality Assurance Program Manual*. Local projects typically are administered by the local agency. Materials sampling and testing for these projects must use the procedures described in this manual.

NHS PROJECTS

Correlation Testing Program

Testing and inspection of materials that cannot be adequately performed by the awarding local agency must be arranged for in advance of advertising a project. Testing options are permitted provided the laboratory utilized is a participant in a correlation testing program approved by the Caltrans Office of Materials Engineering and Testing Services. Three correlation testing programs approved by Caltrans are:

- The AASHTO Materials Reference Laboratory (AMRL)
- Cement and Concrete Reference Laboratory (CCRL)
- Caltrans' own Reference Samples Program (RSP)

These correlation testing programs conform to the FHWA requirement that each State Transportation Agency must participate in an approved laboratory inspection and comparative sample testing program. All laboratories which use Caltrans' test methods must participate in the Caltrans Reference Sample Program. Those laboratories which do not use Caltrans' test methods may participate in the AMRL and CCRL programs to fulfill correlation testing program requirements.

Qualifying Laboratories

In addition to their own staff, a local agency may use any of the following options for sampling and testing materials:

- Laboratory operated by another local agency
- Caltrans laboratory (if Caltrans “local assistance work for others” resources are available)
- Private consultant laboratory
- Require a certificate of compliance in lieu of testing manufactured products

A private consultant laboratory may be permitted to subcontract materials testing, provided the test results are received by the Resident Engineer within 7 days after materials are sampled. The subcontractor must be approved by the local agency and must be a participant in an approved correlation testing program. All materials provisions that apply to the consultant laboratory shall apply to the subcontracted consultant.

Any laboratory providing testing services for projects located in California (except for products manufactured out of state) shall be under the responsible engineering management of a California registered professional Engineer with experience in inspection and testing of construction materials. The Engineer shall certify the results of all tests performed by laboratory personnel under his supervision.

Agencies using the *Standard Specifications for Public Works Construction* (commonly referred to as the Green Book) can as outlined in Section 4-1.3.3, select a consultant laboratory to sample and test material at locations too distant for the agency staff to conduct the sampling and testing. This specification allows for the agency to have the contractor pay for the costs of this service, however the contractor shall not select or exercise any authority over the consultant laboratory.

Certification of Personnel

Acceptance sampling and testing by project personnel or construction, or central laboratory personnel shall be performed only by those who have been certified by the District Materials Engineer or other designated district authority, to be proficient in acceptance sampling and testing. These personnel shall possess a current “Certificate of Proficiency for an Acceptance Tester,” (MR-0111) (old Form HC-1) (Exhibit 16-D) which is valid in all districts. This certificate is required for all samplers and testers, including personnel from the District Materials Laboratory, construction (including Resident Engineers and their assistants), construction field laboratory, Office of Structures Construction, local agencies, and consultant laboratory employees, including employees of sub-contracted laboratories.

The District Materials Engineer shall individually certify personnel of local agencies and consultant employees upon receiving from them evidence of training, experience and/or certification by a non-Caltrans organization such as the “National Institute for Certification in Engineering Technologies” (NICET).

A copy of each person’s certificate of proficiency, is to be on file in both the District Materials Laboratory, and the Resident Engineer’s project files. The MR-0111 form lists the sampling and testing which the individual is authorized to perform.

A person possessing the MR-0111 Certification issued on the basis of a certification from NICET or other organizations recognized by Caltrans, if observed by qualified IAST personnel not to be performing materials sampling and testing in accordance with applicable test methods, shall have his or her MR-0111 certification withdrawn or modified for the particular test method observed to have been incorrectly performed.

During witness and split sample testing, acceptance testers should carry adequate identification with them so that Independent Assurance sampling and testing personnel can verify certification of personnel. Acceptance testers without valid identification shall not be allowed to perform sampling and testing.

A person whose certification has been withdrawn for a particular test method may have the certification revalidated upon demonstration that deficiencies have been eliminated to the satisfaction of the Caltrans District Materials Engineer.

In cases of extreme emergency, sampling and testing may be performed by someone not certified. The local agency Resident Engineer is to assure himself or herself of the person's competency and every effort should be made to obtain a certified person as soon as possible. These occasions should be limited to unforeseen circumstances. Prior arrangements shall be made to have certified personnel available for foreseeable occasions such as vacation, compensating time off, rotation, or separation.

Laboratory Equipment Calibration Requirements

The local agency laboratory shall calibrate field construction laboratory equipment and portable field test equipment (sand cones, scales, moisture test equipment, slump cones, air meters, etc.) prior to use on construction projects, and re-calibrate as frequently as required. The maximum interval between calibrations is one year. The local agency is responsible for calibration of laboratory testing equipment used for testing on local agency projects, whether or not the equipment is owned by the local agency, a consultant contractor, or sub-contractor. Consultant laboratory-supplied equipment shall be calibrated by the consultant or local agency, and evidence of such calibration shall be provided to the Caltrans District Materials Engineer upon request.

Calibration of test equipment shall conform to Section 6-304, "Field Testing Equipment," of the Caltrans *Construction Manual*. Limited resources are available for calibrating asphalt concrete testing equipment for local agencies. This Caltrans service requires the agency and Caltrans to be under agreement and that payment for the service be provided prior to performance of the service. Contact the Caltrans Accounting Service Center-Reimbursement Unit for procedures on making advance payment. Two sections in the *Quality Assurance Program Manual* (Part 3-10, "Testing Equipment Used on Construction Projects Administered by Local Agencies," and Appendix B, "Procedures for Calibrating Materials Testing Equipment") describe the procedures that the Independent Assurance Sampler and Tester personnel are to use when calibrating materials testing equipment for local agencies.

Local agencies and/or private consultants electing to use nuclear test equipment to determine soil, aggregate or asphalt concrete compaction, shall calibrate their nuclear gages on Caltrans' standard density blocks. Calibration arrangements should be made by contacting a Caltrans District Local Assistance Engineer, a Caltrans Independent Assurance Sampler and Tester, or a Caltrans Radiation Safety officer. A minimum of 3 working days advance notice is required for nuclear gage calibration. Nuclear gages not calibrated on Caltrans Standard density blocks shall not be accepted. Specified

calibration tables for each device shall be used for all State and federally-funded contracts on the NHS. All nuclear gage compaction tests conducted without Caltrans' calibration tables shall be reported "Unacceptable" by Caltrans' IAST personnel.

Upon proper calibration, a decal shall be firmly affixed to each piece of calibrated equipment. Decal type and required information are specified on page 63 Appendix B of the *Quality Assurance Program Manual*. A manufacturer's or service contractor's decal is acceptable as long as the above-required information is readily available.

Should such decal become unreadable or lost, then the equipment is to be re-calibrated as soon as possible. Where such equipment either requires repair or cannot be repaired, a timely repair or replacement shall be secured.

The Caltrans Office of Materials Engineering and Testing Services, local agency, private contractor and sub-contractor laboratories shall participate in one or all of the following;

- The AASHTO Materials Reference Laboratory (AMRL),
- The Cement and Concrete Reference Laboratory (CCRL) inspection programs,
- The Caltrans Reference Sample Program

All laboratories shall maintain their laboratory testing equipment in accordance with recognized national calibration standards.

Local agencies that have their own laboratories may participate in Caltrans' RSP. The local agencies are furnished reference samples of road construction materials upon which they shall perform specific tests (California Test Methods). The results of such tests shall be submitted to the Office of Materials Engineering and Testing Services for analysis and evaluation. Test results which have poor correlation shall be repeated using new material. The District Materials Engineer shall be assigned follow-up responsibilities regarding retesting of reference samples by participating laboratories.

