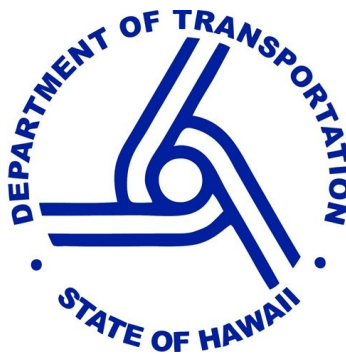


**State of Hawaii**  
**Department of Transportation**  
**Highways Division**



**Local Public Agency (LPA) Manual for  
Federal Aid Program**

October 2020

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## Introduction: Local Public Agency Administered Projects

Local Public Agencies (LPAs) share with the Hawaii Department of Transportation (HDOT) the unique goals and responsibilities to develop and maintain safe and efficient transportation systems using combinations of Federal, State, and local funds. This manual uses the term LPA to be consistent with Federal documentation, but for practical purposes in Hawaii, the term *LPA* is synonymous to the term *County*.

The *HDOT LPA Manual (Manual)* has been developed to provide guidance to the LPAs in the administration, planning, design, and construction of Federal-aid projects. It provides information and instructions to LPAs management and staff to help them successfully develop Federal-aid transportation projects in accordance with requirements set forth in applicable Federal and State laws, regulations, policies, and guidance documents.

The *Manual* presents information required for administering a typical federal-aid project. Due to the variety of projects and situations, this manual is not comprehensive. In some cases, references are made to other documents that provide more detailed information concerning specific Federal-aid project requirements. Therefore, LPA administrators and engineers should review and become familiar with the source documents referenced throughout the *HDOT LPA Manual* to help them abide by all legal requirements. They must also exercise good engineering judgment on individual projects, including research into design and construction best practices.

The *Manual* serves as an overview document for the project development process (Planning, Programming, Design, Environmental, ROW, etc.) and provides additional references where detailed information on a specific phase of project can be found. Delivering a project through the Federal Aid process requires good planning and an understanding of the total process. Continued coordination with HDOT Project Coordination & Control Section staff will help ensure a successful project.

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## Chapter 1: Overview of Federal Aid Requirements

Federal-aid Transportation funds are authorized by Congress to assist the states and LPAs in building, maintaining, and reconstructing roads and bridges on eligible Federal-aid roadway routes and for other special purpose programs and projects. Federal funds are apportioned to the States, which will then allocate Federal funds to each of the different LPAs. These funds are provided on a reimbursable basis, which means that the HDOT/LPA incurs the costs initially (*after receiving the FHWA authorization*) and then will be reimbursed by FHWA once the proper billing/invoice is submitted by the State to the FHWA.

Most Federal transportation programs require a local match to receive Federal funds. The local match commitment is an integral part of the FHWA Authorization. Usually, the local match is provided in the form of cash. However, under certain circumstances, certain non-cash contributions may be counted towards the required local match. More details about funding can be found in Chapter 3: *Project Funding*.

### Phases of Project Development

Typical phases for project development are:

- Planning
- Design
- Preliminary Right of Way (ROW)
- Right-of Way (ROW) and Utilities
- Construction

FHWA authorization is required to expend funds in each of the phases. Depending on resources available and other factors, the LPA may choose to do some phases of a project without federal funding. However, **if any phase utilizes Federal funds, all previous phases must have conformed to all applicable Federal requirements.** For example, the LPA may choose to do the design phase with local funds, but in order to qualify for Federal funds for construction, the design phase must have met all applicable Federal requirements.

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## Sequence of Requirements

The sequence of steps in the project development process can be critical to receiving federal funding in a subsequent phase. For example, in order for a project to receive funding for a certain phase of work, that phase of work must be programmed on an approved TIP or STIP. (See *Project Programming (STIP)* section in *Chapter 3: Project Funding*). Once programmed, each phase of the project programmed for federal funds must then receive FHWA's approval and authorization for obligation of Federal Funds. The requirements for obligating funds for various phases are outlined in the *Obligation of Federal Funds* section of *Chapter 3: Project Funding*.

Environmental compliance documents are also critical to receiving federal funding for ROW or Construction phases. In addition, for large or complex project where an environmental impact statement or a 'major' environmental assessment is performed, the obligation of final project design funds will be contingent on completion of the the National Environmental Policy Act (NEPA) documents. See *Chapter 5: Environmental Clearances and Permits* for more details about environmental requirements on federally funded projects.



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## Chapter 2: Roles and Responsibilities

The Federal Highway Administration (FHWA) administers the federal-aid funds apportioned to the States for the planning, design, construction and maintenance of public transportation roadway facilities. Each Federal Fiscal Year (beginning October 1), Congress authorizes Federal-aid Transportation funds to assist the States in providing for construction, reconstruction, and improvement of highways and bridges on eligible federal-aid highway routes and for other special purpose programs and projects. Title 23 and Title 49 of the United States Code (USC) are the laws established by Congress allowing for the distribution of federal funds to the States. Regulatory requirements for the use of federal funds are generally found in Title 23 and Title 49 of the Code of Federal Regulations (CFR). In accordance with 23 CFR 450.200, the State of Hawaii, Department of Transportation (HDOT) is responsible for the management, coordination, and programming of the federal-aid funds. The HDOT has the prerogative to distribute portions of its annual apportionment to the LPAs. In order for LPAs to request and receive federal-aid funds, they are required to work with the HDOT through the HDOT's planning and programming coordination and consultation process (23 CFR 450.208 and 210). Federally funded LPA project(s) must comply with all Federal, State, and local laws and regulations. Federal funds are provided on a reimbursable basis, which means that the HDOT/LPA incurs the costs initially (*after receiving the FHWA authorization*) and then will be reimbursed by FHWA once the proper billing/invoice is submitted by the State to the FHWA.


The FHWA is responsible for ensuring that federal-aid funds are expended in accordance with all Federal laws and regulations. While the FHWA retains full oversight of the Federal Aid Program, certain direct oversight responsibilities on LPA projects were delegated to the HDOT through a Stewardship Agreement, which is described in greater detail in the next section. Similarly, the State-County Memorandum of Agreement (MOA) outlines the roles and responsibilities of the LPAs and the State. The MOA is described in greater detail in the *State – County MOA* section below.

The purpose of this HDOT LPA Manual is to provide the LPAs a navigation tool which will help to explain the LPAs roles and responsibilities in following the requirements set forth in the Code

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of Federal Regulations, the Hawaii Revised Statutes, the State-County MOA, and the Stewardship agreement. It is intended to provide guidance on the processes and responsibilities required when requesting and using federal-aid funds for their projects.

## **Stewardship Agreement**

The Stewardship Agreement is an agreement between the FHWA and the HDOT that identifies oversight responsibility and accountability. It does not directly apply to the LPAs, as it is an agreement between HDOT and FHWA. The HDOT cannot delegate oversight functions to the LPA, as the LPA does not legally have a direct relationship with FHWA. When HDOT provides Federal-aid to the LPA, it still must ensure that the LPAs have an adequate project delivery system and sufficient accounting controls to properly manage Federal funds. (See 23 USC 106, amendment Section 1904(a)). All Federal-Aid projects should be coordinated through the HDOT. The stewardship agreement specifically shows project approval actions and responsibilities for each phase of County and other Local Agency Projects. (See  Appendix A)

FHWA has full oversight of all Federal-aid programs. This means that they insure that the Federal highway program complies with applicable laws, regulations and policies. FHWA is responsible for FULL project level oversight for the following types of projects:

1. Special Projects utilizing (1) Innovative Financing; (2) Innovative Contracting; and (3) Interstate Route H-3 completion projects;
2. NHS Projects on the Interstate and Certain Other Projects with an estimated construction cost greater than \$5 million;
3. Other NHS Projects not on the Interstate with an estimated construction cost greater than \$10 million; and
4. Non- Title 23 Responsibility

While FHWA has full oversight responsibility for all projects, the direct oversight of projects not listed above is delegated to HDOT in the stewardship agreement. For those projects delegated to HDOT the FHWA still does comprehensive reviews to evaluate the States and/or LPA policies, procedures, practices and controls for the development and implementation of the projects.

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
## State – County MOA

The State – County MOA is an agreement between the HDOT and the LPAs which defines the roles and responsibilities of each party in the use of federal-aid funds.

The State – County MOA specifies that the LPAs are responsible to provide administrative personnel and technical supervision to insure that the initiation, development, implementation, and performance reporting of all eligible activities financed by federal transportation funds under the MOA are done in conformance with: all applicable Federal, State, and County regulations. Eligible activities include, but are not limited to, the following activities of LPAs federal-aid projects: planning, environmental, design, right-of-way, utility adjustments and accommodations, equal employment opportunity, labor provisions, accounting procedures, public hearings, and construction administration. Each LPA must ensure that its staff members, consultants, and contractors comply with the applicable regulations and procedures in developing, constructing, and maintaining its projects; and it is expected to be knowledgeable of the federal requirements and produce a federally funded project with nominal assistance from HDOT.

The role of the State is to review, advise, approve, and assist the LPAs with conformance to State and FHWA procedures. The State may provide technical support to the LPAs in the form of training, reviews, and procedures, and will process approval requests.

The State is responsible to the federal government for the administration of Federal-aid projects and programs. As outlined in the Stewardship plan (discussed in the previous section), LPA projects may fall under the oversight of the State and/or FHWA, depending on the scope, size, financing method, contracting method, risk, or unusual circumstances. All projects will be subject to appropriate approval actions by the State and/or FHWA.

Subsequent chapters of this manual are intended to give additional guidance to assist the LPAs to comply with the State-County MOA. The State-County MOA is included in its entirety in Appendix  B.

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## Points of Contact

The Engineering Program Manager in HWY-A, is the liaison for the LPA program. Under the supervision of the Engineering Program Manager, the Project Coordination & Control Section (HWY-AP) is responsible for facilitating communication or cooperation leading to a closer working relationship between the HDOT and the LPAs.

HDOT requires each LPA to provide the status of its federally-funded projects on a regular basis to the Project Coordination & Control Section (HWY-AP). The LPA's overall point of contact or designated representative is required to participate in the Over the Shoulder Review (OSR) status meetings with HDOT. In addition to the OSR meetings, the LPA shall provide status updates on its projects and other information related to its federal-aid program upon request by the HDOT.

HWY-AP is responsible for maintaining and updating the LPA Manual, so questions or comments about the manual should be directed to HWY-AP.

HDOT does not have a dedicated LPA section. Specific functions of the LPA program are managed by various offices within HDOT. The specific points of contact are listed in *Table 1*. The assigned contacts for the project design phase are listed in *Table 2* on page 16. . Points of Contact for LPAs are listed in *Table 3*.

**Table 1 HDOT Point of Contact**

<b>Type of Activity</b>	<b>HDOT Contact</b>	<b>Contact Info.</b>
All official correspondence with HDOT.	<b>Case Abe</b> HWY-A: Project Coordination & Technical Services Office, Engineering Program Manager	587-2347 <a href="mailto:casey.abe@hawaii.gov">casey.abe@hawaii.gov</a>
General questions about the overall LPA program and the State-County MOA. Questions about the LPA Manual	<b>Maaza Mekuria</b> HWY-AP: Project Coordination & Control Section	587-2336 <a href="mailto:maaza.c.mekuria@hawaii.gov">maaza.c.mekuria@hawaii.gov</a>
Statewide Transportation Improvement Program (TIP/STIP)	<b>Patrick Tom</b> HWY-PA: STIP Manager	587-6355 <a href="mailto:Patrick.Tom@hawaii.gov">Patrick.Tom@hawaii.gov</a>
Obligation of Federal Funds for City & County of Honolulu, Kauai, Maui, and Hawaii Closeout and Deobligation	<b>Christine Yamasaki</b> HWY-SM: Federal Program Engineer  <b>Scot Urada</b> HWY-SM: Federal Program Engineer	587-2226 <a href="mailto:christine.yamasaki@hawaii.gov">christine.yamasaki@hawaii.gov</a>  587-2222 <a href="mailto:Scot.T.Urada@hawaii.gov">Scot.T.Urada@hawaii.gov</a>
Submission of Single Audit & Related Documents	<b>Cathy Hiranaka</b> HWY-SF: Federal Aid Accountant	587-2196 <a href="mailto:Cathy.Hiranaka@hawaii.gov">Cathy.Hiranaka@hawaii.gov</a>
Office of Civil Rights	<b>Melanie Martin</b> OCR: Civil Rights Manager	587-5339 <a href="mailto:Melani.Martin@hawaii.gov">Melani.Martin@hawaii.gov</a>
Planning Procedures and Project Reviews	<b>Ken Tatsuguchi</b> HWY-P: Planning Branch Engineering Program Manager	587-1787 <a href="mailto:Ken.Tatsuguchi@hawaii.gov">Ken.Tatsuguchi@hawaii.gov</a>

