Companion Guide to Video

August 2012

U.S.Department of Transportation
Federal Highway Administration

Check out the video

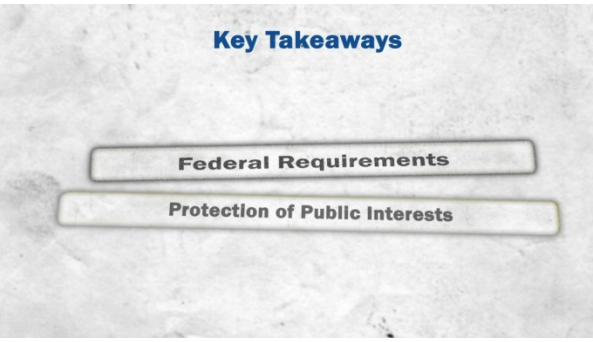
Project Construction and Contract Administration

Introduction to Project Construction and Contract Administration

www.fhwa.dot.gov/federal-aidessentials

Federal-aid Essentials for Local Public Agencies
Federal-aid Simplified.

Agencies must ensure that Federal requirements and the public's interests are met through sound project administration



Properly functioning and efficient highway infrastructure is critical to the American economy and way of life. Highway construction projects – when administered and delivered well – add significant value to our infrastructure and ultimately to our communities. Because these projects often involve large amounts of money, there is greater concern about the possible risk of waste, fraud and abuse. Diligent project administration, however, is used as the primary process to reduce these risks and guarantee that the benefits will be realized. A local public agency, or LPA, that receives Federal-aid funding is usually responsible for project administration and, therefore, needs to ensure that Federal requirements are met and the public's interests are protected.

With this in mind, let's go over the big picture of the project administration requirements that help ensure we build successful projects according to applicable laws and good business practices.

LPAs perform essential project administration that can be categorized into three topic areas: project management, contract administration, and safety and operations. Let's now briefly review some of the responsibilities in each of the three areas, using a sample scenario of an LPA, Hometown, USA, assigned to perform project administration on a Federal-aid project. Then, we will take a look at an area of project administration that often poses problems: lack of documentation.

Let's start with the first of the three areas, project management, which has to do with how an LPA oversees construction, including all the activities for completing a project within its approved scope, schedule, budget and quality requirements. Examples of Federal requirements related to project management include supervising the construction, construction quality assurance, and project closeout.

In our example, Hometown, USA, decides to hire a construction engineering consultant, Quality Projects, Inc., or QPI, for management of operations. Hometown's city engineer, Joan, will act as the LPA's "employee in responsible charge," supervising QPI and coordinating with the State department of transportation, or State DOT, on important decisions, such as change orders involving extra work or time extensions. We will refer to this arrangement between Hometown and the State DOT as the project administration, or PA, team.

QPI manages daily project operations to help Hometown stay within the contracted scope and schedule. The PA team tracks project expenditures and change orders to keep costs within the Federal- and State-authorized total budget. The PA team inspects the work and tests materials against the contract quality assurance specifications to ensure the project will perform as required once in service. Finally, the PA team closes out the project and documents that all contract requirements are met.

Now let's talk about the second topic area, contract administration, which has to do with an LPA ensuring satisfaction of all project contract obligations. In this section, we'll highlight some of the more common obligations introduced with Federal-aid projects. First is Form FHWA-1273, which is a collection of several required contract provisions, including those related to nondiscrimination, payroll issues, jobsite posters, and worker safety.

Some additional Federal contract obligations include those related to contract duration and schedule management, changed conditions and change orders, Buy America provisions, and Disadvantaged Business Enterprises, or DBEs.

So, in our scenario, the PA team's contract administration responsibilities include contract oversight and field reviews to confirm satisfaction of all contract obligations. For example, QPI follows Federal requirements in preparing recommendations to Joan for progress payments made to the contractor. The PA team makes sure to justify and document all costs, and confirm that items to be paid have been built according to the contract and have passed necessary inspections.

QPI coordinates with Joan and the State DOT to approve contract change requests. The PA team checks statements and payrolls to verify the contractor is paying prevailing wages for all laborers and mechanics according to Federal Davis-Bacon Act provisions. The PA team confirms the contractor is using iron and steel products made in the United States as required by Buy America provisions. The team also checks that the contractor is meeting DBE goals in the contract.

The third topic area - safety and operations – has to do with how the LPA helps ensure a safe job site and optimal traffic flow during construction. Federal requirements related to safety and operations include work-zone traffic control reviews, worker safety and transportation management plans.

In our Hometown scenario, Joan and QPI perform field reviews to verify that work-zone traffic control is placed correctly to optimize safety and traffic flow. Because this project has a significant impact

on traffic in the community, the PA team implements additional strategies in the transportation management plan for better traffic flow around the project and for an enhanced public information campaign. The PA team monitors worker safety requirements, timely notifying the contractor of concerns, and meeting with the contractor to regularly discuss safety issues.

One challenge the Federal Highway Administration has found common to all three of these areas is a lack of appropriate documentation to verify actions taken. This could occur on numerous actions, including change orders and claims; utility agreements and reimbursements; construction pay quantities and progress payments; general project reporting and tracking; and quality assurance procedures. The LPA must work with the State DOT to ensure that its documentation policies and practices comply with applicable standards.

Successful Federal-aid construction project administration starts with a solid LPA awareness of the requirements. This enables LPAs to provide appropriate supervision and field reviews to ensure that the requirements are accomplished. This has been only a brief introduction to some of the Federal project administration requirements.

Please refer to other resources, including your State DOT to be sure you have a complete understanding.

Additional Resources

- FHWA regulations addressing construction-related requirements http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=9278b79aa6b692bc0e795fdc362b9eaf&tpl=/ecfrbrowse/Title23/23cfr635_main_02.tpl

- Regulation for construction quality assurance http://www.gpo.gov/fdsys/pkg/CFR-2011-title23-vol1/pdf/CFR-2011-title23-vol1-part637.pdf

- FHWA regulations for work zone safety and mobility http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=290fc6120445390597f08cbae47b02d8&rgn=div6&view=text&node=23:1.0.1.7.21.9&idno=23

- FHWA regulation covering temporary traffic control devices http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=ac50c6fdef0382eaaf0e2aeffd84f2fc;rgn=div6;view=text;node=23%3A1.0.1.7.21.10;idno=23;cc=ecfr

- FHWA's definition of "responsible charge" and examples of duties related to supervising agencies http://www.fhwa.dot.gov/federalaid/110804.cfm

- *Contract Administration Core Curriculum* provides overview of Federal-aid administration requirements http://www.fhwa.dot.gov/programadmin/contracts/coretoc.cfm

- Regulations, policies, best practices and updates related to work zone safety and mobility http://www.ops.fhwa.dot.gov/wz/

The content of this document is not a substitute for information obtained from State departments of transportation, appropriate FHWA Division Offices, and applicable laws. Scenarios have been simplified for emphasis and do not necessarily reflect the actual range of requirements applicable to the scenario or this topic. This document was created under contract number DTFH61-11-D-00023 by the Federal Highway Administration, U.S. Department of Transportation, and is offered to the public to heighten and focus awareness of Federal-aid requirements within the local public agencies community and reinforces the importance of these necessary policies, procedures, and practices.

This Companion Resource is the script content for the video production of the same name.