Notification of Equipment Calibration

Whenever a local agency wishes a Caltrans laboratory to perform equipment calibration, the local agency and/or the Caltrans District Local Assistance Engineer (DLAE) must furnish the following to the appropriate Caltrans District Materials Engineer:

- A letter requesting required testing services (letter should note if ASTM test methods shall be used in lieu of the California Test Methods (CTM))
- Specific instructions on how the agency is to be billed
- A Engineering Authorization number provided by the Caltrans DLAE

An advance deposit (procedures and amounts of advance deposits vary by Caltrans Districts) is required to cover the cost of calibration done by Caltrans. All such requests shall be made through the appropriate Caltrans DLAE.

Manufactured and Assembled Materials

A local agency may permit the use of certain manufactured products, materials or assemblies accompanied by a Certificate of Compliance prior to sampling and testing,

provided these products, materials or assemblies do not involve structural integrity or safety to the public. Additionally, these items must have a history of having met specifications based upon previous sampling and testing. The manufacturer of the products, materials or assemblies shall sign the Certificate of Compliance and state that the included materials and workmanship conform in all respects to the project specifications for the material.

Certificate of Compliance

Acceptance of manufactured and prefabricated structural materials shall be based on either a Certificate of Compliance and/or source inspection by the local agency, qualified consultant or Caltrans (see “Source Inspection” in this chapter).

The contract documents should specify which materials require a Certificate of Compliance. For such specified materials the Resident Engineer is responsible for insuring that a Certificate of Compliance is furnished with each lot of these materials delivered to the work site. The certified material lot number and project number shall be clearly identified on the certificate and on lot tags affixed or stenciled to the released materials. All materials accepted on the basis of a signed Certificate of Compliance shall be referenced by project inspectors to daily inspection reports and laboratory releases. Certified materials such as Portland Cement and Asphalt products shall be sampled for testing as indicated in the “Size, Frequency and Location of Sampling and Testing Tables” (Exhibit 16-R) (hereinafter referred to as “Frequency Tables”).

Manufactured products, materials or assemblies used on the basis of a Certificate of Compliance may be sampled again at the job site and tested at any time during the life of the contract. Items found later not in conformance with contract requirements shall be subject to rejection whether in place or not. A Certificate of Compliance for each item shall be kept in the Resident Engineer’s file. Exhibit 16-T is a listing of materials typically accepted by a Certificate of Compliance for projects advertised using *Caltrans Standard Specifications* - 2006 edition.

NON-NHS PROJECTS

For federal-aid projects off the National Highway System, the local agency may develop its own procedures for certification of personnel performing acceptance testing. Caltrans will certify acceptance testers if Caltrans test methods are used and if requested by the local agency.

TYPES OF SAMPLING AND TESTING

PRELIMINARY SAMPLES AND TESTS

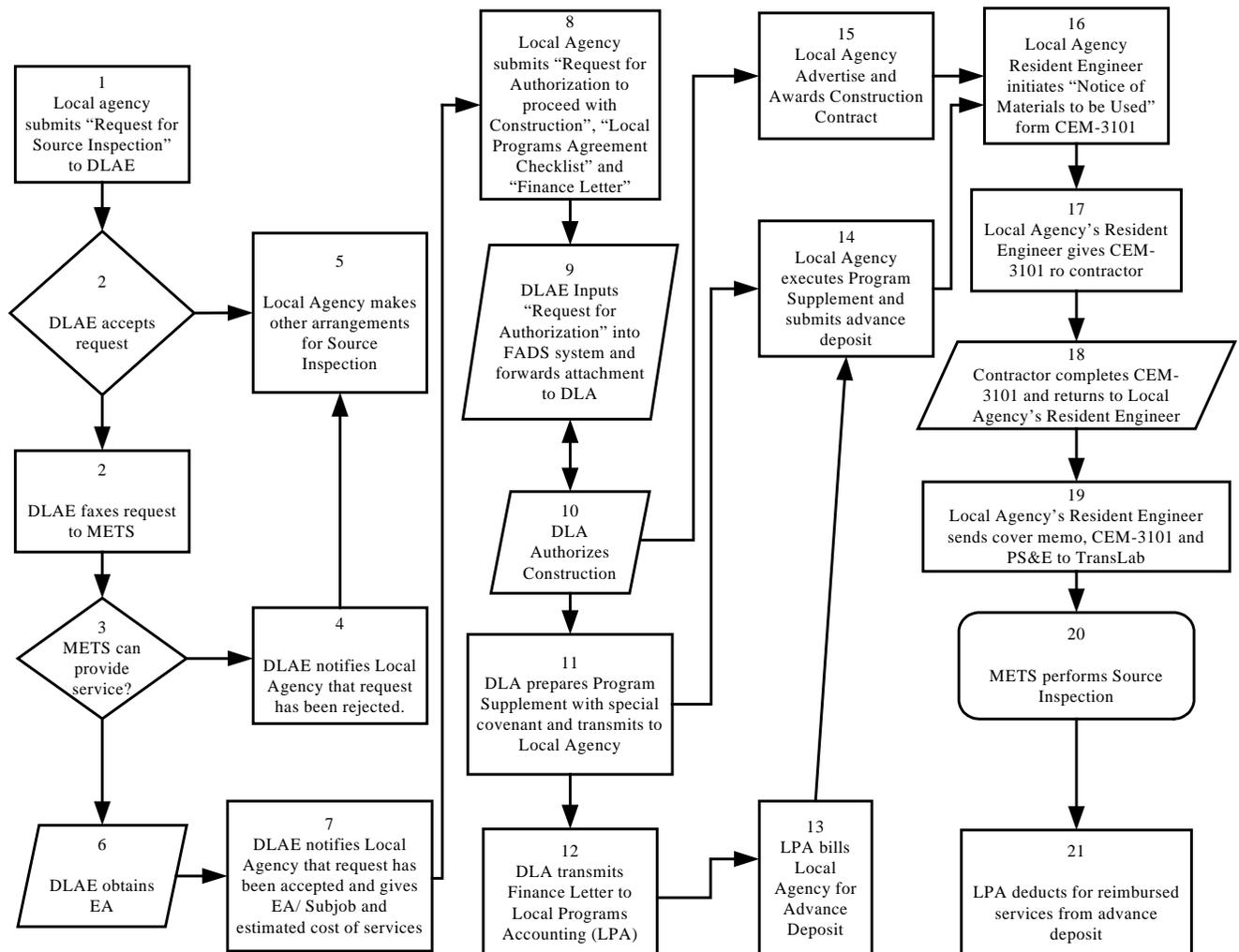
Preliminary Tests are tests prior to award of a contract. Construction personnel rarely sample for Preliminary Tests. Such tests are for design purposes or to provide data for the “Materials Information” package for prospective bidders.

Samples and tests on potential sources sampled after award of the contract are typically called “Initial Samples and Tests,” or “Process Control Samples and Tests.” Normally, these samples and tests are performed on material proposed for use in the work by the contractor. The purpose of these tests is to:

- Determine the ability of a material or product to meet specifications; or

17. Resident Engineer gives CEM-3101 to the contractor to fill out the bottom portion.
18. Contractor completes the bottom portion and returns CEM-3101 to the Resident Engineer.
19. Resident Engineer sends "Cover Memo" (see Exhibit 16-W), the CEM-3101 and one set of PS&E, to Caltrans HQ Office of Materials Testing & Engineering Services, MS # 5, 5900 Folsom Blvd., Sacramento, CA 95819.
20. METS inspector performs source inspection, see Caltrans *Construction Manual*, Section 6-202B(1), "Source Inspection," for the source inspection procedures.
21. LPA deducts reimbursed services from the advance deposit. After LPA deducts for the reimbursed services any remaining funds will be refunded to the local agency. Or, the local agency will be billed for any Caltrans' Source Inspection services provided that was not covered by the advance deposit.