Type of Activity	HDOT Contact	Contact Info.
<b>Design:</b> Design assistance (See Table 2 Assigned Design Contacts by Geographic location and project type for geographically assigned design contacts for design review.)		
Overall	<b>Karen Chun</b> HWY-D: Design Branch Engineering Program Manager	692-7559 <a href="mailto:karen.chun@hawaii.gov">karen.chun@hawaii.gov</a>
Bridge design	<b>Paul Santo</b> HWY-DB: Bridge Design Section	692-7611 <a href="mailto:Paul.Santo@hawaii.gov">Paul.Santo@hawaii.gov</a>
Highway design	<b>Julius Fronda</b> HWY-DD: Highway Design Section	692-7570 <a href="mailto:Julius.Fronda@hawaii.gov">Julius.Fronda@hawaii.gov</a>
Hydraulic design	<b>Curtis Matsuda</b> HWY-DH: Hydraulic Design Section	692-7561 <a href="mailto:Curtis.Matsuda@hawaii.gov">Curtis.Matsuda@hawaii.gov</a>
Environmental permits	<b>Todd Nishioka</b> HWY-DE: Environmental Permitting & Project Compliance	692-7594 <a href="mailto:Todd.Nishioka@hawaii.gov">Todd.Nishioka@hawaii.gov</a>
Consultant contracts & Consultant procurement	<b>Karen Chun</b> HWY-DS: Technical Design Services Office	692-7544 <a href="mailto:Karen.Chun@hawaii.gov">Karen.Chun@hawaii.gov</a>
Landscape design	<b>Michele Nagafuchi</b> HWY-DL: Landscape Design	692-8363 <a href="mailto:Michele.R.Nagafuchi@hawaii.gov">Michele.R.Nagafuchi@hawaii.gov</a>
<b>Traffic Safety, Operations and Design.</b> Design assistance for traffic projects (See Table 2 Assigned Design Contacts by Geographic location and project type for geographically assigned design contacts for design review.)		
Overall Traffic Section	<b>Bryan Kimura</b> HWY-T: Traffic Branch Engineering Program Manager	692-7690 <a href="mailto:Bryan.Kimura@hawaii.gov">Bryan.Kimura@hawaii.gov</a>
Traffic Design	<b>Karl Kunishige</b> HWY-TD: Traffic Design Service Section	692-7679 <a href="mailto:Karl.Kunishige@hawaii.gov">Karl.Kunishige@hawaii.gov</a>
Traffic Operation	<b>Benson Chow</b> HWY-TO: Traffic Operation Sect.	692-7673 <a href="mailto:Benson.Chow@hawaii.gov">Benson.Chow@hawaii.gov</a>
Traffic Safety	<b>Sean Hiraoka</b> HWY-TS: Traffic Safety Section	692-7684 <a href="mailto:Sean.Hiraoka@hawaii.gov">Sean.Hiraoka@hawaii.gov</a>
<b>Right of Way:</b> Information and Procedures for acquisition of land		
Overall	<b>Fawn Yamada</b> HWY-R: Rights of Way Manager	<a href="mailto:fawn.yamada@hawaii.gov">fawn.yamada@hawaii.gov</a> 692-7325
Land Acquisition	<b>Bruce Shimokawa</b> HWY-RL: Land Acquisition Section	692-7330 <a href="mailto:Bruce.Shimokawa@hawaii.gov">Bruce.Shimokawa@hawaii.gov</a>
Property Management	<b>Chris Yamamoto</b> HWY-RM: Property Management Section	692-7332 <a href="mailto:Chris.M.Yamamoto@hawaii.gov">Chris.M.Yamamoto@hawaii.gov</a>
Appraisals	<b>Richard Ching</b>	692-7341

Abstracts	HWY-RP: Appraisal Section <b>Charles Santiago</b> HWY-RA: Abstract Section	<a href="mailto:Richard.Ching@hawaii.gov">Richard.Ching@hawaii.gov</a> 587-1854 <a href="mailto:Charles.Santiago@hawaii.gov">Charles.Santiago@hawaii.gov</a>
<b>Type of Activity</b>	<b>HDOT Contact</b>	<b>Contact Info.</b>
<b>Materials Testing and Research:</b> Information and Procedures for Materials testing and quality assurance program		
Overall	<b>Vacant</b> HWY-L: Materials Testing & Research Branch Engineering Program Manager	833-3407, Ext. 105
Material Certification	<b>Vacant</b> HWY-LR: Research & Technology Transfer Section	833-3407, Ext. 110
Geotechnical and Pavement Design	<b>Herbert Chu</b> HWY-LG: Geotechnical and Pavement Design Section	833-3407, Ext. 121 <a href="mailto:Herbert.Chu@hawaii.gov">Herbert.Chu@hawaii.gov</a>
Asphalt	<b>Vacant</b> HWY-LB: Bituminous Materials Section	833-3407, Ext. 132
Concrete and other structural materials	<b>Gerobin Carnate</b> HWY-LS: Structural Materials Section	833-3407, Ext. 132 <a href="mailto:Gerobin.Carnate@hawaii.gov">Gerobin.Carnate@hawaii.gov</a>
<b>Construction and Maintenance Branch:</b> Construction Procedures, Underutilized Disadvantaged Business Enterprise Goals, Construction Closeout		
Underutilized Disadvantaged Business Enterprise Goals	<b>Jamie Ho</b> HWY-C: Construction and Maintenance Branch Engineering Program Manager	587-2185 <a href="mailto:Jamie.Ho@hawaii.gov">Jamie.Ho@hawaii.gov</a>
Construction Procedures and Closeout	<b>Blaine Kawamura</b> HWY-CC: Construction Section	587-2630 <a href="mailto:Blaine.Kawamura@hawaii.gov">Blaine.Kawamura@hawaii.gov</a>
<b>District Contacts:</b> Construction Administration		
Hawaii County	<b>Salvador Panem</b> HWY-H: Hawaii District Engineering Program Manager	933-8866 <a href="mailto:Sal.Panem@hawaii.gov">Sal.Panem@hawaii.gov</a>
Maui County	<b>Robin Shishido</b> HWY-M: Maui District Engineering Program Manager	873-2528 <a href="mailto:Ferdinand.Cajigal@hawaii.gov">Ferdinand.Cajigal@hawaii.gov</a>
Kauai County	<b>Larry Dill</b> HWY-M: Kauai District Engineering Program Manager	241-3006 <a href="mailto:Raymond.J.McCormick@hawaii.gov">Raymond.J.McCormick@hawaii.gov</a>
City and County of Honolulu	<b>Pratt Kinimaka</b> HWY-O: Oahu Construction and Maintenance Section District Engineer	831-6700 ext 126 <a href="mailto:Pratt.Kinimaka@hawaii.gov">Pratt.Kinimaka@hawaii.gov</a>

**Table 2 Assigned Design Contacts by Geographic location and project type**

<b>Design: Assigned Contacts for County Design Project Review</b>		
<b>Type of Project</b>	<b>Contact Name/Section</b>	<b>Phone/Email</b>
Traffic Signal Projects: Statewide	<b>Karl Kunishige</b> HWY-TD: Traffic Design Service Section	692-7679 <a href="mailto:Karl.Kunishige@hawaii.gov">Karl.Kunishige@hawaii.gov</a>
County of Hawaii Design Contact	<b>Robert Sun</b> HWY-DD: Highways Design Section	692-7578 <a href="mailto:Robert.Sun@hawaii.gov">Robert.Sun@hawaii.gov</a>
County of Kauai Design Contact	<b>Christine Yamasaki</b> HWY-DD: Highways Design Section	692-7572 <a href="mailto:Christine.Yamasaki@hawaii.gov">Christine.Yamasaki@hawaii.gov</a>
County of Maui Design Contact	<b>Li Nah Okita</b> HWY-DD: Highways Design Section	692-7581 <a href="mailto:Li.Nah.Okita@hawaii.gov">Li.Nah.Okita@hawaii.gov</a>
City and County of Honolulu—Roadway projects Design Contact	<b>Ross Hironaka</b> HWY-DD: Highways Design Section	692-7575 <a href="mailto:Ross.Hironaka@hawaii.gov">Ross.Hironaka@hawaii.gov</a>
City and County of Honolulu—Traffic Related Projects Design Contact	<b>Reed Matsuo</b> HWY-TO: Traffic Operation Section	692-7684 <a href="mailto:Reed.Matsuo@hawaii.gov">Reed.Matsuo@hawaii.gov</a>

**Table 3 LPA Point of Contact**

<b>COUNTY</b>	<b>Contact</b>	<b>Contact Info</b>
City & County of Honolulu	Mark Garrity – Deputy Director	(808)768-8302 <a href="mailto:mgarrity@honolulu.gov">mgarrity@honolulu.gov</a>
	Morgana Lasco - Planner	768-5481 <a href="mailto:mlasco@honolulu.gov">mlasco@honolulu.gov</a>
	City and County of Honolulu: Department of Transportation Services	
County of Hawaii	<b>Ben Ishii</b> Hawaii County: Department of Public Works – Engineering Division, Chief	(808)961-8423 <a href="mailto:bishii@co.hawaii.hi.us">bishii@co.hawaii.hi.us</a>
County of Kauai	<b>Larry Dill</b> Kauai County - Department of Public Works –Engineering Division, Chief	(808)241-4996 <a href="mailto:ldill@kauai.gov">ldill@kauai.gov</a>
County of Maui	<b>Cary Yamashita</b> Maui County - Department of Public Works –Engineering Division, Chief	(808)270-7430 <a href="mailto:Cary.Yamashita@co.maui.hi.us">Cary.Yamashita@co.maui.hi.us</a>



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## Updates to the LPA Manual

The HDOT recognizes that regulations and best practices are constantly changing. Therefore, the manual will be updated annually in November. If the LPAs need clarification, or conflicting or outdated requirements are discovered, they shall contact the HDOT Highways Division – Project Coordination & Control Section (HWY-AP). The staff at HWY-AP will keep a log of all comments or suggestions, and determine if updates to the manual are warranted to address the comments. The updated manual will be provided to the LPAs every year after it is updated. Any critical updates or corrections may also be sent to the LPAs between the annual updates.

## Additional Resources

Useful resources available for the LPA from the HDOT Highways Division offices are:

- Project Development Manual by the HDOT Design Branch (HWY-D)—The manual provides guidelines to the HDOT Highways Design Staff for the development of projects from initial project scoping, through the design phase to construction. While procedures and processes will vary for LPA projects, the overall requirements will be similar.
- Consultant Selection Procedures by the HDOT Design Branch (HWY-D)—Facilitates a consistent consultant selection process for the HDOT Highways division which fulfills all applicable State and Federal procurement requirements.
- Environmental Permitting Guidance Manual by HWY-DE—This manual addresses the environmental procedures, documents and permits required prior to advertising most federal and State funded highway projects for construction. The manual provides information that is applicable to both State and County roadway projects receiving federal assistance.
- Hawaii Test Methods by the HDOT Materials Testing & Research Branch (HWY-L). Can be found at <http://hidot.hawaii.gov/highways/other/materials-testing-and-research-branch/> -- This provides instructions for standard test methods used by the State for various common measurements.
- Quality Assurance Manual for Materials by HDOT Materials Testing & Research Branch (HWY-L). Can be found at <http://hidot.hawaii.gov/highways/other/materials-testing-and-research-branch/>

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[research-branch/](#) --Provides procedures and guidelines ensure the quality of materials for all State Highway construction projects, and County Federal-aid projects on the National Highway System in accordance with the CFR.

- ROW Procedure Manual maintained by HDOT Right-of-Way Branch (HWY-R). Can be found at <http://hidot.hawaii.gov/highways/highways-division-rights-of-way-manual-2011/> -- HDOT ROW procedures including abstracting, appraisal, negotiations, condemnation, ROW certification, relocation, payments, property management, and utility agreements.
- Construction Procedure Manual maintained by HDOT Construction & Maintenance Branch (HWY-C)—Outlines procedures followed on HDOT Construction Projects. While internal procedures for LPAs will vary, most of the requirements will be similar.

The FHWA website offers additional information and training on requirements of administering programs using Federal-Aid funding.

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## Chapter 3: Project Funding

### Project Programming (STIP)

Project Programming is a first step in the Federal-aid process. All Federal-aid projects must be included or “programmed” in the State Transportation Improvement Program (STIP) in order to receive federal funding. In addition, projects within a Metropolitan Planning Organization (MPO) area must first be included or “programmed” in the MPO Transportation Improvement Program (TIP). The TIP requirement would currently apply for all City and County of Honolulu projects and will soon apply to the Maui County as well.

Federal law requires each state to develop a financially constrained STIP listing all eligible projects to be funded with federal aid, along with their anticipated costs and funding sources that are planned for the upcoming four (4) years. The STIP is developed and maintained by HDOT’s Planning Branch (HWY-P) in collaboration with other HDOT Branches, the Oahu Metropolitan Planning Organization (OMPO) and LPAs. All Federally funded projects must be identified in the STIP for the funding to be authorized and released for the project. Additionally, for LPAs to have their projects listed in the STIP, the projects must be consistent with the long range planning or programming efforts. The regional long range plans provides goals and guidance for the distribution of the funding for categories of projects (i.e., system preservation, capacity).

The HDOT has the prerogative to set aside part of its federal apportionment for LPAs to partially fund their transportation projects, as described in USC 134 and 135. In order for a project to qualify for Federal funds, projects must be programmed on the Statewide Transportation Improvement Program (STIP) and, if applicable, a Transportation Improvement Program (TIP). Development of these programs must comply with 23 CFR 450 Sub-parts B and C (Statewide and Metropolitan Transportation Planning and Programming), the implementing rules for 23 USC 134 and 135, and 23 CFR 470 and 500 (Federal Aid Highway Systems, Management and Monitoring Systems).

The STIP and TIP are based on the federal fiscal calendar (Begins October 1) and developed in 4-year periods (23 CFR 450.216(a)) with each Federal Fiscal Year (FFY) financially constrained.

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In addition to the first four official STIP years, HDOT develops a STIP that includes 2 future years for informational purposes only. General information on the STIP is available on HDOT's website and is managed by its Planning Branch (HWY-P):

<http://hidot.hawaii.gov/highways/other/other-related-links/stip/>. Additional information is also available on FHWA's website <http://www.fhwa.dot.gov/federalaid/projects.cfm> in "A Guide to Federal-Aid Programs".

### **Developing the STIP**

The development of the STIP and its revisions are vetted through a public process and requires LPA participation. In addition, LPAs with a population greater than 50,000 people must process their proposed projects through a Metropolitan Planning Organization (MPO) Transportation Improvement Program (TIP) process (23 CFR 450 Sub-Part C) prior to acceptance on the STIP. An approved TIP is subsequently included unchanged on the STIP. As of 2014, the Oahu Metropolitan Planning Organization is the only MPO in the State of Hawaii. A MPO is currently being created on Maui. Projects for non-MPO areas must be chosen based on a planning process including public input as determined by each county. Specifically, each County is expected to propose to the HDOT projects that are consistent with that County's long-range and/or Statewide Transportation Plan for development (23 CFR 450.216 (k)). Roadways must be functionally classified. Proposed projects should also be prioritized and identified through a management plan or program (23 CFR 500.105(d)). Upon request, these management plans or programs shall be made available to HDOT.

In accordance with 23 CFR 450.216(a), the STIP must be updated at least every four years to reflect the next "4-year STIP" period. The HDOT initiates the process to update the STIP by issuing a "Request for Project Proposals" (RPP) to the LPAs. The RPP is initiated approximately one year prior to the Federal Fiscal Year (FFY) that the update is required. For example, for the STIP that covers the FFY 2015 through 2018, the RPP was initiated in October 2013, the beginning of federal fiscal year 2014. Instructions are provided to the LPA when the Request for Project Proposals is issued.