Source Inspection Procedures



REPORTING TEST RESULTS

The following are goals for reporting material tests results to the Resident Engineer:

- When the aggregate is sampled at materials plants, test results for Sieve Analysis, Sand Equivalent and Cleanness Value should be submitted to the Resident Engineer within 24 hours after sampling.
- When materials are sampled at the job site, test results for compaction and maximum density should be submitted to the Resident Engineer within 24 hours after sampling.
- When soils and aggregates are sampled at the job site, test results for Sieve Analysis, Sand Equivalent and Cleanness Value should be submitted to the Resident Engineer within 72 hours after sampling.
- When soils and aggregates are sampled at the job site, test results for “R” Value and asphalt concrete extraction should be submitted to the Resident Engineer within 96 hours after sampling.

When sampling products such as Portland Cement Concrete (PCC), cement-treated base (CTB), asphalt concrete (AC), and other such materials, the time of such sampling shall be varied with respect to the time of day insofar as possible, in order to avoid a predictable sampling routine. The reporting of AT test results for tests not performed by the Resident Engineer staff shall be done on an expedited basis such as by fax or telephone.

INDEPENDENT ASSURANCE SAMPLING AND TESTING

The primary purposes of independent assurance samples and tests (IAST) are:

- To verify that project sampling and testing of materials is performed correctly (i.e., test the tester)
- To ensure that equipment is properly calibrated

NHS Projects

Independent assurance sampling and testing is mandatory for **all NHS projects**. Caltrans shall perform the IAST requirement. The local agency Resident Engineer shall schedule on a timely basis with the Caltrans Materials Engineer, the independent assurance testing of his/her personnel responsible for the acceptance testing on the project. The frequency of IAST tests to be performed or witnessed by the IAST personnel are listed in the *Quality Assurance Manual*.

Independent assurance samples are taken at random for the purpose of making independent checks on the reliability of the acceptance test results. Generally, acceptance sampling and testing personnel shall go to a central location to have IAST conducted. Both independent assurance test samples and acceptance test samples should be taken from the same point in the material delivery process, and normally are split samples for purposes of comparing test results between the IAST and field laboratory (acceptance) tester. IAST does not have to be performed on materials actually incorporated into the work. The tests, however, shall be performed while a project is active and the same AT tester and testing equipment shall be used for the project. The split sample is to be tested separately by the field laboratory person and by the IAST laboratory person using separate equipment. Independent assurance samples are to be tested on equipment that is not assigned to the project.

who present a summary of their “best case” to senior officials of the owner and the contractor. The senior officials settle the dispute with the aid of a neutral party.

Each party is represented by a principal participant with the authority to settle the dispute on behalf of the party he represents. The FHWA also has a representative at the mini-trial whom has the authority to approve any settlement reached by the parties. The mini-trial is chaired by a neutral advisor to be selected jointly by the parties. The neutral advisor performs a mediation function, enforces time limitations, asks questions of witnesses and, if necessary, issues an advisory opinion on the merits of the dispute. The presentations at the mini-trial are informal with the rules and procedures stated in the agreement. The mini-trial is conducted within a specific time frame.

Arbitration: Arbitration is a method under which decisions are made by one or three arbitrators, chosen by the parties, based on fact and law. Although decisions may or may not be binding and without appeal, in almost all cases, the arbitration decision is accepted by both parties. Usually, the only cases carried on to litigation are those that involve a point of law. Arbitration is permitted under the State Public Contract Code.

Specifications are available from Caltrans. For more information contact the DLAE.

FALSE STATEMENTS CONCERNING HIGHWAY PROJECTS

Applies to all federal-aid highway construction projects.

This provision is an anti-fraud statute originating from the federal-aid Road Act of 1916.

The making or use of false statements is a felony, punishable by fine of not more than \$10,000, or imprisonment of not more than 5 years, or both. Making or using false claims for the purpose of obtaining payment against federal funds subjects violators to forfeiture of \$2,000 for each violation.

This section specifically provides that “willful falsification, distortion, or misrepresentation with respect to any facts related to the project is a violation of federal law” and requires that the “false statements” poster, Form FHWA-1022, shall be posted on the project.

The local agency is to conduct investigations on complaints and review records that are potentially vulnerable to fraud. It is also the local agency’s responsibility to furnish the prime contractor with the required poster (Form FHWA-1022) and to ensure that it is posted accordingly. These posters are normally available at the Caltrans District Offices.

CONTRACT PROVISIONS

All federal-aid projects shall include contract provisions containing administrative procedures for dealing with contractor claims. These procedures shall allow for the proper treatment of the following two conditions:

- 1) Protest and potential claims which have not been resolved during the progress of the work and which have been restated as claims with the return of the proposed final estimate.

- 2) Situations wherein the first notification of any problem is a claim submitted with the return of the proposed final estimate.

The contractor's claims procedure provisions contained in a local agency's Special Provision or Standard Specification shall not be bypassed or modified through the use of Change Orders.

"Notice of Potential Claim" (form CEM-6201) is included as Exhibit 16-U for projects using *Caltrans Standard Specifications Section 9-1.04*.

CLAIMS PROCEDURES

Local agencies must diligently pursue the satisfactory resolution of claims within a reasonable period of time. Local agencies shall use the same procedures for resolution of contract claims on federal-aid projects as they use for their other transportation-related projects constructed without federal-aid funding. Claims procedures shall be included in a local agency's contract Special Provisions or Standard Specifications. These provisions shall not be bypassed or modified through the use of Change Orders.

Caltrans Construction Manual, Section 5-4, "Disputes," should be used for guidance by those local agencies using *Caltrans Standard Specifications* and *Standard Special Provisions*. Included are contract administration procedures for; (1) dealing with protests arising from change orders; (2) considering the merits of potential claims; (3) obtaining determinations from sources above the level of direct project supervision; and (4) the keeping of proper records, in order to have adequate information in the event of a contract claim. Local agencies are required to provide adequate supervision and inspection of each federal-aid construction project. The keeping of proper records is an important element of this requirement.

The local agency is not required to give advance notification to the DLAE or FHWA of the details of claims unless estimated defense and/or settlement costs would require an increase in the amount of federal funds authorized for the project.

Claims that involve difficult, complex, or novel legal issues should be brought to the attention of the DLAE. The DLAE will contact the FHWA for assistance if appropriate. The DLAE may provide limited engineering and administrative assistance in the claim defense, depending on the complexity and size of the claim, and the availability of Caltrans' staff resources.

FEDERAL-AID PARTICIPATION

The eligibility for and extent of federal-aid participation, up to the amount of federal funds authorized for the project, in a contract claim shall be determined by the local agency in *accordance with the following*:

- (a) Contract claim defense costs which are directly allocable to a federal-aid project, but not including general administrative and other overhead costs, are reimbursable up to the federal statutory share. Such cost are reimbursable at the same participation rate as the related construction project.

STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION
SUBCONTRACTING REQUEST
DC-CEM-1201 (REV. 4/94) (OLD HC-45) CT# 7541-3514-7

FRONT

See Instructions
On Back

		REQUEST NUMBER					
CONTRACTOR NAME			COUNTY	ROUTE			
BUSINESS ADDRESS			CONTRACT NO.				
CITY/STATE		ZIP CODE	FEDERAL AID PROJECT NO. (From Special Provisions)				
SUBCONTRACTOR (Name, Business Address, Phone)	BID ITEM NUMBER(S)	% OF BID ITEM SUBBED	CHECK IF: (See Categories Below)			DESCRIBE WORK WHEN LESS THAN 100% OF WORK IS SUBBED	\$ AMOUNT BASED ON BID \$ AMOUNT
			(1)	(2)	(3)		

Categories: 1) Specialty 2) Listed Under Fair Practices Act 3) Certified DBE/MBE/WBE/DVBE

I Certify That:

- The Standard Provisions for labor set forth in the contract apply to the subcontracted work.
- If applicable, (Federal Aid Projects only) Section 14 (Federal Requirements) of the Special Provisions have been inserted in the subcontracts and shall be incorporated in any lower-tier subcontract. Written contracts have been executed for the above noted subcontracted work.

CONTRACTOR'S SIGNATURE	DATE
-------------------------------	-------------

NOTE: This section is to be completed by the Resident Engineer

1. Total of bid items	\$	
2. Specialty items (previously requested).....	\$	
3. Specialty items (this request)	\$	
4. Total (lines 2+3).....	\$	
5. Contractor must perform with own forces (lines 1 minus 4) x _____%	\$	
6. Bid items previously subcontracted	\$	
7. Bid items subcontracted (this request)	\$	
8. Total (lines 6+7).....	\$	
9. Balance of work Contractor to perform (lines 1 minus 8).....	\$	

APPROVED	
RESIDENT ENGINEER'S SIGNATURE	DATE

CEM-1201 (HC-46 REV. 4/94) COPY DISTRIBUTION: 1. Original - Contractor 2. Copy - local agency Resident Engineer
3. Copy - local agency Labor Compliance Officer 4. Contractor's Information Copy

Back

INSTRUCTIONS FOR COMPLETING SUBCONTRACTING REQUEST FORM

All First-tier subcontractors must be included on a subcontracting request.

Submit in accordance with Section 8-1.01 of the *Caltrans Standard Specifications*. Type or print requested information. Information copy is to be retained by the contractor. Submit other copies to project's Resident Engineer. After approval, the original will be returned to the contractor.

When an entire item is subcontracted, the value to be shown is the contractor's bid price.

When a portion of an item is subcontracted, describe the portion, and show the % of bid item and value.

THIS FORM IS NOT TO BE USED FOR SUBSTITUTIONS.

Prior to submittal of Form CEM-1201 involving a replacement Subcontractor, submit a separate written request for approval to substitute a listed subcontractor. Section 4107 of the Government Code covers the conditions for substitution.

Submit a separate written request for approval of any DBE/MBE/WBE/DVBE substitution. Include appropriate backup information and state what efforts were made to accomplish the same dollar value of work by other certified DBE/MBE/WBE/DVBEs.

NOTE: For contractors who will be performing work on railroad property, it is necessary for the contractor to complete and submit the Certificate of Insurance (State Form DH-OS-A10A) naming the subcontractor as insured. *No work shall be allowed which involves encroachment on railroad property until the specified insurance has been approved.*

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION
NOTICE OF MATERIALS TO BE USED
DC-CEM-3101 (OLD HC-30 REV. 10/92) 7541-3511-1

INSTRUCTIONS TO CONTRACTOR

Section 6 of the Standard Specifications states that the contractor shall furnish the Resident Engineer a list of the contractor's sources of materials and the locations at which those materials will be available for inspection. The list shall be submitted on an agency form and shall be furnished to the Resident Engineer in sufficient time to permit inspecting and testing of materials to be furnished from the listed source in advance of their use.

In order to avoid delay in approval of materials, the Department of Transportation must receive notice as soon as possible.

Please comply with the following as closely as possible:

The Contract number and job limits should be the same as appears on the Special Provisions.

The column headed "Contract Item No." should show all the item numbers for which the material is to be used.

The column headed "Material Type" should be a description of the material and not necessarily the name of the contract item.

The column headed "Name and Address of Inspection Site" should be that of the actual source of supply and not subcontractor or jobber.

If the sources of all materials are not known at the beginning of a Contract, report those known. Supplemental "Notices of Materials to Be Used" should be submitted for the others as soon as possible thereafter. Do not delay submitting the original notice until all information is known.

All changes in kinds and/or sources of materials to be used should be reported on supplemental "Notices of Materials to Be Used" immediately.

Retain your copy and mail all other copies to the Resident Engineer.

Note: When placing orders for materials that required inspection prior to shipment, be sure to indicate on your order that State inspection is required.

CALTRANS TEST METHOD - ASTM TEST METHOD CONVERSION CHART

Testing Procedures - for local agency use only

Use this CTM - ASTM conversion chart to assist you in determining acceptance test requirements and frequencies, as detailed in Caltrans *Construction Manual* Chapter 6, "Sampling and Testing." Refer to the Agency, special provisions, contract plans, and applicable standard specifications, for correct sampling and test methods (ASTM-CTM).

CTM	ASTM	Book of Standards	TEST PROCEDURE	NOTE S
105			Calculations Pertaining to Gradings and Specific Gravities	2
125	D75 D979	4.02 4.03	Sampling Highway Materials (when approved) Standard Practice for Sampling Aggregates Practice for Sampling Bituminous Paving Mixtures	3 3
201	C702	4.02	Soil & Aggregate Sample Preparation Reducing Field Samples of Aggregate to Testing Size	13
202	C136 C117	4.02 4.03	Sieve Analysis of Fine and Coarse Aggregate Sieve Analysis of Fine and Coarse Aggregate Material Finer Than 75-um (#200) Sieve in Mineral Aggregates by Washing	
205			Percentage of Crushed Particles	1
206	C127	4.02	Specific Gravity and Absorption of Coarse Aggregate Specific Gravity and Absorption of Coarse Aggregate	
207	C128	4.02	Specific Gravity and Absorption, Fine Aggregate Specific Gravity and Absorption, Fine Aggregate	
208			Apparent Specific Gravity of Fine Aggregate	1
211	C131	4.02	Abrasion of Coarse Aggregate by Use of the Los Angeles Rattler Machine Resistance to Degradation, Small-Size Coarse Agg. by Abrasion & Impact, L.A. Machine	
213	C40	4.02	Organic Impurities in Concrete Sand Organic Impurities in Fine Aggregate for Concrete	
214	C88	4.02	Soundness of Aggregates by Use of Sodium Sulfate Soundness of Aggregates by Use of Sodium Sulfate or Magnesium Sulfate	1
216	D1556 D1557	4.08 4.08	Relative Compaction of Untreated and Treated, Soils & Aggregates Density of Soil In-place by the Sand Cone Method Moisture-Density Relations of Soils & Soil-Agg. Mixtures, 10-lb. Rammer, 18-in Drop	11
217			Sand Equivalent (only authorized method per Caltrans 07, District Materials Engineer)	1,9
223			Surface Moisture in Concrete Aggregate	1
226	C566	4.02	Moisture Content in Soils by Oven Drying Total Moisture Content of Aggregate by Drying	
227			Evaluating Cleanness of Coarse Aggregate	1
229	D3744	4.03	Durability Index Aggregate Durability Index	1
231	D2922	4.08	Relative Compaction of Soils by the Area Concept Utilizing Nuclear Gages Density of Soil & Soil-Aggregate In-place by the Nuclear Method	4 4

CTM - ASTM Testing Procedures - for local agency use only

Use this CTM - ASTM conversion chart to assist you in determining acceptance test requirements and frequencies, as detailed in Caltrans *Construction Manual* Chapter 6, "Sampling and Testing." Refer to the Agency, special provisions, contract plans, and applicable standard specifications, for correct sampling and test methods (ASTM-CTM).