In response to the RPP, each LPA may submit their proposed STIP to HDOT's Director through HWY-P. Next, the HDOT creates a proposed financially unconstrained draft of the "4-year

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STIP” that identifies all eligible proposed projects. The anticipated share of Federal funds by agency and by project. The HDOT then processes the proposed draft STIP in accordance with 23 CFR 450 and STIP procedures. The proposed draft STIP is then financially constrained based initially on the anticipated amounts of available federal funds and a calculated share for each county. Financial constraint of the STIP is further refined by system and funding goals identified in the long range plans, priorities identified in the management systems and plans, public and agency coordination, and project readiness. The STIP is then submitted to FHWA and the Federal Transportation Authority (FTA) for approval. Prior to the start of the FFY that the update is required, the FHWA renders a decision on the proposed draft STIP (23 CFR 450.218). The current status and applicable version of the approved STIP, along with STIPs from previous years, are posted on HDOT’s website: <http://hidot.hawaii.gov/highways/other/other-related-links/stip/>. The website is managed by HDOT’s Planning Branch.

Prior to requesting that a project be included in a STIP, the LPAs must verify that the following requirements have been or will be met:

- 1) Proposed STIP projects are consistent with that County’s long-range and/or Statewide Transportation Plan for development (23 CFR 450.216 (k) and the long range plan was reviewed in a planning process as determined by the county.
- 2) local matching funds are assured to be available during the programmed FFY; and
- 3) will be “Ready to go” in the programmed FFY. A project is considered “Ready to go” when the LPA has its local matching funds and after clearing federal requirements.

The above requirements apply regardless of what phase: PLN, DES, ROW, or CON, that the proposed project is in. When initially developing and later revising its STIP plan, the LPA should be mindful that all federal funds expended shall be reimbursed if the LPA decides to withdraw or cancel a project. Also, in the event ROW acquisition or actual construction of a project does not start by the close of the 10<sup>th</sup> FFY from the date preliminary engineering work was authorized, the LPA may be required to repay all federal reimbursements.

### **Funding Categories**

Federal funds are not distributed to State DOTs in a lump sum, but in prescribed amounts to various funding categories described in the Moving Ahead for Progress in the 21st Century Act

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(MAP-21). MAP-21 is the current long-term Highway funding authorization signed into law by the federal government. A list of the funding categories used in Hawaii can be found on the HDOT website under STIP abbreviations/definitions.

<http://hidot.hawaii.gov/highways/other/other-related-links/stip/general-stip-information/>. To use the funds in a particular category, the project needs to meet the conditions of the category.

### **Funding by Project Phase**

Phases of a project typically programmed on the STIP for LPA projects are listed below. A complete listing is available on HDOT's website under STIP abbreviations/definitions.

<http://hidot.hawaii.gov/highways/other/other-related-links/stip/general-stip-information/>.

Information on the requirements, process and deadline for a LPA to request for the programmed funds to be obligated is provided in the *Obligation of Federal Funds* section of this Chapter.

- A. Planning (PLN): The planning phase would involve planning studies as well as environmental compliance. Not all projects will have a planning phase, but a planning phase would generally be required for projects that require an environmental impact statement. During this phase the LPA would focus on preparing local, state and federal environmental regulatory requirements. All work during this phase must be developed in compliance with FHWA's planning regulations in 23CFR 771. See also *Chapter 5: Environmental Clearances and Permits*.
- B. Design (DES): Funding for this phase can be used for preliminary engineering, environmental coordination and consultation, continuing to prepare and finalize environmental clearance documents, and performing final design. All work during this phase must be developed in compliance with 23 CFR 625. For more information see *Chapter 6: Design*. LPA should keep in mind when considering to request funding for its preliminary engineering work that 23CFR 630.112 allows FHWA to require repayment of the "sum or sums of Federal funds paid..." in the event that "right-of-way acquisition for, or actual construction of, the road for which this preliminary engineering is undertaken is not started by the close of the tenth fiscal year following the fiscal year in which the project is authorized...".

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Most design projects will require that the first set of Plans, Specifications and Estimates (PS&E) be sent no later than 60%. (See *Chapter 6: Design*.) However, for low risk projects, such as Pavement Preventative Maintenance, restriping, or resurfacing projects with a routine and straight forward scope of work, the LPA may request to only submit a PS&E for the 90% and the 100% design stages. Such requests shall be made in writing by the LPA when it requests to place the proposed project on the TIP or the STIP.

C. Right-of-Way:

- 1) Preliminary ROW funds (Pre-ROW) – Funding for this phase can be used for ROW acquisition activities with the exception of negotiating and making offers to purchase property or to relocate an entity from a property. The NEPA process does not have to be completed in order to obligate Pre-ROW funds, as outlined in 23 CFR 710.
- 2) ROW funds (ROW) - programmed on the approved TIP or STIP may be used for the acquisition or purchase of property interest (easement, rental, license, title, access) or for the payment of relocations. The LPA must complete the NEPA process for a project before requesting to have ROW funds obligated, as specifically stated in 23 CFR 710.305.

D. Construction (CON) funds – Funding for this phase can be used for the construction and construction engineering of a project.

E. Alternative Funding Methods

1) Advance Construction funds (AdvCon)

Advance Construction is a financing technique that allows borrowing of future years' federal funds, but reduces the future years' funding levels. This method of funding would occur when the LPA wishes to spread the cost of its projects, including the local match, over several years. The LPA must acquire HDOT and FHWA approval prior to the use of this method. Therefore, if the LPA decides to pursue AdvCon it should consult with HDOT Project Coordination & Control Section (HWY-AP). If appropriate, HWY-AP will then coordinate meetings with HDOT Project Control Section (HWY-SM). If approved, the amount of Advance

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Construction (AdvCon) funds obligated to the LPA will be deducted from the amount of federal funds typically programmed for the LPA in the subsequent FFY(s). Additionally, when using AdvCon funds, the LPA should be aware that the future funds are not guaranteed to be available for the project. The FHWA authorization of AdvCon funding does not constitute any commitment of Federal funds on the project. In addition, the FHWA shall not reimburse the State until the project is converted to a regular Federal Aid project. Conditions and requirements for use of AdvCon funds are prescribed in 23 CFR 630.

To request to utilize this funding method, a LPA must submit a letter to HDOT Project Coordination & Control Section (HWY-SM) that includes justification for its request and a statement agreeing to deduct the equivalent amount from the next FFY typically portioned to the LPA, and committing to future allocation to the project. Along with the letter, the LPA must submit their revised STIP program that maintains annual FFY constraint and shows the deduction of the AdvCon funds in the next FFY, along with adjustments to the rest of its STIP program in that next and future FFYs to accommodate its request.

## 2) Soft Match to LPA Funds

Usually, the local match provided to receive federal funding is in the form of cash, but the LPA may request federal funds to “Soft Match” previously purchased or donated lands, consultant services, materials or funds in accordance with 23 USC Section 120 and Section 323. Requests shall be in writing to the HDOT STIP manager and substantiated by proper appraisal and accounting documentation, and the proposed funding must be reflected in the LPA’s STIP program. Subject to review and approval by HDOT, the agreed-upon value of the Soft Match contribution will be applied as a credit toward the local match of Federal funds. While Soft Match contributions are not “authorized” in the same sense in which Federal-aid funds are authorized, they do need to be approved by HDOT before credit for the Soft Match value may be applied toward the local match. If



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satisfactory, HDOT will transmit the appropriate documents to FHWA for approval. The LPA will then receive a written reply from HDOT.

- F. Emergency Relief projects – Funding of design and construction funds for work due to an emergency is not, by nature, programmed on the STIP. Thus, upon realizing the need for federal assistance, the LPA should contact HDOT Construction and Maintenance Branch (HWY-C) as soon as possible and follow-up with a letter to HDOT Director requesting design and/or construction funds for Emergency Relief (ER) efforts.

The LPA is responsible for working with HDOT STIP Manager (HWY-P) and LPA Liaison (HWY-AP) to ensure that its project is included or “programmed” in the STIP with adequate funding for the correct Federal Fiscal Year (FFY).

## **Obligation of Federal Funds**

After programming, FHWA Authorization and Obligation of funds is the next required step in the Federal funding process. When FHWA approves (or executes) a Request for Project Authorization, Agreement, and/or Modification (Form PR-1240) received from HDOT, it is considered a contractual obligation of the Federal government for Federal Funding and Reimbursements (23 USC 106). Note that there are some exceptions (such as advance construction) where authorization to proceed is not a commitment to provide funds for the entire project. The common exceptions are covered in more detail below.

When Federal funds are used for multiple project phases (Planning, Design, Right-of-Way, and/or Construction), projects receive FHWA Authorization in phases. In order to receive previously programmed federal-aid funds, LPAs must submit a formal request to HDOT. An HDOT contact is designated for each phase of the process as shown in *Table 1* and *Table 2* **Error! Reference source not found.** on pages 13 and 16, respectively.

LPAs must submit a request to obligate funds with all required documentation to HDOT by May 31<sup>st</sup> of the corresponding programmed FFY. If a LPA does not submit or if its submittal request is deemed unacceptable by HDOT after review, then HDOT has the discretion to reallocate the affected programmed funds to other projects that may or may not be within the affected LPA’s

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jurisdiction. Phase specific requirements which the LPAs shall follow prior to requesting the obligation of funding are provided in the following sections.

HDOT will review the request, and if acceptable, will send a formal request for project authorization, agreement, and/or modification (Form PR-1240) along with required documentation to FHWA. After receiving a response from FHWA, HDOT will mail a hard copy of the Form 1240 to the LPA, and will submit an advance copy through email to the applicable contacts listed in *Table 2* (Chapter 2). When the request pertains to phases other than construction, the LPA may proceed with its work upon receiving the electronic copy of the approved Form 1240. When the request involves construction funds, the electronic copy of the Form 1240 is sent to the LPA so that the LPA may begin the procurement process. Refer to the related section on Construction Funds below for further information.

### **Planning Funds**

Planning funds must be programmed on the current approved TIP or STIP, but there are no other requirements to complete prior to obligating funds for planning (PLN) phase. The LPA may request for the obligation of PLN funds once the FFY begins. Requests shall be submitted to the Federal Program Engineer (HWY-SM) through the HDOT contact in either the Traffic Branch (HWY-T) or the Planning Branch (HWY-P). (The point of contact would be HWY-T for all traffic studies. HWY-P would be the point of contact for all other projects.) The letter should include the following information which should correspond to the information on the STIP:

- a) County Name
- b) State Project Number
- c) State Route Number
- d) General Location
- e) General Description of work

The Federal Program Engineer (HWY-SM) will forward the appropriate documents to FHWA for approval. The LPA may proceed with their project upon receiving either an electronic or hard copy of the approved Form 1240.

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## Design Funds

Design (DES) funds must be programmed on the current approved STIP.

Projects shown as DES on STIP which did NOT include a previous planning phase would have a scope of preliminary engineering, environmental coordinate and consultation, preparing of environmental clearance documents, and performing final design. These would generally be smaller or less complex projects that do not require a major environmental assessment or environmental impact statement.

For typically larger or more complex projects where a planning phase resulting in an environmental impact statement or a major environmental assessment is performed, *final* design funds cannot be obligated until the LPA completes the requirements of the Federal National Environmental Protection Act (NEPA) (23 CFR Part 771) and the State's HRS Chapters 343 and 6E.

Requests to obligate DES funds shall be submitted to the assigned HDOT design contact (see **Error! Reference source not found.** on page 16). The following should be included with the request to obligate funds:

- a) A cover letter that lists the project name and number corresponding to what shows on the STIP.
- b) A Detailed Cost Estimate. The cost estimate should separate out design costs for preliminary and final design. It should also include costs for County review if the design is being done by a consultant. (See *Sample 1* at end of this Chapter.)
- c) Sketch Map. (See *Sample 3* at end of this Chapter)
- d) Federal Aid Program Data Sheet (See *Sample 4* at end of this Chapter)

Upon receiving either an electronic or hard copy of the approved Form 1240 the LPA may proceed with their project.

## Right-of-Way Funds

Right-of-Way (ROW) are shown in 2 phases on the STIP: Pre-Right-of-Way (preROW) and final acquisition.

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PreROW may be used for any ROW acquisition activities except negotiating and making offers to property owners or negotiating and making offers for relocations. In order to obligate PreROW funds programmed on the approved STIP, the LPA must submit a letter to the Federal Program Engineer (HWY-SM), through the assigned HDOT contact in either HWY-D or HWY-T (See *Table 2*

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**Table 2 Assigned Design Contacts by Geographic location and project type**

on page 16). The letter must contain the project name and number corresponding to what shows on the STIP along with any other documents requested by the State.

ROW funds programmed on the STIP can be used for final acquisition including purchase of property interest (easement, license, title, access), or for the payment of relocations. ROW funds cannot be obligated until the National Environmental Policy Act (NEPA) documents have been accepted by FHWA. (See *Chapter 5: Environmental Clearances and Permits* for more information about the NEPA documents.) Requests to obligate ROW funds shall be submitted to the assigned HDOT contact in Design Branch (HWY-D) or Traffic Design Branch (HWY-T) (See *Table 2* on page 16). The following should be included with the request:

- a) A cover letter stating that the LPA wishes to obligate ROW funds. The cover letter should include the project name and number corresponding to what shows on the STIP.
- b) Copies of the approved NEPA package. (See *Chapter 5: Environmental Clearances and Permits* for more information about the NEPA documents.)

Upon receiving either an electronic or hard copy of the approved Form 1240 the LPA may proceed with their project.

### **Construction Funds**

The following conditions must be met in order for an LPA may to request to obligate construction (CON):

- a.) The funding has been programmed on the approved STIP.
- b.) The LPA has completed the NEPA process and obtained a Categorical Exclusion (CATEX) or a Finding of No Significant Impact (FONSI) or a Record of Decision (ROD) from the FHWA, thus securing the appropriate environmental clearances in accordance with 23 CFR Part 771 and HRS 343 and 6E. For more information about the NEPA process, see *Chapter 5: Environmental Clearances and Permits*.
- c.) FHWA has approved a ROW Certification (see *Chapter 8: Right-of-Way*), which was prepared in accordance with 23 CFR 710.311 for acquisitions as required by 23 CFR

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636.309. For design-build projects (23 CFR 710.313), a ROW Certification was prepared in accordance with 23 CFR 309(p)..