CTM	ASTM	Book of Standards	TEST PROCEDURE	NOTES
301	D2844	4.08	R-Value of Treated & Untreated, Bases, Subbases & Basement Soils R-Value and Expansion Pressure of Compacted Soils	1
302	D1664	4.03	Film Stripping Coating and Stripping of Bitumen-Aggregate Mixtures	
303			Centrifuge Kerosene Equivalent	1
304	D1561	4.03	Preparation of Bituminous Mixtures for Testing Prep. of Bituminous Mixture Test Specimens by Means of Calif. Kneading Compactor	1
305			Swell of Bituminous Mixtures	1
307			Moisture Vapor Susceptibility of Bituminous Mixtures	1
308	D1188	4.03	Bulk Specific Gravity and Weight Per Cubic Foot of Bituminous Mixtures Bulk Sp.G. and Density of Compacted Bituminous Mixtures, Paraffin-Coated Specimens	
310	D2172	4.03	Asphalt and Moisture Contents of Bituminous Mixtures by Hot Solvent Extraction Extraction of Bitumen from Bituminous Paving Mixtures (Method A, B, or C)	5 6,10
312			Design and Testing of Class "A" and "B" Cement Treated Base	1
338			Cement or Lime Content in Treated Aggregate by the Titration Method	1
339	D2995	4.03	Determination of Distributor Spread Rate Determining Application Rate of Bituminous Distributors	
362	D2172	4.03	Asphalt Content of Bituminous Mixtures by Vacuum Extraction Quantitative Extraction of Bitumen from Bituminous Paving Mixtures (Method "E")	5 6
366			Stabilometer Value	1
367			Recommending Optimum Bitumen Content (OBC.)	1
370	D4643	4.08	Determining Moisture Content of Asphalt Mixtures or Mineral Agg., Microwave Ovens Determination of Water (Moisture) Content of Soil by the Microwave Oven Method	
375	D2950	4.03	In-place Density & Relative Compaction of AC Pavement (nuclear) Density of Bituminous Concrete In-place by the Nuclear Method	5,7,12 6,7
379	D4125	4.03	Asphalt Content of Bituminous Mixtures by use of the Troxler Nuclear Gage Asphalt Content of Bituminous Mixtures by the Nuclear Method	5,8 6,8
405			Chemical Analysis of Water	1
415			Chloride Content in Organic Additives for Portland Cement Concrete	1

CTM - ASTM Testing Procedures - for local agency use only

Use this CTM - ASTM conversion chart to assist you in determining acceptance test requirements and frequencies, as detailed in Caltrans *Construction Manual* Chapter 6, "Sampling and Testing." Refer to the Agency, special provisions, contract plans, and applicable standard specifications, for correct sampling and test methods (ASTM-CTM).

CT M	ASTM	Book of Standards	TEST PROCEDURE	NOTES
504	C231	4.02	Air Content of Freshly Mixed Concrete by the Pressure Method Air Content of Freshly Mixed Concrete by the Pressure Method	
515			Relative Mortar Strength of Portland Cement Concrete Sand	<i>1</i>
518	C138	4.02	Unit Weight of Fresh Concrete Unit Weight, Yield, and Air Content (Gravimetric) of Concrete	
521	C39	4.02	Compressive Strength of Molded Concrete Cylinders Compressive Strength of Cylindrical Concrete Specimens	
523	C293 C78	4.02 4.02	Flexural Strength of Concrete (using simple beam with center-point loading) Flexural Strength of Concrete (using simple beam with center-point loading) Flexural Strength of Concrete (using simple beam with third-point loading)	<i>1</i>
528			Freeze Thaw Resistance of Aggregates in Air-Entrained Concrete	<i>1</i>
529			Proportions of Coarse Aggregate in Fresh Concrete	<i>1</i>
530			Determining the Effect of H ₂ O-Reducing and Set-Retard. Admix. Drying Shrinkage PCC	<i>1</i>
533	C360 C143	4.03 4.02	Ball Penetration in Fresh Portland Cement Concrete Ball Penetration in Fresh Portland Cement Concrete Slump of Freshly Mixed PCC	
539	C172	4.02	Sampling Fresh Concrete Sampling Freshly Mixed Concrete	
540	C31	4.02	Making, Handling, & Storing Concrete Compressive. Test Specimens in the Field Making & Curing Concrete Test Specimens in the Field	
541			Flow of Grout Mixtures (flow cone method)	<i>1</i>
543	C173	4.02	Air Content of Freshly Mixed Concrete by the Volumetric Method Air Content of Freshly Mixed Concrete by the Volumetric Method	
548			Evaluation of Aggregate for Lean Concrete Base (LCB.)	<i>1</i>

Notes

1. *Use the CALTRANS Method.*
2. *Use the methods of calculation within the applicable test method first. Refer to CTM 105 as necessary.*
3. *Use the Caltrans Construction Manual procedures as necessary when ASTM D75 or D979 do not adequately cover the item to be sampled.*
4. *Use the direct transmission method only, the air gap method shall not be used. All nuclear gages must have local Caltrans District calibration within the last year. The data sheets provided by the local Caltrans District shall be used when determining the in-place density.*
5. *Sample from the job site, across the mat, immediately behind the paving machine (Caltrans Construction Manual).*
6. *Sample per ASTM D 979 paragraph 4.2.3., sample from the job site, across the mat, immediately behind the paving machine.*
7. *All nuclear gages used for this test must be calibrated on the six (6) DNTM&R AC Standard Blocks. The Data sheets provided by the local Caltrans District shall be used when determining the in-place density.*
8. *Recommended Percent (%) AC method for Rubberized Bituminous Paving mixtures.*
9. *The hand method of shaking is not authorized and shall not be used. An electro-mechanical or hand-operated mechanical. Sand Equivalent shaker must be utilized for this test.*
10. *This Method covers hot solvent, centrifuge, and vacuum extraction.*
11. *Compaction Apparatus shall be calibrated in accordance with ASTM D 2168, Method B (ASTM Book 4.08).*
12. *Test Maximum Density (TMD) shall be performed by Caltrans Test Method 375, Section F. Test Max. Density.*
13. *Splitters must be of the fixed riffle type (no adjustable splitters).*

**MATERIALS TYPICALLY ACCEPTED BY CERTIFICATE OF COMPLIANCE
PER CALTRANS STANDARD SPECIFICATIONS - 2006 Edition****Material**

Aluminum Pipe (Entrance Tapers, Arches, Pipe Down drains, Reducers, Coupling Bands and Slip Joints)
Asphaltic Emulsion
Concrete admixtures
Corrugated Steel Pipe and Corrugated Steel Pipe Arches
Culvert and Drainage Pipe Joints
Electrical Conductors/components
Engineering fabric
Fiber
Lime
Liquid Asphalt
Metal Target Plates
Minor Concrete
Mulch
Paint (Traffic Stripe)
Perforated Steel Pipe
Plastic Pipe
Polyvinyl Chloride Pipe and Polyethylene Tubing
Portland Cement
Reinforced Concrete Pipe
Reinforcing Steel
Stabilizing Emulsion
Steel Piles
Structural Timber and Lumber
Temporary Railing (Type K)
Timber and Lumber
Treated Timber and Lumber
Soil Amendment
Structural Metal Plate Pipe Arches and Pipe Arches
Steel Entrance Tapers, Pipe Down Drains, Reducers, Coupling Bands and Slip Joints
Waterstop

* If Caltrans Standard Specifications May 2006 is part of contract specifications.

Note: Usually these items are inspected at the site of manufacture or fabrication and reinspected after delivery to the job site.