- d.) Plans, Specifications and Estimates (PS&E), design exceptions, PS&E or other checklists, reports, Request for Proposals (RFP), and other applicable documents have been reviewed and approved by the HDOT and/or FHWA.

Requests for obligation of funds should be submitted to the LPAs assigned HDOT contact in HWY-D or HWY-T (see *Table 2* on page 16). The request must at minimum include:

- a.) 2 sets of approved 100% half-size Plans, Special Provisions, Engineer's Preliminary Detail Estimate,
- b.) Final PS&E Checklists, along with HDOT's review on previous submittals. For correspondence procedures, refer to Section 12.7 of the PDM. (See *Sample 2* at end of this Chapter.)

If satisfactory, HDOT will forward required documentation to FHWA for approval. The LPA may advertise the project for bids only after receiving the approved hard copy of Form 1240 from HDOT **AND** satisfying the conditions stated in HDOT's cover letter. Receipt of the electronic copy of the approved Form 1240 does not imply or represent approval by HDOT to advertise the project.

### **Emergency Relief Projects**

As previously mentioned in this manual, funding of design and construction funds for work due to an emergency is not, by nature, programmed on the STIP. Thus, upon realizing the need for federal assistance, the LPA should contact HDOT, Construction & Maintenance Branch (HWY-C) as soon as possible and follow-up with a letter to HDOT Director requesting design and/or construction funds for Emergency Relief (ER) efforts. If acceptable and after completion of the following items, the HDOT may request for the obligation of funds from FHWA.

- Preparation of Detailed Damage Inspection Reports (DDIR) by the LPA and submitted to the HDOT and FHWA (See *Sample 5* at end of this Chapter),
- Completion of site visit with HDOT and FHWA,
- FHWA acknowledgement of emergency event,

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- FHWA approval of submitted DDIRs,
  - Agreement, understanding, and appropriate documentation on the DDIR form of 100% immediate work items versus the 80% permanent work items.
  - ER construction projects competitively bid (most cases for permanent repairs) shall be subject to the same requirements described above in having appropriate environmental clearances, ROW certification, and approved PS&Es.

For additional information on the Emergency Relief program, please reference the official Emergency Relief Manual, which can be found at: <http://www.fhwa.dot.gov/reports/erm/er.pdf>.

### **Advance Construction Funds**

Appropriate uses of Advance Construction as a funding method is covered in more detail in *Funding by Project Phase* section earlier in this Chapter. It is important to understand with this funding type, Federal Authorization to proceed is NOT a commitment to funding the project in the future. Furthermore, if the project does NOT proceed due to lack of funding, the LPA will be required to pay back any funds already contributed by the Federal Government. The HDOT Federal Program Engineer (HWY-SM) will execute the administrative process necessary with FHWA to obligate the funds.

### **Making Changes to the STIP**

The two methods available to request changes to their portion of the STIP are 1) Administrative Modification and 2) Major Revision (Amendment). The scope of the revision determines the applicable regulatory process. If a LPA would like to request a revision to the STIP, the LPA shall submit the documents noted on HDOT's website in one complete package to the HDOT Director with attention to HDOT Planning Branch (HWY-P). Guidelines determining the applicable method are provided in HDOT website. (See <http://hawaii.gov/dot/highways/other/other-related> links/STIP)

#### ***Administrative Modification***

The types of changes to the STIP that could be processed by HDOT as an Administrative Modification include changes in the schedule by either advancing a project that is already programmed for a future year to an earlier year or deferring a project to a future year. Though

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projects can be moved within the four year period of the STIP, projects cannot be moved from one four year STIP to another through an administrative modification. As noted earlier in this chapter, the last two years shown on a STIP plan (illustrative years) are for information only, so projects shown in the last two years on the STIP plan would not be part of the 4-year STIP, and therefore could not be moved through an administrative modification.

Administrative modifications could also be used for changing the scope of a project to accommodate prescribed actions made under the National Environmental Policy Act. Other examples on the type of changes considered as an Administrative Modification are described on HDOT's website under "STIP Revision Guidelines":

<http://hidot.hawaii.gov/highways/other/other-related-links/stip/general-stip-information/>.

Preapproved minor changes to a project's cost estimate or schedule can be changed at any time through Administrative Modifications per 23 CFR 450.216(n). The effect on a project's schedule must keep the originally programmed phase(s) within the current 4-year STIP period. The resulting STIP, after processing Administrative Modifications, does not have to be financially constrained but financial constraint must be re-established through the next Major Revision process. For projects within a Metropolitan Planning Organizations (MPO), a separate Administrative Modification process must first be completed for administrative updates of the TIP. The exception for going through the MPO process for modification would be for corrections of clerical errors, project name, schedule changes, etc. that do not require technical review or approval by the MPO. Administrative Modifications are effective once the HDOT Highways Administrator sends a letter to FHWA notifying them of the changes.

### ***Major Revision (Amendment)***

Examples of the types of changes which qualify as a Major Revision are adding a new project, deleting a project from the approved STIP, making a major modification to the design concept or scope, or adding a phase to a project already on the STIP. Further examples on the types of changes, along with related requirements, are posted on HDOT's website under "STIP Revision Guidelines": <http://hidot.hawaii.gov/highways/other/other-related-links/stip/general-stip-information/>.



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Major Revisions must be coordinated by HDOT and processed according to 23 CFR 450.208 and 210 and result in the STIP remaining financially constrained. The proposed Major Revision must be approved by FHWA and the Federal Transportation Authority (FTA). For projects within a MPO, a separate TIP Expedited Modification or Amendment process must first be approved by the MPO. Major Revisions are scheduled twice within a FFY (23 CFR 450.216(n)). The deadlines for a LPA within an MPO to submit its requests are: November 1<sup>st</sup> and April 15<sup>th</sup>. All other LPA's must submit by December 1<sup>st</sup> and May 15<sup>th</sup>.

If a LPA would like to request a major amendment to the STIP, the LPA shall submit, for each project affected by the request, all of the following documents to the HDOT Director through HWY-P:

- 1) Cover letter – describing the requested revision(s)
- 2) LPA 4 Year Plan – indicating the requested revision(s) in red font, including adjustments necessary to remain at or below the total federal funding by FFY for the LPA established in the latest approved STIP.
- 3) For each project affected by the requested revision(s):
  - a) Updated Project Programming Request (PPR) form to reflect revisions
  - b) Project development Schedule
  - c) PS&E Checklist (See Sample 2 PS&E Checklist)
  - d) Location Map (See Sample 3 at end of this chapter.)

HDOT will begin its review after receiving all of the above required documents.

## **Project Agreement Modifications**

FHWA's administrative method to revise prior obligations contracted in a Form 1240 is to process a Project Agreement Modification (PAM). When deciding on whether or not to request of HDOT to process a PAM, the LPA should consider the following:

- PAM requests resulting in an increase to a project's funds may be deducted from the LPA's obligation authority allotment on the STIP in the FFY the adjustment(s) is executed by FHWA or as otherwise determined by HDOT.

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- Depending on the effect of the PAM on a project's original purpose and need, a change to the STIP may be required via a major revision (See previous Section entitled *Major Revision (Amendment)*). Therefore, the LPA should be aware that the amount of time for HDOT to process their request may negatively delay the project's schedule.
    - If a PAM request for additional funds will not result in expanding a project's original purpose and need, and the amount is within the established thresholds for an administrative STIP amendment, the STIP does not need to be amended.
    - If a PAM request will result in expanding a project's original Purpose and Need (example: adding ¼ mile of paving beyond the original limits or adding a traffic signal for safety or operational improvements that was not part of the original scope) or if the amount of funds to be added exceeds established thresholds for administrative STIP amendments, then the STIP must be amended via a non-administrative STIP amendment and approved by FHWA before the additional funds can be obligated for the project.

When a PAM request involves the de-obligation of excess funds related to low bid opening or less than anticipated project needs or the closing of a project, de-obligations will occur within the timelines specified in 23 CFR 630.106 or within 90 calendar days after a determination of funding needs have been made by HDOT. Use of the excess funds will be determined by HDOT. If the LPA would like to transfer the de-obligated funds to another project(s) already programmed on the TIP or STIP and use of the funds meets regulatory requirements, then the LPA must first submit a viable project development schedule and proof of its ability to provide the required Local Match funds for the desired project(s) to HDOT. After evaluating the information provided, HDOT will notify the LPA of its decision. If HDOT agrees, then the LPA must submit an approvable obligation request, along with the required documentation previously mentioned in other sections of this manual for the applicable funding phase, by May 31<sup>st</sup> of the same FFY that the funds were de-obligated by the FHWA. To avoid the possible lapsing of formula obligation authority, if the LPA does not have an approvable use for all or portions of the de-obligated funds, then use of the funds will again be determined by HDOT.

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For Project Agreement Modifications (PAM) involving the obligation of additional or the reduction of Federal funds, the LPA shall provide the following to the HDOT:

- Requested amount, along with proof of ability to provide Local Match funds
- Reason for the cost change
- Confirmation that the increase is for the original project purpose and need. For project cost decreases, provide reason(s) for decrease along with a revised project estimate.
- For modification to a construction project, provide a revised Detail Estimate Summary Sheet.
- Current schedule
- Schedule when adjustments to funds must be completed
- Confirmation that the increase will not be applied to any previously completed work already paid for by the FHWA and thus considered as double payment.
- For construction change orders, approval by the appropriate HDOT District Engineer.
- Approval by FHWA, when required.

LPA assumes all cost related to delays impacting its project schedule caused by HDOT and or FHWA to process its request, including time for the LPA to submit and the HDOT and FHWA to subsequently evaluate re-submittals and additional information.

Upon determining that a request is valid, HDOT will submit a request to FHWA for authorization and obligation of the funds. HWY-SM – Federal Program Engineer will inform the LPA of FHWA’s action.

Sample 1 Detail Estimate

Engineer's Preliminary Detail Estimate  
Federal Aid Project No. STP-000(000)  
Page ##  
8/13/2014

**SUMMARY**

	CONTRACT ITEMS	CONTINGENCIES	CONSTRUCTION ENGINEERING	TOTAL PROJECT COST	PARTICIPATING COST	FEDERAL SHARE (80% PAR)	COUNTY SHARE (20%)
MAINTENANCE - RESTORATION & REHABILITATION Type Code 06	\$1,684,505.00	\$84,225.25	\$265,309.54	\$1,768,730.25	\$1,768,730.25	\$1,414,984.20	\$353,746.05
UTILITIES Type Code 43	\$18,100.00	\$905.00	\$2,850.75	\$19,005.00	\$19,005.00	\$15,204.00	\$3,801.00
Total Construction	\$1,702,605.00	\$85,130.25	\$268,160.29	\$1,787,735.25	\$1,787,735.25	\$1,430,188.20	\$357,547.05
CONSTRUCTION ENGINEERING Type Code 17							
Consult (CM/CSS)			\$227,936.25	\$227,936.25	\$0.00	\$0.00	\$227,936.25
Staff Non-Labor			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal			\$227,936.25	\$227,936.25	\$0.00	\$0.00	\$227,936.25
County Forces			\$32,179.23	\$32,179.23	\$32,179.23	\$25,743.38	\$6,435.85
State Review			\$8,044.81	\$8,044.81	\$8,044.81	\$6,435.85	\$1,608.96
Subtotal			\$40,224.04	\$40,224.04	\$40,224.04	\$32,179.23	\$8,044.81
Total CENG			\$268,160.29	\$268,160.29	\$40,224.04	\$32,179.23	\$235,981.06
TOTAL PROJECT	\$1,702,605.00	\$85,130.25	\$268,160.29	\$2,055,895.54	\$1,827,959.29	\$1,462,367.43	\$593,528.11

Federal Funds Required: \$1,462,367.43  
County Funds Required: \$593,528.11

Sample 2 PS&E Checklist

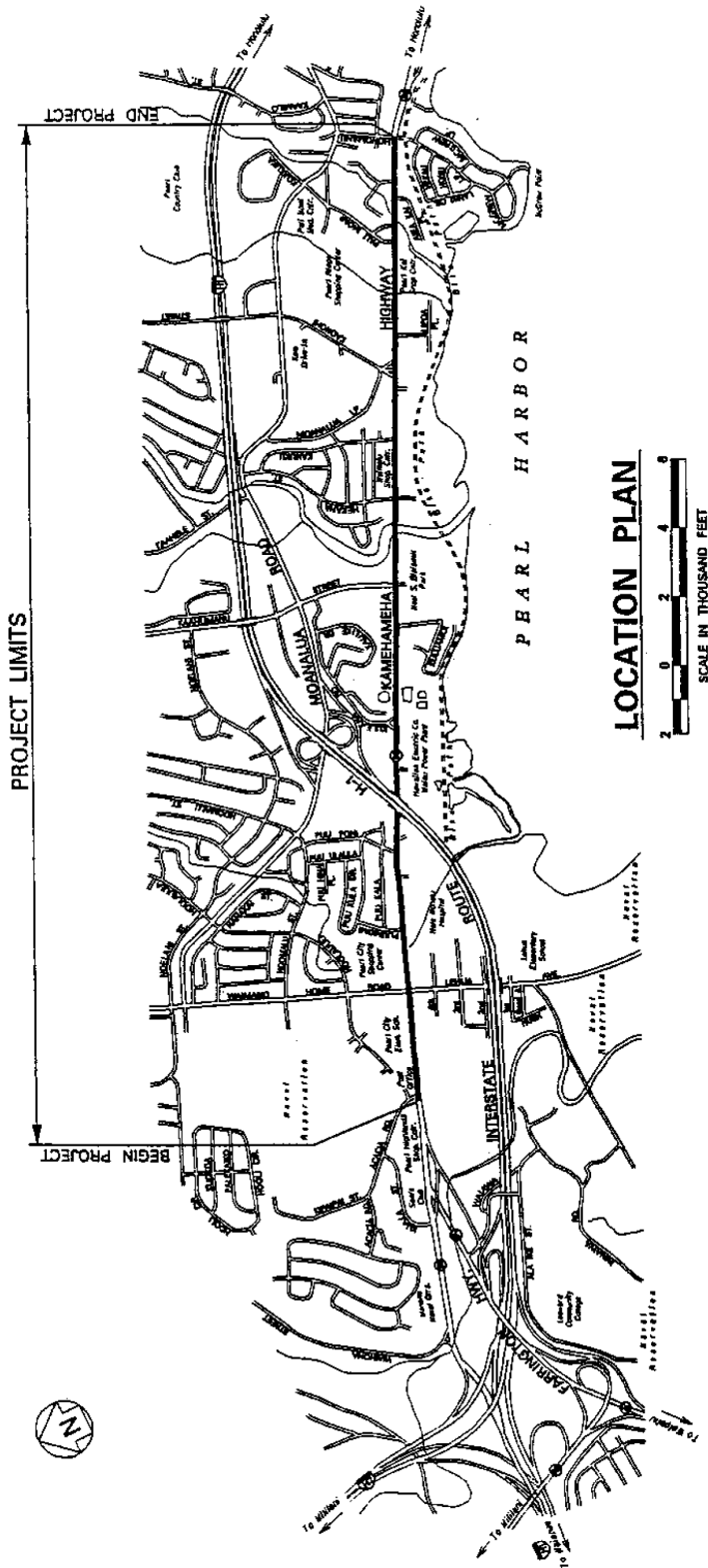
## Plans, Specifications and Estimate Checklist