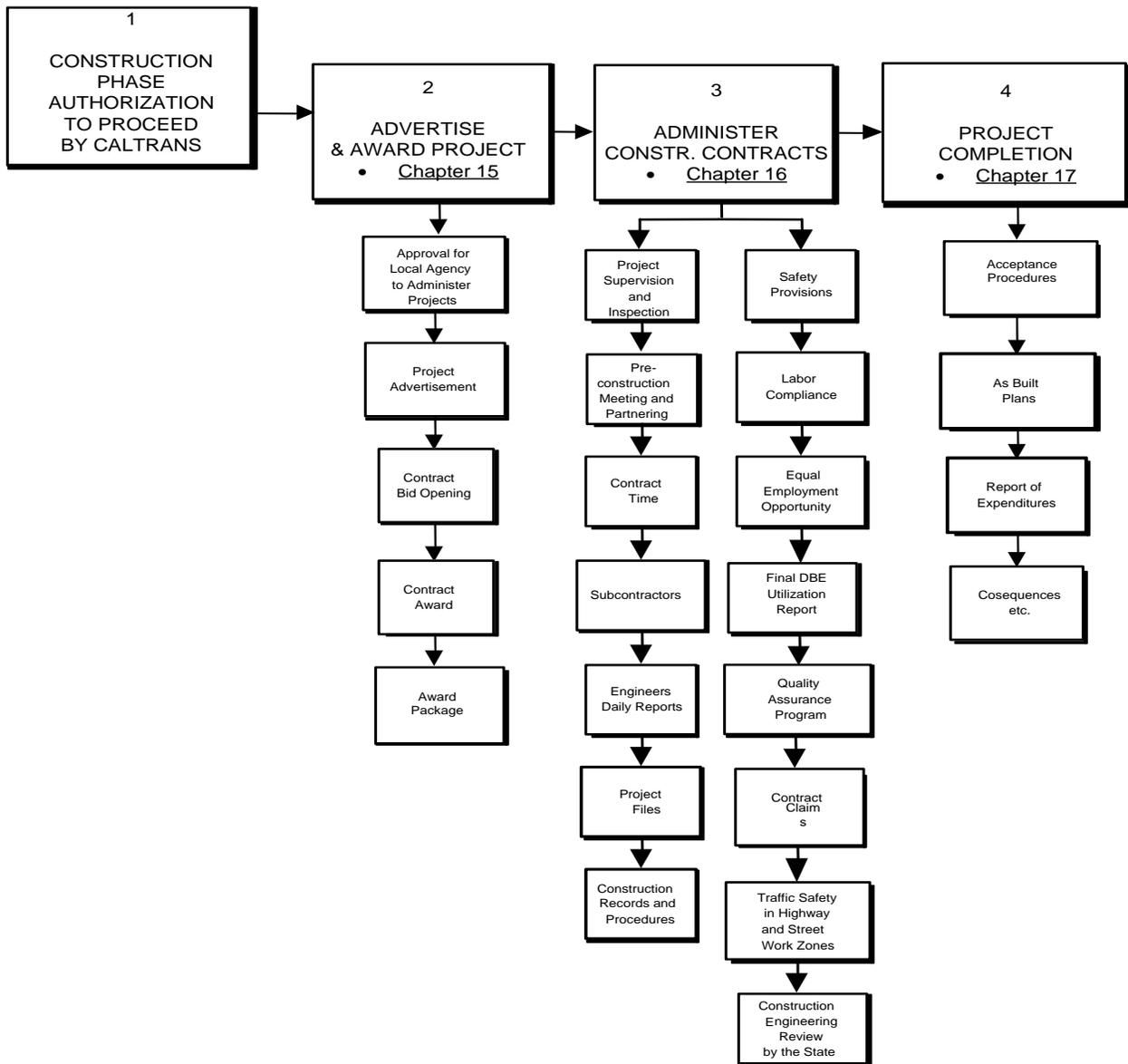
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CHAPTER 17 PROJECT COMPLETION

17.1 INTRODUCTION

This chapter covers the topic of project completion. It is to be used mainly as a guide for administration of federal-aid contracts by local agencies. Each Resident Engineer should be familiar with the contents of this chapter, and Chapters 15, “Advertise and Award Project,” and Chapter 16, “Administer Construction Contracts,” before administering such contracts.

FIGURE 17-1 PROJECT COMPLETION



This chapter and Chapters 15, “Advertise and Award Project,” and Chapter 16, “Administer Construction Contracts,” of the *Local Assistance Procedures Manual* (LAPM) are for the use of local agencies, which administer federal-aid projects under a “Local Agency-State Agreement.” These three chapters cover general contract administration procedures.

When a locally sponsored project funded with federal-aid is within the state R/W and the State (Caltrans) is the administering agency, the Caltrans *Construction Manual* is used in lieu of these procedures.

17.2 DEFINITION OF TERMS

- Delegated Project – A lower risk project not selected as High Profile project, for which Caltrans has authority for all aspects of a federal-aid project except those activities which may not be delegated by federal law (requiring Federal Highway Administration [FHWA] approval). Prior to September 2007 these projects were referred to as “State-Authorized” projects defined by set criteria (rather than risk) such as non-Interstate 3R projects, Interstate construction projects under \$1 million, non-NHS projects, and so forth. Over 99% of local assistance projects are delegated in which Caltrans or the local agency has approval authority for most project level activities.
- EEO - Equal Employment Opportunity
- Final Invoice - Invoice listing final cost incurred for a particular phase of the project i.e., Preliminary Engineering, Construction Engineering, Right of Way, or Construction. The District Local Assistance Engineer (DLAE) is required to verify project completion and approve payment before forwarding the final invoice to Local Programs Accounting (LPA). For example see Exhibit 17-C, and refer to Chapter 5, “Accounting/Invoices,” for instructions.
- Form FHWA 1446C - Final Inspection of Federal-aid Project. Document used by Caltrans to complete the final inspection of NHS Projects subject to FHWA Full Oversight (Exhibit 17-B).
- Form FIF-6/05 - Final Inspection Form and revision date. Document used by local agency to complete the final inspection of all projects (Exhibit 17-C).
- High Profile – High Profile projects are high risk projects for which the FHWA maintains project level approval for most project delivery activities. Prior to September 2007, these projects were referred to as FHWA “Full Oversight” projects based on set criteria (rather than risk) such as Interstate construction over \$1 million, major Intelligent Transportation System, and so forth. Very few local assistance projects are High Profile projects.
- Progress Invoice - Periodic billing invoice by local/regional agencies for reimbursement of costs on on-going contracts.
- Report of Expenditures - Collectively refers to various final report documents.

- Participating Cost Previously Claimed
- Subtotal - Change in Participating Posts
- Reimbursement Ratio
- Amount of this Claim
- Invoice Total

Progress payment invoices shall be mailed directly to the Accounting Service Center in Sacramento at the address given in the example. No district review will be required for progress payments; however, final payment invoices shall be submitted directly to the DLAE as part of the Final Report of Expenditures and will be reviewed by the district prior to payment. A final detail estimate is not required for right of way only projects, since the final report of expenditures document provides the information required.

- **Force Account Projects** - Projects with Force Account work also require a Report of Expenditures. These projects are usually emergency relief type and include emergency repair work. Other federal-aid projects may incorporate all, or a part of the project to be built using the force account method. A completed example of a Report of Expenditures for a project including Force Account Work is included as Exhibit 17-L. For more information on force account procedures, see Chapter 12, “Plans, Specifications & Estimate,” under “Method of Construction.”

The DLAE shall perform a review of these documents for correct format and obvious errors and/or omissions. Upon verification that the Report of Expenditures is complete, the DLAE shall forward it to LPA for processing.

STATE FUNDED PROJECTS

For state funded projects, in state transportation programs such as the Environmental Enhancement and Mitigation (EEM) Program, the local agency shall complete the “Final Project Expenditure Report” (Exhibit 17-M). The report with the final invoice attached will be submitted to the DLAE.

Note: These programs were intended under the blueprint legislation as state only funded projects. However due to varying circumstances of the state budget each year, and the variations of the State Highway Account, Caltrans at times may require projects in these programs to utilize federal-aid funds. When this occurs the Federal Report of Expenditures shall be completed as described under federal-aid projects above.