### PS&E CHECKLIST FOR FEDERAL-AID PROJECTS

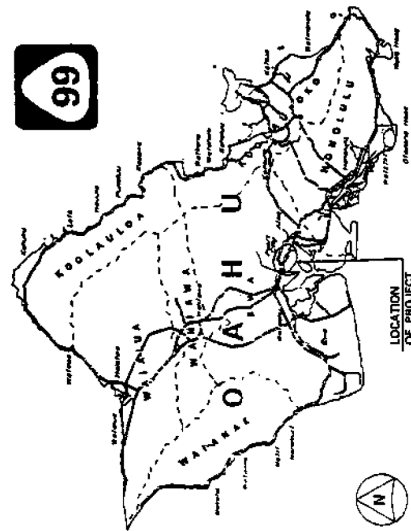
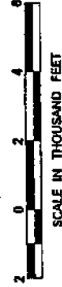
Project: \_\_\_\_\_

Federal-aid Project No.: \_\_\_\_\_

Description	Action Taken (Letter No.)	Date of Submittal
STIP		
Innovative Financing		
Environmental Documents		
A. CZM Permit		
B. SMA Permit		
C. Section 404 Permit		
D. Section 401 Water Quality Certification (WQC)		
E. Section 106		
F. Section 4(f)		
G. Section 7 of the Endangered Species Act		
H. CE, FONSI, or ROD Approval		
I. Noise Study Report		
J. Coast Guard Permit		
K. NPDES Permit		
L. 6(f)		
M. SCAP		
Environmental Mitigations		
Noise Abatement Measures		
Right-of-Way Certification		
Utility Agreement or Memorandum of Understanding		
A. Electric		
B. Telephone		
C. Gas		
D. Water		
E. Sewer		
F. Cable T.V.		
DCAB Project Review		
Soils Engineering Report		
Structural Foundation Investigation Report		
Bridge Sufficiency Rating		
Hydraulic Report, with any Scour Evaluations		
Permanent BMP Checklist		
Pavement Justification Report		
Traffic Signal Warrants		
Proprietary Materials		
Design Exceptions		
Transportation Management Plan		
Construction Personnel (CM vs. State)		
Justification for Contract Time		
Value Engineering		
Landscape Maintenance Plan		
Approved 100% PS&E		



**LOCATION PLAN**



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
HIGHWAYS DIVISION  
HONOLULU, HAWAII

**KAMEHAMEHA HIGHWAY PEDESTRIAN  
ACCESSIBLE ROUTE IMPROVEMENTS  
ACACIA ROAD TO HONOMANU STREET**

DISTRICT OF EWA  
ISLAND OF OAHU

Sample 4 Federal-Aid Program Data Sheet Sample. To be printed on Legal Size Paper.

DOT 4-494  
(HWY-SM Rev 7/21/10)

FEDERAL-AID PROGRAM DATA											
STATE OF HAWAII DEPARTMENT OF TRANSPORTATION HIGHWAY DIVISION											
PROJECT LOCATION (45)		COUNTY		STANDARD PLACE CODE		STATE		ITEM NO.			
Interstate Route H-1, Eastbound Lanes, Waiau Interchange to Kaimakani Street		Honolulu		17000C		Hawaii		05032			
CHARACTER OF PROPOSED WORK (63)		DEMO		PREFIX LETTER(S)		PROJECT NUMBER		AGC NO.		PROJECT OVERSIGHT	
CON for roadway rehabilitation		IM		0011		(245)		State Administered		FHWA full oversight (on NHS)	
CLASS OF FEDERAL FUNDS		PROGRAM CODE		FUNCTIONAL SYSTEM		PARENT CODE		RURAL/URBAN		NAME OF URBAN AREA	
Interstate Maintenance		04M0, Q010 & H010		F=Freeways & Expressways		I=Interstate		Urban		Honolulu	
ROUTE NO. AND NAME		INVENTORY NO.		MILEPOINT TO MILEPOINT		MILES		CONGRESSIONAL DISTRICT			
Int. Rte. H-1, Eastbd. Lanes, Waiau IC to Kaimakani		1000000000000000		10.20 12.80				1			
PHASE		TERMINI (FULL DESCRIPTION)		TOTAL ESTIMATED COST		PARTICIPATING AMOUNT		FEDERAL FUNDS (XX %)		SCOPE OF PROPOSED WORK	
PE		Interstate Route H-1, Eastbound Lanes from Waiau Interchange to Kaimakani Street								CON for reconstructing AC and PCC pavement; lifting of existing PCC pavement; installing micropiles, guardrails, highway lighting, and pavement markings; upgrading bridge drainage grates; upgrading bridge railings and end post on Waimalu viaduct; and repairing spalling of the Waimalu Viaduct parapet.	
ROW											
CON				2.6		\$21,766,540		\$18,959,886		\$2,806,654	
PREPARED BY		PROJECT TOTALS									
R. Sun & P. Alencastre											
PROJECT TITLE:		RELATED PROJECTS:		IMPROVEMENT TYPE:		REMARKS:		ANTICIPATED ENVIRONMENTAL CLEARANCE (CLASS OF ACTION)		REQUIRED FOR OBLIGATING CONSTRUCTION PHASE	
06 - 4R Maintenance - Restoration & Rehabilitation				PENG done under Project No. H11EF-01-03M. Right-of-way acquisition is not required.				EIS		Estimated Construction NTP date (mm/yyyy):	
								CATEGORICAL EXCLUSION:			
								EA			
								FONSI			
								STATE DOCUMENTED - 21 CFR 771.117(f)			

Sample 5 Detailed Damage Inspection Report (FHWA Form 1547) for submission for Emergency Relief Projects

<b>DETAILED DAMAGE INSPECTION REPORT</b> (Title 23, Federal-aid Highways)				Report Number		
				Sheet _____ of _____		
Location (Name of Road and Milepost)				FHWA Disaster Number		
				Inspection Date		
Description of Damage				Federal-aid Route Number		
				State _____ County _____		
<b>Cost Estimate</b>						
Emergency Repair	Description of Work to Date (Equipment, Labor, and Materials)	Unit	Unit Price	Quantity	Cost	
					Completed	Remaining
Method <input type="checkbox"/> Local Forces <input type="checkbox"/> State Forces <input type="checkbox"/> Contract				Subtotal		
				PE/CE		
				Emergency Repair Total		
Permanent Restoration						
Method <input type="checkbox"/> Local Forces <input type="checkbox"/> State Forces <input type="checkbox"/> Contract				Subtotal		
				PE/CE		
				Right-of-Way		
				Perm. Repair Totals		
Environmental Assessment Recommendation <input type="checkbox"/> Categorical Exclusion <input type="checkbox"/> EA/EIS				Estimated Total		
Recommendation <input type="checkbox"/> Eligible <input type="checkbox"/> Ineligible		FHWA Engineer		Date		
Concurrence <input type="checkbox"/> Yes <input type="checkbox"/> No		State Engineer		Date		
Concurrence <input type="checkbox"/> Yes <input type="checkbox"/> No		Local Agency Representative		Date		

Form FHWA-1547 (Rev. 4-98)

This form was electronically produced by Elite Federal Forms, Inc.



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## Chapter 4: Project Management

Many aspects of project management are determined by the project phase, and will be addressed in later chapters. This chapter discusses aspects of project management required for all phases of project development, including project monitoring and tracking, financial management and reimbursements, and records retainage.

### Project Monitoring and Tracking

The LPAs shall monitor all projects with federal obligations and track the implementation of the project to its completion. Monitoring shall include, but not be limited to:

- 1) Maintaining a system to set and track project milestone dates. This may include developing and maintaining a project schedule with sufficient details that shows all major activities and milestones, and clearly show all activities occurring concurrently or sequentially.
- 2) Reviewing fiscal activity on a monthly basis. If no expenditure of funds have occurred, the LPA shall provide the HDOT Project control Section (HWY-SM) documentation explaining the reasons for the inactivity. In accordance with 23 CFR Section 630.106(a)(5), all projects will be monitored by the HDOT for inactivity (no claims for reimbursements). If the HDOT notes that no activity has taken place for a pre-determined period HDOT will require that the LPA investigate the reasons for inactivity and provide a remediation plan to HWY-SM within one week, or other mutually agreed timeframe, if required.

In advance of the FHWA formally changing 23 CFR Section 630.106(a)(5) via Federal Rulemaking process, the FHWA has defined inactivity in their Revised Supplemental Internal Procedures for the Review, Validation, and Testing of Inactive Obligations, dated December 30, 2013 and the FHWA Hawaii Division's cover letter dated December 31, 2013 as follows:

- a) Unexpended balances \$150,000 or more and inactive for 12 months or more. It should be noted that a project may initially reside in a lower tier based on the initial amount of funds obligated. However when additional funds are obligated (example: an obligation

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adding construction funds to a project that had only design funds previously obligated) to a project, this activity may move the project beyond the \$150,000 threshold for inactivity.

- b) New project obligations inactive for 12 months or more since project authorization, regardless of amount.

If the LPA is unable to provide reasonable justification for inactivity, or does not take timely action to resolve inactivity, HDOT may deobligate funds from the inactive project. To avoid inactivity, for any time spent on the project, the LPA shall bill to and claim Federal reimbursements on a timely basis as described in the following section *Financial Management and Reimbursements*.

- 3) Participating in the HDOT's project status meetings and bi-annual "over the shoulder" (OSR) meetings.
- 4) Meeting with the HDOT as requested (with reasonable notice) to discuss progress of specific Federal-aid projects on an as-needed basis.
- 5) The HDOT may request monthly status updates. Typically information for such project status requests will be submitted to the HDOT Project Coordination & Control Section (HWY-AP) on the last working day of the month.
- 6) In addition to project level monitoring, the LPA shall maintain a list of all ongoing Federal-aid projects with a summary of project status. The HDOT may request for an updated list on a monthly basis.

## **Financial Management and Reimbursements**

### **Indirect Cost**

The LPA shall provide documentation of its fringe and indirect cost rates computation and approval for use in accordance with 2 CFR 225 – Cost Principles for State, Local, and Indian Tribal Government to the assigned HDOT contact in HWY-D or HWY-T.

### **Federal Reimbursement Claims**

If the LPA anticipates that claims for reimbursement will exceed \$50,000.00, or if the project or activity is funded by any economic stimulus related funds, a semi-monthly request for reimbursements is required. If processing of semi-monthly federal reimbursement requests will

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create severe hardship to the LPA, the LPA, HDOT, and FHWA must mutually agree on an alternative billing frequency.

The LPA shall prepare monthly requests for federal reimbursements for amounts from \$10,000.00 to \$50,000.00.

For amounts less than \$10,000.00, the LPA will accumulate the reimbursements amounts from one month to the next. A reimbursement request shall be submitted to HDOT upon reaching this \$10,000.00 threshold, or when three consecutive months has elapsed from the last billing, whichever comes first. If there are no reimbursements requests for 3 months, the LPA should provide HDOT (HWY-SM) the reasons for the inactivity, as outlined in *Project Monitoring and Tracking* earlier in this Chapter.

Reimbursement requests for design and rights-of-way phases shall be sent to the assigned HDOT design contact (see Table 2 on page 16). Reimbursement requests for construction phase shall be submitted to the respective HDOT District. The reimbursement requests will be reviewed and forwarded to the HDOT Project Control Section (HWY-SM) for processing. Request for reimbursements shall not exceed the amounts and participation rates shown in the original PR-1240 and subsequent approved modifications. All reimbursement requests shall clearly show the total funds expended by the LPA during the reimbursement period and the amount of federal funds requested, the amount paid and reimbursed to date, and all documents to support the reimbursement request. Supporting documents may include: paid invoices, receipts, copies of agreements, timesheets, certified payrolls, and other documents as necessary. The HDOT may specify a standard reimbursement format to increase efficiency in the processing of federal reimbursements to the LPA. Additional information about construction reimbursements can be found in the *Reimbursement Requests* sections in *Chapter 9: Construction Administration*.

### **Return of Funds to FHWA**

All costs and expenditures properly recorded to a project but ruled ineligible for financing with federal funds shall be borne by the LPA. For retroactive adjustments of reimbursed federal funds, such ineligible amounts may be deducted from future LPA reimbursement requests for the project in question, or from other LPA Federal-aid projects if necessary. If deductions from

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future LPA reimbursements are not feasible, cash reimbursements shall be provided to the HDOT within sixty (60) days. In the event cash reimbursements from the LPA create severe financial hardship, the LPA may request an extension to the repayment period, subject to approval by FHWA and the HDOT.

Cancelled or withdrawn projects with federal reimbursements may require a return of funds to FHWA. If it is determined that a reimbursement from the LPA to FHWA is due, the reimbursement shall be processed as described in the preceding paragraph.

If programmed for federal-aid, preconstruction and construction costs furnished by the HDOT may be considered a part of the normal project cost and included in the LPA's project estimate and budget. If these costs are not programmed for federal-aid, such services rendered by the HDOT on LPA projects shall be reimbursed by the LPA using non-federal funds.

An accounts receivable will be established by the HDOT that will describe the services furnished to the LPA, and whether such services are federal participating or not. The LPA shall provide a purchase order within thirty (30) calendar days when requested by the HDOT. In the event a purchase order is not received from the LPA and review or other support costs are incurred, the HDOT will notify the LPA of its intent to stop supporting services until a purchase order is received. The HDOT's direct labor charges will be based on the HDOT's personnel providing such services to the LPA and the HDOT's prevailing indirect cost rate. The HDOT will maintain timesheets and accounting to support review or administrative costs billed to the LPA.

## **Records Retainage**

All project documents shall be kept for a minimum of 3 years from the date the final voucher is submitted to FHWA (49 CFR 18.42). When requested by the HDOT or FHWA, such records shall be made available for review or audits.

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## Chapter 5: Environmental Clearances and Permits

Federal, State, and County laws and regulations require the evaluation of potential impacts to the natural and human environment resulting from transportation projects. These laws require the consideration of input from resource agencies and the public in determining the selected alternative, development and analysis of alternatives to minimize adverse effects.

The NEPA was signed into law in 1970, but the original document only established the basic framework for integrating environmental considerations, without providing details of the process. The FHWA's and the FTA's joint NEPA regulation which specifically outlines the requirements for Federally Funded Transportation projects can be found at 23 CFR 771.

FHWA approval that all environmental documents comply with the National Environmental Policy Act (NEPA) must be secured before any project can begin ROW acquisition, final design or construction phases.

### NEPA Process

The overall goal of the NEPA process is to ensure that environmental decisions for a particular project are made based on a sound process. The NEPA document is the record of these decisions and how they are carried out through planning, design, construction, and maintenance.

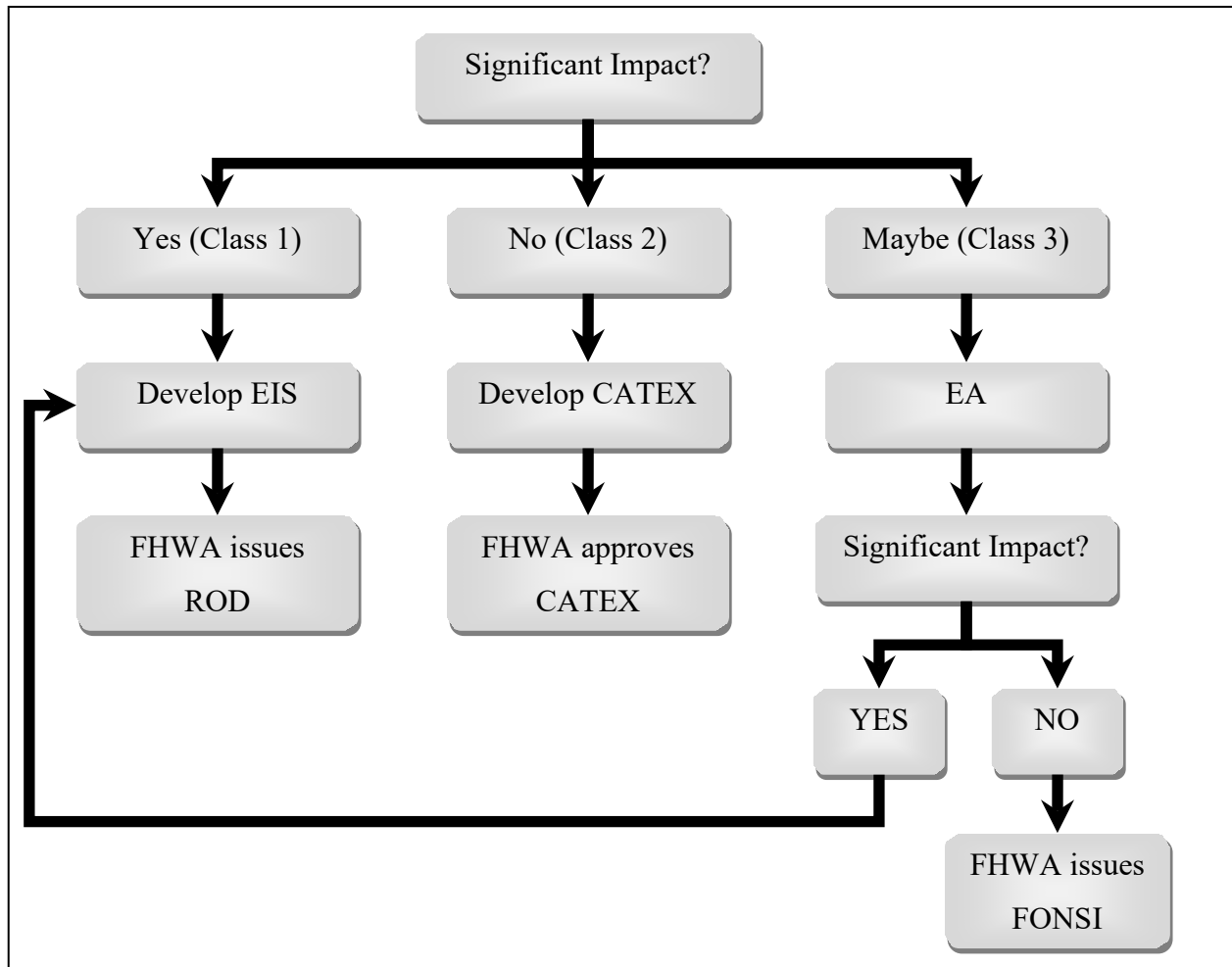
It is essential that the LPA applies for and obtains the appropriate environmental approvals, permits, and certifications early in the design or planning phase of a project. National Environmental Policy Act (NEPA) findings must be documented, reviewed by HDOT and approved by the FHWA (NEPA Section 102 and 23 CFR 771).

### Classes and Levels of Environmental Documents

During the beginning of a project, the LPA will determine the FHWA "*class of action*" required to complete the environmental review process for its project. The NEPA process, including determination of the *class of action*, is illustrated in *Figure 1*. The Three classes of action defined in 23 CFR 771.115 are:

- *Class 1: EIS*: If the LPA expects or determines there will be significant environmental impacts, then the LPA proceeds with an Environmental Impact Statement (EIS). Once the EIS is completed, the FHWA will issue a record of decision (ROD).
- *Class 2: CATEX*: If the LPA determines an Environmental Assessment (EA) or EIS is not required, then the LPA submits a CATEX to HDOT for FHWA's approval.
- *Class 3: EA*: If the LPA determines an environmental review is required but the significance of the environmental impacts is unknown, then the LPA proceeds to process an EA. If the LPA determines there are no significant impacts, then the FHWA may issue a FONSI. If the LPA determines that there are significant impacts, they will have to develop an EIS.

Figure 1: NEPA Process



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Significant impact is a function of both context and intensity. To determine significance, the severity of the impact must be examined in terms of the type, quality and sensitivity of the resource involved; the location of the proposed project, the duration of the effect (short vs long-term) and other consideration of context. To determine the appropriate class of action and the requisite level of documentation necessary to comply with NEPA, it is essential to understand the term “significance” and the process for its determination. Many common examples of Class 1 and Class 2 transportation projects are listed in 23 CFR 771.115 and 23CFR 771.117, respectively. If the LPA has questions about determining the classification of a project, they should consult with their assigned HDOT design contact. The assigned HDOT design contact must review and approve any environmental documentation prior to it being sent to FHWA for approval.

### **Environmental Permits**

All applicable permits required by local, state and federal law must be obtained by the LPA as part of the planning and design process. To obtain NEPA clearance, the LPA must provide documentation that all applicable permits were obtained.

The LPA must use good engineering practice to research the clearances and permits needed for a particular project in a particular location. The most common, but not all inclusive, regulatory clearances for projects are:

1. Section 106, National Historic Preservation Act
2. Section 4(f), US Department of Transportation Act
3. Section 6(f), Land and Water Conservation Act
4. Section 7, Endangered Species Act
5. Section 404, Clean Water Act
6. Section 401, Water Quality Certification

The HDOT Environmental Permitting Guideline Manual, managed by HWY-DE, can be used as a valuable resource for the NEPA process. It covers in detail environmental permits, procedures and documents required prior to advertising a project in the State of Hawaii. The environmental

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permitting manual provides information that also is relevant to county roadway projects receiving federal assistance.

## **NEPA Clearance as a Funding Requirement**

NEPA clearance from FHWA is critical in order to obtain authorization of funding for certain phases. Offers for ROW acquisition may not be made prior to completing the NEPA process and approval by FHWA of the NEPA documents. Authorization of funding for the Final Design, ROW, and Construction phases will not be approved by FHWA without a current approved “Environmental Document”: Categorical Exclusion or Environmental Assessment or an Environmental Impact Statement. The cost of work during these phases occurring prior to FHWA Authorization of environmental documents cannot and will not be reimbursed with Federal-aid funds.



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## Chapter 6: Design

This chapter provides guidance on the Federal requirements that govern the engineering (design) phase of Federal-aid projects. These design activities occur prior to award of the construction contract. Project development activities eligible for Federal-aid participation include topographic and boundary surveys; project design (e.g., investigations, studies, tests, calculations, report preparation); environmental review; preparation of project plans, specifications, quantity estimating and cost estimates; and the advertisement and award of the construction contract. If the LPA hires a consultant to prepare the design, these design activities must be detailed in the Consultant Services Agreement; see *Chapter 7: Consultant Procurement*.

The LPA is to provide a design that meets all of the technical and environmental requirements for a federally funded project. In accordance with 23 CFR 625.3, projects designed using federal funding shall comply with all applicable Federal laws, regulations, policies, standards and guidelines stated in Title 23 – Highways; the American Association of State Highway and Transportation Officials (AASHTO) Geometric Design Guidelines; adopted State standards and policies; and County design standards, ordinances, and policies. See list at the end of this chapter. Useful design procedures, examples, and references can also be found in HDOT's Project Development Manual, which is maintained by HDOT Design Branch. While the LPA is not required to follow the internal procedures in the HDOT Project Development Manual, they are required to comply with the applicable design standards (23 CFR 625.3). As part of its oversight responsibilities, the HDOT will review LPA project Construction Plans, Specifications and Estimates (PS&E), Right-of-Way Certification, Utility Agreements, environmental clearances and permits, and any other documents as necessary to ensure that the project is designed in accordance with all Federal and State laws, regulations, and policies.

The HDOT will assign the LPA a design contact for each project in HWY-D or HWY-T, depending on the type of the project and geographic location (see Table 2 on page 16).

. The assigned person will then be the LPAs primary contact for all design submittals. Table 4 lists project submittals that will need to be sent to the assigned HDOT contact in HWY-D or

HWY-T for review. Not all reports apply to all projects. References to the CFR and applicable chapters of the HDOT's Project Development Manual (PDM) are included in the table.

**Table 4 Documents to submitted to HDOT during Design Process**

<b>Document/Activity Description</b>	<b>References and additional information</b>
Scoping (Project Assessment Report)	<i>PDM Chapter 1.1 Scoping Procedures and Sample 1.1A</i>
Basis of Design Report	To be submitted with the 60% PS&E. See also <i>PDM Chapter 3.5.2 Basis of Geometric Design</i> . 23CFR 625
Design Exceptions	<i>PDM Chapter 3.5.3 Design Exception</i> . 23CFR 625.3.
PS&E (60%)	See <i>60% PS&amp;E Requirements</i> section below. 23 USC 106, 23CFR 630B, 23CFR 633.102
PS&E (90%)	See <i>90% PS&amp;E Requirements</i> section below. 23USC 106, 23CFR 630B, 23CFR 633.102
Experimental Work Plan	When applicable. 23USC 115, 23 CFR 635.411
Value Engineering	When applicable. 23CFR 627
Proprietary Materials	When applicable. 23CFR 635.411
Geotechnical Report	When applicable
Pavement Justification Report	When applicable. 23CFR 626
Bridge Calculations	When applicable. 23CFR 625.4
Bridge Scour Report	When applicable. 23CFR 650
Unusual Bridge Projects	When applicable. 23CFR 625.4
Traffic Signal Warrants	When applicable. 23CFR 655F
Traffic Management Plan	When applicable. 23CFR 630 Subpart J, 23CFR 630 Subpart K, 23CFR 634
Hydraulic Report	When applicable. 23CFR 650

Justification for Contract Time	23CFR 635.121
Permits — Sections 401, 404, CZM, SMA, SCAP, NPDES, etc.	Varies. See also <i>Chapter 5: Environmental Clearances and Permits</i>
Utility Agreements	See section entitled <i>Utility Agreements</i> on page 62 of this manual
PS&E (100%)	23USC 106, 23CFR 630 Subpart B, 23CFR 633.102
Authorization to Advertise for Construction Bids	See <i>Advertisement and Pre-Bid Meeting</i> section later in this chapter and <i>Construction Funds</i> section on page 29. 23CFR 635.309
Addenda During Advertisement	23CFR 635.112(c)
Concurrence on Contract Award	See <b>Error! Bookmark not defined.</b> section later in this chapter. 23CFR 635.114
Rejection of all Bidders	When applicable. 23CFR 635.114(h)

## Construction Plans, Specifications and Estimates (PS&E)

During the design phase, a project's Construction Plans, Specifications and Estimates (PS&E), along with the Schedule and PS&E Checklist, shall be submitted to the assigned contact in HDOT Design (HWY-D) or Traffic Branch (HWY-T) at the 60%, 90% and 100% design stages for review.

### 60% PS&E Requirements

The 60% plans consist of geometric base plans showing topography, proposed geometric features, Right-of-Way, tentative quantities, and preliminary information sheets for structures. The 60% complete plans, specifications and estimate must be submitted at this stage in order to correct or change a design, if needed, before more detailed plans are completed. The basis of design report should be submitted with the 60% PS&E. Design issues or design exceptions must be approved by HDOT with this submittal.

For low risk projects such as Pavement Preventative Maintenance projects, restriping projects or resurfacing projects that have a routine and straight forward scope of work, the LPA may request

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to provide PS&E submittals only at the 90% and 100% design stages for review. Such requests shall be made in writing by the LPA when it requests to place the proposed project on the TIP or the STIP. See *Funding by Project Phase* on page 22 for more information.

### **90% PS&E Requirements**

A 90% PS&E review allows HDOT and other parties such as FHWA to comment on the PS&E before the final design is complete and ready for advertising.