The DLAE will verify project completion as described for State-Authorized federal-aid projects, sign the report and, except for EEM projects, forward the original plus two copies to the Headquarters Division of Local Assistance.

For EEM projects, the DLAE will forward the original plus two copies of “Final Project Expenditure Report,” to the Local Programs Accounting, with a copy to the EEM Program Manager in the HQ Division of Local Assistance. Use “Final Report of Right of Way Expenditures” (Exhibit 17-N) for Projects involving the acquisition of real property or rights thereto with funds direct deposited into an escrow account. In this case, the DLAE will not verify project completion until the close of escrow is completed and the recordation of both the grant deed and the Agreement Declaring Restrictive Covenants (ADRC). A copy of the recorded grant deed(s) and the original ADRC will be attached to the final report of right of way expenditures.

17.6 CONSEQUENCES FOR NON-COMPLIANCE

Sanctions may be imposed by Caltrans on agencies that are found in noncompliance with the reporting requirements listed above in Section 17.5. The types of sanctions are further discussed in Chapter 19, “*Oversight and Process Reviews*.”

If there is a discrepancy between the Final Invoice and Final Detail Estimate, the agency is notified by phone that a discrepancy exists and their payment will be delayed until it is resolved. If the problem cannot be resolved within (180) days, the LPA shall bill the agency for all expenditures made on this project. If the local agency does not pay the accounts receivable bill within thirty (30) days, the LPA shall initiate action with the State Controller to offset funds due the local agency.

If the local agency has previously included in their billing, items not reimbursable by the FHWA or over-billed progress payments that exceed the Final Estimates, the local agency shall be billed for the overpayment. The local agency shall pay the state’s accounts receivable bill within thirty days or LPA shall initiate action with the State Controller to offset funds due the local agency. The same policy shall apply to those recommendations from Process Review Reports on applicable findings or the improper utilization of Disadvantaged Business Enterprises.

17.7 REFERENCES

23 CFR 635 subpart D

23 CFR 637 subpart B

23 CFR 640.113

49 CFR Part 26

Caltrans *Construction Manual*, Chapter 5, Section 5-1, “Project Records and Reports”

Caltrans *Construction Manual*, Chapter 6, Section 6-01, “Sample Types and Frequencies,” 6-02, “Acceptance of Material and Sampling Methods,” and 6-03, “Field Tests”

United States Code, Title 23 Chapter 1, Section 121, “Payment for States Construction”

FHWA “ Construction Administration Group” at:

<http://www.fhwa.dot.gov/programadmin/contracts/index.htm>

FHWA “ Construction and Maintenance” at: <http://www.fhwa.dot.gov/construction/>

CHAPTER 19 OVERSIGHT AND PROCESS REVIEWS

19.1 INTRODUCTION

For purposes of this chapter, “*Oversight*” is defined as the act of ensuring that the federal highway program is delivered in accordance with applicable laws, regulations and policies. Oversight is the compliance or verification component of the joint Federal Highway Administration (FHWA)/Caltrans stewardship activities. Narrowly focused, oversight activities ensure that the implementation of the Federal Aid Highway Program (FAHP) is done in accordance with the applicable laws, regulations, and policies. Broadly focused, oversight activities enable both agencies (the FHWA and Caltrans) to ensure the effective delivery and operation of the transportation system envisioned in governing laws and regulations. Oversight activities include process reviews, program evaluation, program management activities, and project involvement activities. Oversight procedures apply to both National Highway System (NHS) and non-NHS federal-aid projects.

Project oversight is used to evaluate all aspects (which primarily emanate from the *Local Assistance Procedures Manual*) of the Caltrans oversight and management of local agency federal-aid projects, and to identify areas and procedures needing improvement. One major goal of Caltrans oversight is to demonstrate that requirements imposed by the federal and state governments are being met and that correct procedures are being followed and performed by local agencies administering federal-aid projects. A second major goal of Caltrans oversight is to maintain a continual process of updating and improving local assistance procedures which will lead to a more efficient and effective federal-aid as well as state funded local assistance program.

19.2 LOCAL AGENCY RECORDS AND DOCUMENTATION

Upon request, local agencies need to make all project documentation and backup records available for inspection by Caltrans and FHWA reviewing personnel. Use of a uniform project record-keeping system, together with diligent maintenance of the system, greatly facilitates a process review and positive findings. Good records of all project related activities clearly demonstrate to all concerned that project supervision and control were maintained on the project. As stated in the Master Agreement, project records are to be retained by local agencies for a period of three years from STATE payment of the final voucher, or a four-year period from the date of the final payment under the contract, whichever is longer.

19.3 OVERSIGHT AND PROCESS REVIEW METHODS

CALTRANS OVERSIGHT AND PROCESS REVIEWS

As outlined in Chapters 1 and 2 of this manual, Caltrans provided local agencies with broad delegation, latitude and responsibility for developing their federal-aid projects. Caltrans will provide the necessary review and approval for local agency administered federal-aid projects, of which Caltrans has assumed responsibility, to ensure compliance with all federal requirements. Reviews generally include observations and findings, which typically result in corrective actions that need to be implemented by the Division of Local Assistance. As resources permit, Caltrans achieves oversight by:

- Preparing, prioritizing, updating and implementing an Annual Process Review Work Plan with the assistance, direction, and oversight of the Division of Local Assistance Oversight/Process Review Committee;

- Providing technical assistance and oversight, as needed or requested, of bridges, overcrossings, and other local agency structures;
- Performing reviews of Contract Award Packages, submitted by local agencies after preliminary engineering and construction contract award, verifying contractor local agency and contractor compliance with Disadvantaged Business Enterprise (DBE) requirements;
- Performing qualitative and quantitative reviews of all local agency project invoices requesting reimbursement to ensure the claimed costs are allocable, allowable, and reasonable prior to reimbursement by Caltrans and FHWA;
- Conducting prioritized and focused Process Reviews, Plans, Specifications and Estimate (PS&E) Reviews; and Maintenance Reviews; observations and findings typically result in corrective actions that need to be implemented by the Division of Local Assistance;
- Performing Project Verification on all projects at or after final inspection by local agencies;
- Performing consultant contract audits, local agency indirect cost allocation plan audits; and external special audits as needed;
- Participating in formal program audits;
- Performing Civil Rights (Americans with Disabilities Act, Equal Employment Opportunity, Disadvantaged Business Enterprise and Title VI) compliance reviews of local agencies in conjunction with Caltrans Office of Business and Economic Opportunity per the Joint Stewardship Agreement.
- Performing construction oversight of unusual and/or special local agency projects as resources permit;
- Maintaining a data base to identify, assimilate, and manage observations and findings from process reviews and other reviews performed by Caltrans, FHWA, and other governmental agencies;
- Analyzing observations and findings to determine needed corrective actions. Observations and findings typically result in corrective actions that need to be implemented by the Division of Local Assistance.

The goal of all the foregoing oversight and reviews, including prioritized process reviews, is for Caltrans to ensure and demonstrate that requirements imposed by the Federal and State governments are being met and that proper procedures are being performed by the local agencies administering federal-aid projects.

OTHER CALTRANS GUIDANCE AND ASSISTANCE

Caltrans assists and provides guidance to local agencies with federal-aid projects by:

- Providing local agencies with accurate federal-aid project development procedures and program guidelines;
- Providing local agencies with a sample Quality Assurance Program for the sampling and testing of materials and the procedures used in the construction of the local agency project;
- Providing quality assurance guidance and measures to local agencies such as the “Quality Assurance Program (QAP) Manual” for use by local agencies which was developed to help local agencies with their Quality Assurance Programs;

20.4 LOCAL ASSISTANCE DISPUTE RESOLUTION PROCESS

The Local Assistance Dispute Resolution Process (LADRP) is an appeal process for local agencies to use when they disagree with the decision they receive from the Caltrans district office concerning their local assistance funded project on or off the State Highway System (SHS). Prompt payment rules may be suspended when the local agency enters into the LADRP.