The following should be included with the 90% review submittal:

- 1) Copies of all correspondence, consultation letters, or other documents to support NEPA environmental clearances.
- 2) Right-of-way Certification—Include all pertinent attachments. See *Rights-of-Way Certification* section on Page 61 of this manual.
- 3) Pavement Justification Report (if applicable)
- 4) PS&E Checklist noting any pending items (See *Sample 2* on page 37.)
- 5) Drainage reports and ADA technical infeasibility provisions (if applicable)
- 6) County's PS&E review comments of 90% submittal if designed by a consultant

The HDOT will only accept and review complete submittal sets. Submittals will not be accepted or processed until complete sets are received by HDOT. The Schedule and PS&E Checklist shall reflect the LPA's progress on and current status in obtaining environmental clearances and permits, Right-of-Way Certification, and Utility Agreements required for the federal-aid project. If the LPA is unsure about a particular environmental document, permit, or other requirement, it should consult the regulating authority. It may also ask HWY-DE for assistance. The LPA remains responsible for identifying the required clearances.

### **100% PS&E Requirements**

For the 100% PS&E, the County should submit two sets of the 100% half-size Plans, Special Provisions, Engineer's Preliminary Detail Estimates, and Final PS&E checklist (with check sets). All comments from previous PS&E reviews should be addressed. In addition, the LPA shall include a letter to HDOT requesting PS&E approval and authorization to advertise. Refer also to *Construction Funds* section on page 29 for further information on this process.

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Submittal of 100% PS&Es and/or RFPs along with supporting documents from the LPAs will be made to the HDOT no later than May 31st of any given year to ensure review and processing by the HDOT personnel in time for federal obligation of funds that same federal fiscal year. In the event the LPA submits incomplete PS&Es and/or documentation that requires resubmittals after May 31st, or submits 100% PS&E's to the HDOT after May 31st, it is understood that the HDOT will work to review and process the LPAs PS&Es but may give such projects a lower priority in review and processing due to the HDOT's own workload requirements. Also, HDOT has the discretion to reallocate the affected programming funds to other projects that may or may not be within the affected LPA's jurisdiction to avoid possible lapsing of federal funds.

### **Underutilized Disadvantaged Business Enterprise**

After bid opening, the County will examine the bid documents for conformance to their Underutilized Disadvantaged Business Enterprise (UDBE) standards. The requirements of the UDBE program apply to all Federal transportation programs, as described in 23 CFR 635 Subpart A and 49 CFR Part 26. The UDBE program ensures that federally assisted contracts for highways are made available for small business concerns owned and controlled by socially and economically disadvantaged individuals. Every three years, HDOT is required to set an overall DBE goal that they must either meet, or show that they used good faith efforts to meet, annually. This goal is in the form of a percentage of federal funds apportioned annually to the HDOT, and is calculated based upon the relative availability of UDBE firms as compared to all firms in the relevant geographic market area. HDOT's HWY-C is responsible for calculating the project's unique UDBE percentage.

In order to ascertain the UDBE goal for a project, the LPA must email the following items to their assigned HDOT design contact (see *Table 2* on page 16) at least two months before advertising:

1. Table of Contents
2. Notice to Bidders
3. Engineer's Preliminary Detail Estimate (final) – in Excel format
4. Ready-To-Advertise date

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Your design contact will then review and forward to the HWY-C Branch Head requesting the calculation of LPA's project specific UDBE goal. In pursuing that goal, only certified UDBEs may be used by the LPAs.

## **Design Build**

For design-build projects or other competitive sealed proposals (such as Request for Proposals "RFP"), the following shall be submitted to HDOT:

- Description of scope, scoring, and award process incorporated into the initial draft document;
- An intermediate submittal that addresses any HDOT or FHWA comments on the initial submittal; and
- A final submittal (100%) for review.

The LPA shall provide copies of all the same documents as listed in the 90% PS&E Requirements and 100% PS&E in the sections above. This includes the correspondence, consultation letters or other documents to support NEPA environmental clearances, ROW certification, and a completed PS&E Checklist.

## **Advertisement and Award**

### **Advertisement and Pre-Bid Meeting**

As mentioned in the *100% PS&E Requirements* section and also described in the *Construction Funds* section on page 29, the LPA shall include a letter to HDOT request authorization to advertise with the 100% PS&E submittal. Once written approval to advertise is received, the LPA can proceed to advertise for bids.

Prior to opening bids, the LPA shall invite HDOT Design Branch and HDOT District Office to attend Pre-bid meetings. If FHWA has direct oversight on the project (see *Stewardship Agreement* section on Page 10) FHWA must also be invited to pre-bid meetings. Meeting minutes shall be provided to the attendees prior to opening bids.

The advertisement and approved plans and specifications shall be available to bidders a minimum of 3 weeks prior to opening of bids (23CFR 635.112(b)).

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## Award

Prior to awarding the contract, the LPA shall send the following to their assigned HDOT Design Contact (See *Table 2*, Page 16):

1. Documents to confirm the UDBE goal.
2. A written request for HDOT's concurrence to award the contract. Attach the following to the letter: Tabulation of Bids and Justification of Contract Award for High/Low Bid (if needed).
3. The LPA shall submit additional documentation as requested by HDOT in a timely manner to not delay HDOT's ability to evaluate the LPA's request to award.

Once the LPA receives written approval to award from HDOT, they shall issue a Contract Award Letter to the Contractor. Copies of the Contract Award Letter shall be sent to HDOT (HWY-A, -C, -D, -S, -District Office, and FHWA) within 5 working days of issuance.

Upon receiving a hard copy of an approved FHWA Form 1240, the LPA shall expeditiously proceed to advertise, open and evaluate bids, and award a construction contract. The Hawaii Division of FHWA has imposed 180 day time limit between approval of the FHWA form 1240 and the NTP date.

The LPA shall also submit copies of the Detail Estimate to the assigned HDOT design contact in HWY-D or HWY-T (see *Table 2* on page 16) and Plans & Specifications to the geographically appropriate HDOT HWY-District Office. HDOT will process a Federal Agreement Modification with FHWA as required to reflect the award amount.

## Federal Requirements

As applicable, the Federal-aid project should meet the design criteria included in the most current documents provided by the following organizations. The most common, but not all inclusive, policies and guidelines are listed below:

1. American Association of State Highway and Transportation Officials (AASHTO). AASHTO design criteria may be found in the following documents:
  - *A Policy on Geometric Design of Highways and Streets*;
  - *Guidelines for Geometric Design of Very Low-Volume Roads (ADT ≤ 400)*;

- 
- *A Guide for Achieving Flexibility in Highway Design*;
  - *Roadway Lighting Design Guide*;
  - *Guide for the Development of Bicycle Facilities*;
  - *Guide for the Planning, Design, and Operation of Pedestrian Facilities*;
  - *Roadside Design Guide*;
  - *Guide Specifications for Design of Pedestrian Bridges*;
  - *A Guide for Transportation Landscape and Environmental Design*;
  - *A Policy on Design Standards – Interstate System*; and
  - *Highway Safety Design and Operations Guide*

2. Transportation Research Board (TRB). Federal-aid project design criteria may be found in the following TRB documents:

- *Highway Capacity HDOT LPA Manual*; and
- NCHRP Report 350, *Recommended Procedures for the Safety Performance Evaluation of Highway Features*

3. Institute of Transportation Engineers (ITE). Design criteria that may apply to a Federal-aid project can be found in the following ITE documents:

- *Traffic Engineering Handbook*;
- *Design and Safety of Pedestrian Facilities*;
- *Guidelines for Driveway Location and Design*; and
- *Traffic Calming*

4. Other Federal and National Criteria. Design criteria that may apply to a Federal-aid project can be found in the following documents:

- *Manual of Uniform Traffic Control Devices (MUTCD)*, FHWA, AASHTO, ITE, and ATSSA;
- *Federal-aid Policy Guide*, FHWA;
- *Proposed Guidelines for Pedestrian Facilities in the Public Right-of-Way (ADA Guidelines)*, US Access Board; and
- *Uniform Building Code*, International Conference of Building Officials (ICBO)

5. *Code of Federal Regulations (CFR)*. CFR Title 23 discusses the applicable Federal Regulations that apply to highway projects.



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## Chapter 7: Consultant Procurement

### Eligibility

To be eligible for Federal-aid funds, all consultant procurements shall be made in accordance with 23 CFR Part 172 and the Brooks Act (23 U.S.C. Section 112 (b)(2)(A)). The LPA may elect to adopt HDOT's procurement procedures or develop its own procedures that shall be, in accordance with 23 CFR 172.9(a), and approved by HDOT and FHWA. For a copy of the HDOT's Consultant Selection Procedures, the LPA may contact their assigned contact in HDOT's Design Branch or Traffic Branch (see *Table 2* on page 16).

The following are the applicable Federal documents on consultant service requirements that the LPA must know and follow:

- 23 CFR 140, *Reimbursement*;
- 23 CFR 172, *Administration of Engineering and Design Related Service Contracts*;
- 48 CFR 31, *Contract Cost Principles and Procedures*;
- 49 CFR 18, *Uniform Administrative Requirements for Grants and Cooperative Agreement to States and Local Governments*;
- 49 CFR 21, *Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964*; and

Alternatively, the LPA may elect to procure consultant services using non-FHWA approved procedures and utilize all LPA funds. Use of this method eliminates the option to use the procured consultant as Soft-Match for future project phases.

### Requesting Approval

The LPA shall submit the following to the assigned HDOT contract in Design Branch or Traffic Branch (see *Table 2* on page 16):

:

- 
- Approval of Selected Consultant letter
  - Approval of Negotiated Consultant Fee letter
  - Approval of Contract Change Order or Contract Amendment letter
  - Approval of Consultant for Construction Management Services letter

When a project is under FHWA's oversight, the LPA submits the above letters addressed to FHWA for approval through HDOT. When a project is under HDOT oversight, the LPA submits the above letters addressed to HDOT for approval. For more information on oversight, see *Stewardship Agreement* section of *Chapter 2: Roles and Responsibilities* on Page 10.

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## Chapter 8: Right-of-Way

The purpose of this section is to provide guidance to LPAs when faced with the complex issues of acquiring real property or utility relocation. LPAs that foresee right-of-way or utility relocation as part of their Federal-aid project should contact the assigned HDOT design contact in HDOT Design Branch or Traffic Branch (see *Table 2* on page 16) for guidance.

### Right-of-Way Acquisitions, Management, Disposals, and Transfers

The LPA shall acquire, manage, relocate, or dispose ROW in accordance with 23 CFR Part 710 and 49 CFR Part 24. LPAs must comply with the Federal and State requirements during the right-of-way process. (Note: these requirements also apply to donated right-of-way.)

The LPA should note the following:

- The FHWA through HDOT will give the LPA authorization to proceed with ROW activities when Federal funds are used in the acquisition of ROW.
- Federal-aid projects may not make an offer to purchase land until FHWA has approved the environmental documents.
- All Federal-aid projects must be built on public land or a permanent easement must be in place.
- When using Federal funds to acquire property, the acquisition must be transacted in accordance with the following applicable federal right-of-way requirements:
  - Title VI of the *Civil Rights Act of 1964*;
  - Title IV of the *Surface Transportation and Uniform Relocation Assistance Act of 1987*;
  - *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*;
  - *23 CFR 710; Right-of-way and Real Estate*;
  - *49 CFR 24; Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs*; and
  - *Uniform Appraisal Standards for Federal Land Acquisitions*.

If the LPA does not acquire property in accordance with the federal Uniform Act, then the transaction is ineligible for any future flex match consideration.

Additional guidance may be found in the FHWA publication “*A Real Estate Acquisition Guide for Local Public Agencies*”, available on the FHWA website:

<http://www.fhwa.dot.gov/realestate/lpaguide/toc.htm>. Also available for use is HDOT’s ROW


Manual, which can be found on the HDOT website at:

<http://hidot.hawaii.gov/highways/highways-division-rights-of-way-manual-2011/>.

### Submittal Requirements

A list of the Right-of-Way activities that will need to be reviewed by the HDOT are shown in *Table 5*. The relevant documents should be submitted HDOT ROW section through the assigned HDOT design contact in HDOT Design Branch or Traffic Branch (see *Table 2* on page 16).

**Table 5 ROW Activities/documents requiring HDOT review and/or approval**

Project Activity/document	Description/  Action
ROW Certification	To be submitted with PS&E, but no later than “Request for Authorization to Advertise”. See <i>Rights-of-Way Certification</i> section below.
Appraisal documents	Documentation to be submitted with ROW Certification for DOT Review
Abstract (Title Search)	Documentation to be submitted with ROW Certification for DOT Review
Acquisitions	Documentation to be submitted with ROW Certification for DOT Review
Relocations	Documentation to be submitted with ROW Certification for DOT Review
ROW Authorizations and Agreements	Documentation to be submitted with ROW Certification for DOT Review
Functional Replacement (Public Involvements)	To be submitted on an as-needed basis, if applicable. Coordinate with HDOT design contact.
Any Change in Access, Use or Occupancy (Interstate)	To be submitted on an as-needed basis, if applicable. Coordinate with HDOT design contact.
Disposal of Excess ROW	To be submitted on an as-needed basis, if

	applicable. Coordinate with HDOT design contact.
Early Acquisition, Hardship, or Protective Buying	If this is applicable, coordinate submittals with HDOT design contact.
Early Acquisition Cost Reimbursement	If this is applicable, coordinate submittals with HDOT design contact.

### **Rights-of-Way Certification**

Rights-of-Way (ROW) Certification is required for all federal-aid projects. ROW certification is a statement certifying that all rights to property have been obtained. By requesting for a ROW Certification, the LPA attests that it has clear title or approved use of the properties affected by its project. There are three levels of rights-of-way clearances:

Cert #1 – all rights to property have been obtained

Cert #2 – rights to enter has been obtained

Cert #3 – work arounds have been identified

FHWA Hawaii currently requires that a project has a Cert #1 prior to obligation of construction funds.

*Sample 6* at the end of this chapter can be used as a template for a ROW certification statement.

### **Land Donations**

In addition to purchasing ROW, the LPA may receive land donations in accordance with 23 CFR 710.505 that may be credited, based on fair market value, toward the LPA's matching share. Eligibility and application of soft matching for donated land shall be in accordance with 23 U.S.C. Section 120. Land donated by private parties is eligible for flex match if the determination of the appraisal value conformed to the Uniform Act.

### **HDOT assistance in appraisal or acquisition**

The LPA may request for assistance from HDOT Right-of-Way Branch (HWY-R) through HWY-D or HWY-T in the appraisal or acquisition of ROW. The HDOT will notify the LPA of its ability to assist given its current circumstances at the time of request. If such assistance by the HDOT is provided, the LPA agrees to reimburse such costs incurred by the HDOT.