This process is intended to address all local assistance funded project disputes off the SHS. For local assistance projects on the SHS, the LADRP is limited to disputes involving sanctions, invoices, local assistance policy or procedures, or other E-76 related issues between Caltrans and the local agency. This LADRP is not intended to address disputes involving cooperative agreement or encroachment permit requirements, project scope disagreements, design standard discrepancies, or other technical issues on SHS projects; as those disputes will be elevated for resolution by the Caltrans district office.

DISPUTE RESOLUTION PROCEDURES

If an impasse is reached between Caltrans' district and the local agency, and the local agency desires to appeal the district's decision, the following procedure is to be used:

1. The local agency submits a written request for appeal to the District Local Assistance Engineer (DLAE). The request must fully describe the project issue and explain where there is agreement and disagreement between the district and the local agency. The request should include:
 - a) A detailed statement of the local agency's position on the issue.
 - b) A detailed statement of what the local agency believes the district's position to be.
 - c) Support material for the local agency's position statement including maps, plans, receipts, invoices, draft or executed agreements, pictures, logs, and other material needed to fully explain the local agency's position regarding the disputed issue.
 - d) The DLAE may request additional information to be provided by the local agency.
2. Within two weeks of receiving the local agency's request for appeal, the DLAE will forward the local agency's request package to Caltrans headquarters' Division of Local Assistance (DLA), Office of Policy Development and Quality Assurance. The request package is to be accompanied by a district memorandum and enclosures which should include:
 - a) A description of the steps taken to resolve the issue.
 - b) A detailed discussion of the items that are in dispute with references to sections in the manuals and policy memos that support the district's position.
 - c) The district's recommendation on the disputed items.
 - d) All material provided in the local agency appeal request package.
 - e) Other information that supports the district's position such as an overview of the issue, any additional maps, plans, invoices, receipts, draft or executed agreements, pictures, logs, and other material needed to give a full explanation of the disputed issue that was not included in the local agency's appeal request package.

3. The district's appeal request memorandum and all enclosures should be sent to:

*California Department of Transportation
Division of Local Assistance
Office of Policy Development and Quality Assurance
1120 N Street, MS - 1
Sacramento, CA 95814*

4. The DLA will review the appeal request and within two weeks of receipt from the DLAE, the Chief, Division of Local Assistance, will issue one of three following written responses:

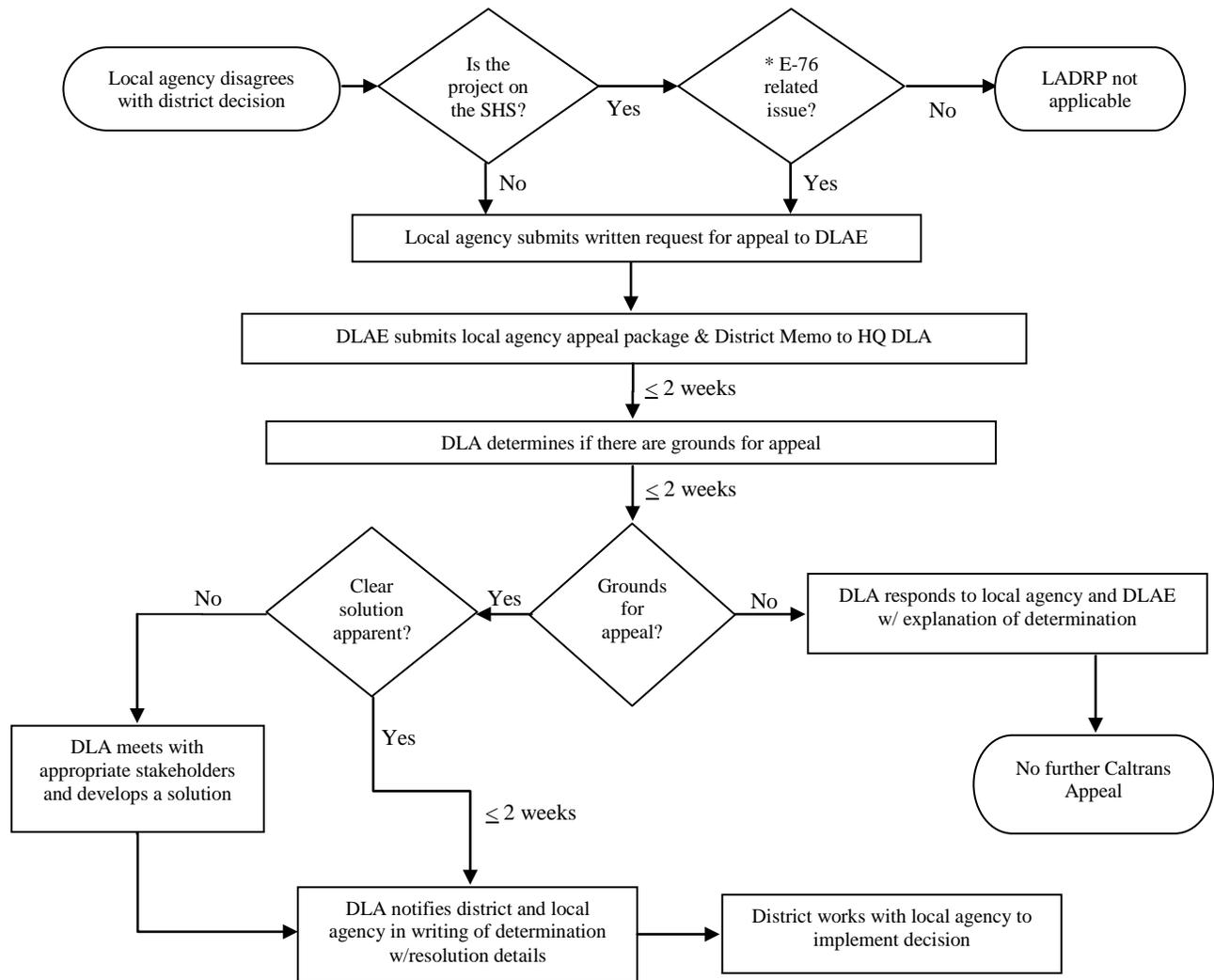
- a) If the DLA does not find sufficient grounds or merit for the appeal, a decision letter stating the reasons for denying the appeal will be sent to the local agency with a copy to the DLAE.
- b) If the DLA finds there are sufficient grounds or merit for the appeal and a clear solution is apparent, a decision letter will be sent to the local agency, with a copy to the DLAE, describing the reasons for the decision and the resolution details.
- c) If the DLA finds that sufficient grounds or merit for an appeal are evident but no clear solution is apparent, a decision letter will be sent to the local agency stating so, with a copy to the DLAE. DLA will next hold a meeting with appropriate stakeholders (local agency, district and headquarters representatives, and others the DLA believes are appropriate). At the meeting, the local agency and the district representative(s) may be asked to give a brief overview of the appeal and a discussion of the items in dispute. After evaluating all the information provided and after consultation with the necessary and appropriate parties and/or agencies; a final decision will be issued in writing notifying the local agency of the resolution details with a copy to the DLAE.

IMPLEMENTING THE DLA DECISION

If the local agency is agreeable to the decision and solution, the district will work with the local agency to implement the solution.

If the local agency is not agreeable to the determination and solution, there is no further appeal within Caltrans.

FIGURE 20-1 LOCAL ASSISTANCE DISPUTE RESOLUTION FLOWCHART



* Sanction, invoice, policy, procedure, or E-76 related issue

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