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Reimbursement of such costs to the HDOT shall be in accordance with provisions contained in the State –County Memorandum of Agreement.

### **Transfer of Jurisdiction/Ownership between LPA and State**

In the event the LPA and the HDOT agree that jurisdiction and/or ownership of a particular route should be transferred to either party, the LPA shall coordinate such transfer activities with the HDOT Construction and Maintenance Branch (HWY-C). The transferring party shall be responsible and bear all costs to prepare all land transaction documents, including any legal costs, notification costs, escrow, filing fees, or any other costs related to transfer of property. All record plans, property descriptions, ROW maps, easement documents, licenses or other documents that describe title, encumbrances, ownership and/or jurisdiction shall be provided to the receiving party in paper (2 copies) and electronic format. If the LPA does not follow the federal process when purchasing land without federal funds, then that land is not eligible for soft match purposes in the future.

### **Utility Agreements**

There may be occasions where utility facilities must be relocated or adjusted to construct a LPA project. An agreement must be made between the LPA and utility company establishing who is responsible for moving the utility and, if any payment is required, the amount the LPA and the affected utility will pay to move the utility. Both public utilities and private utilities are reimbursed, provided they can show a valid, prior existing right by an easement or other instrument. Examples of utilities include electrical, telephone, gas, water, sewer, and cable TV.

Utility relocations and accommodations shall be in accordance with Hawaii Revised Statutes 264-33 and 264-33.5, and with Title 19, Subtitle 4, Chapter 105 – Accommodation and Installation of Utilities on State Highways and Federal-Aid County Highways, State of Hawaii dated May 30, 1981. Utility Agreements (UA), Memorandum of Agreements (MOA), Memorandum of Understanding (MOU), or Letter of Agreement, or other similar instruments as appropriate, shall be executed with the respective utility owners during the course of constructing, relocating, or removing utilities within the ROW and shall specify the terms of construction, use, occupancy and cost sharing.

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As established by the Highways Utilities Committee, the maximum dollar amount for MOUs is \$50,000.00. This limit pertains to both private and public-owned utility companies. Generally, the cost of MOUs would be born entirely by the LPA, but the amount would be reimbursable according to the Federal participation rate.

Utility Agreements would apply to work in excess of \$50,000.00. The cost for Utility agreements would be shared by the Utility and the LPA. The portion paid by the LPA would qualify for Federal reimbursement.

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**Sample 6 ROW Certification Statement**

(AGENCY LETTERHEAD)

(Date)

(Name) Division Administrator, Federal Highway Administration

(Address)

Dear \_\_\_\_\_:

**SUBJECT:** (PROJECT NAME)  
(PROJECT NUMBER)  
(ISLAND)

We certify that all conditions and requirements of the following Section of 23 CFR 635.309 are in Compliance:

Sections 635.309(b), (c) and (h). All necessary arrangements have been made for all right-of way clearance and utility work to be undertaken and completed as required for proper coordination with the physical construction schedule.

The (NUMBER) properties affected by the project have been acquired and individuals and families relocated to decent, safe, and sanitary housing. A Right-of-Entry and Rental Agreement for Construction Parcel (CONSTRUCTION PARCEL NUMBER) has been fully executed.

Section 635.309(k). Disconnection of utilities does not require any transfer of funds.

The scope of work includes (SCOPE OF WORK).

The request for advertising will be made with PS&E submittal.

Thank you for your cooperation in this matter.

If you have any questions, please call (PROJECT ENGINEER NAME), at (PROJECT ENGINEER PHONE) or (ROW BRANCH CONTACT) at (ROW BRANCH PHONE).

Very truly yours,

(ADMINISTRATOR NAME)  
Administrator  
Highways Division



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## Chapter 9: Construction Administration

In accordance with the *Letter of Agreement and Stewardship Plan* (See page 10) between HDOT and FHWA Hawaii Division, HDOT is directly responsible for ensuring that all Federal-aid requirements are met on all LPA administered projects, since Title 23 of the United States Code does not recognize local public agencies as direct recipients of Federal-aid funds. The LPA projects shall be administered to the same requirements as the State Federal-aid projects. The HDOT Construction Procedures Guidelines and HDOT Quality Assurance Manual shall be used unless the LPA has similar procedures in compliance with 23 CFR Subchapters 630, 633, 635, 636, and 637 and approved by the HDOT prior to use. References to the HDOT Construction Procedures Guidelines are made throughout this chapter.

The LPA will be accountable to HDOT for ensuring that they comply with all Federal and State regulations throughout the construction process. The HDOT will assure local compliance with all Federal and State laws, regulations, and policies, including construction procurement; review and approval of billings, time extensions, claims, and change orders; and final project inspection and acceptance.

On all federal-aid projects, the LPA must be adequately staffed & suitably equipped to undertake & satisfactorily complete the work. In instances where the LPA chooses to use consultants, the LPA must still provide a full-time employee of the agency to be in responsible charge of the project. (23 CFR 635.104)

The LPA shall submit the documents shown in Table 6 to their respective HDOT District Office (See *Table 1 HDOT Point of Contact* on Page 13).

**Table 6 Required Document Submittals During Construction**

Document	Description/Action
NTP Letter	Letter to Contractor setting Notice to Proceed date. A copy is to be submitted to HWY-A, -C, -D or -T, -S, -District Office, and FHWA 5 working days from issuance.

Disposition Log	Submitted to HWY-A, -C, -D or -T, -S, -R -District Office, and FHWA at NTP, Final Payment, and Final Closeout. See <i>Sample 7</i> at end of Chapter.
Value Engineering Change Proposals	Any Value Engineering proposals shall be sent to the HDOT district office for approval. (23 CFR 627)
Contract Change Orders (including time extensions and contract amendments)	All Contract change orders shall be sent to the HDOT district office for approval. (23 CFR 635.120, 23 CFR 635.121)
State Reimbursement Request Forms	
Construction Contractors Annual EEO Report	From FHWA 1391 and 1392
Final Acceptance Documents	See <i>Final Acceptance</i> section below.
Work Suspensions	23 CFR 635.109(2)
Contract Termination	23 CFR 635.125
Legal Claims	23 CFR 635.124
Buy America Waiver	23 CFR 635.410

The LPA shall invite an HDOT representative to the construction meetings or activities listed in Table 7.

**Table 7 List of Meetings to which HDOT must be invited**

Meeting/Activity	Description/Action
Pre-Construction Conference	Invite HDOT design contact and HDOT district contact. FHWA representative should also be invited for projects with direct FHWA oversight.
Pre-final Inspection	Invite HDOT design contact and HDOT district contact. FHWA representative should also be invited for projects with direct FHWA oversight.
Final Inspection	Invite HDOT design contact and HDOT district contact. FHWA representative should also be invited for projects with direct FHWA oversight.

Public meetings	Invite HDOT design contact and HDOT district contact. FHWA representative should also be invited for projects with direct FHWA oversight.
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## Pre-Construction Conference

The pre-construction conference is an opportunity for all parties involved in the project (including but not limited to consultants, government agency, private contractors, sub-contractors, utilities) to meet and exchange information pertaining to the project. Please refer to HDOT Construction Procedure *10-02-05 Pre-construction Conference* for additional information on a pre-construction conference.

The LPA shall invite the assigned HDOT designer and HDOT District Office to its preconstruction conference and the FHWA representative if the project is subject to direct FHWA oversight. (See Stewardship Agreement section on page 10 for explanation of direct FHWA oversight.) Copies of minutes shall be provided to FHWA and/or HDOT within 5 working days of issuance.

## Notice to Proceed

Upon receiving a hard copy of an approved FHWA Form 1240, the LPA shall expeditiously proceed to advertise, open and evaluate bids, award a construction contract and issue Notice to Proceed (NTP). As of July 1, 2014, the Hawaii Division of FHWA imposed a 180 day time limit from approval of the Form 1240 (Construction Obligation) to NTP. Projects that exceed the 180 calendar day limit will be subject to unilateral de-obligation by FHWA. Thus, a LPA should be mindful of its progress towards meeting these deadlines. Should issues arise or circumstances beyond the control of the LPA occur that may cause a project to be at risk of not meeting the deadline(s), the LPA could request for a time extension. The LPA shall notify HDOT immediately when faced with a situation potentially preventing them from meeting the time limits. As soon as the LPA determines it is unable to set the NTP date or submit final voucher within the time limits, it shall submit a written request to HDOT Project Coordination and Technical Services Office (HWY-A) for consideration of a time extension.

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NTP should be issued by the LPA to its contractor within the timeframes specified in the construction specifications. The LPA shall provide copies of the NTP Letter and the 1<sup>st</sup> project disposition log (see *Sample 7*) to HDOT (HWY-A, -C, -D or -T, -S, -R, -District Office, and FHWA) within 5 working days of issuance.

## **Construction Administration**

### **Measurement and Payment and Reimbursement Requests**

The broad goal of administering a construction contract is to ensure that the contract work is done on time for a fair price and at the quality level specified in the contract, while the contractor receives proper compensation for that work in a timely manner as specified in the contract. Uniform and adequate procedures in record keeping of all pay items must be maintained at the project level. These records are the source documents to substantiate quantities paid to the contractor. For more information on measurement and payment, see HDOT Construction Guidelines *10-02-15 Measurement and Payment*, *10-02-19 Progress Payment*, and *10-03-01 Ledger*.

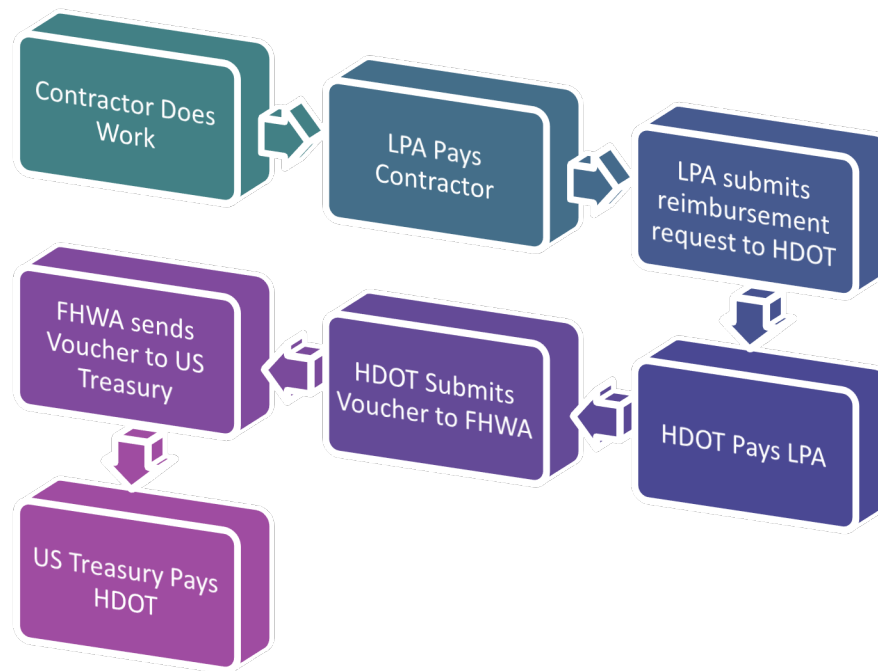
It is important to keep in mind throughout the project that quality assurance procedures should be followed such that the contractor is not being paid for work and materials that do not meet the quality standards. (See 23 CFR 637 and HDOT's Quality Assurance Manual.) Final acceptance of the project is dependent on receiving the State's Material Certificate, which is discussed in more detail in the *Final Acceptance* section below.

### **Reimbursement Requests**

Reimbursement Requests shall be submitted to the respective HDOT District, who will check request and the forward to HWY-SF for processing. The LPA shall affix their certification of receipt and payment approval on County's reimbursement request as required by Department of Accounting and General Services (DAGS). See section entitled *Federal Reimbursement Claims* in *Chapter 4: Project Management* for more information on reimbursements. *Figure 2* illustrates the typical reimbursement process.

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Figure 2 Reimbursement Process



### **Project Correspondence, Inspections and Reviews**

HDOT and or FHWA may periodically review or audit LPA projects to verify conformance with approved construction administration procedures and contract requirements. Therefore, the LPA shall make available for inspection all project related records, including, but not limited to: financial, construction material and administration records and correspondences. A representative from the HDOT district office will also be performing a site visit one or more times during the duration of the project. The LPA shall make sure that the HDOT representative has access to the construction site in order to appropriately inspect any work to date.

The LPA shall copy their respective HDOT District Office on project correspondence relating to any potential claims or problems that may result in the LPA requesting for additional federal funds. Other project correspondence may also be requested by the respective HDOT district office. In addition, monthly status updates shall be submitted to respective District Office and HWY-AP.

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## **Change Orders and Time Extensions**

It is understood within the construction industry that it is unrealistic for projects to be constructed without ever deviating from the original plans. Change Orders provide a formal mechanism to make revisions to the contract documents. The federal regulations governing Change Orders can be found in 23 CFR 635.120 and 635.121. The LPA must submit all change orders to their respective HDOT District office for review and approval. Contract Change Orders should include the following elements:

- Description of Change including appropriate plans or sketches
- Explanation of necessity for the work
- Justification for agreed prices
- Justification for contract time extension or deletion
- Statement of Funds (showing federal funds are not being exceeded)

For samples and more information on Change Orders, refer to HDOT Construction Guideline *10-02-18 Contract Change Orders* and *10-02-12 Contract Time Extensions and Suspensions of Contract Time*.

## **Value Engineering Change Proposals**

Value Engineering Change Proposals (VECPs) are post-award changes to the contract proposed by the contractors during the course of construction. The contractor may request to complete the contract requirements in a different way which results in time and/or monetary savings on the contract. It is important to understand that value engineering should be of benefit to the LPA (and by extension HDOT and FHWA) as well as the contractor, and that the benefits will be shared between the Contractor and the LPA. Requests for VECP should be submitted to the LPA's respective HDOT District Office. For more about VECPs, refer to HDOT Construction Guideline *10-02-25 Construction VECP*.

## **Project Modifications**

When the LPA expects that funds provided for the contract will be exceeded, they shall submit a requests for additional funds to their respective HDOT District office. The request shall include

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the source and amounts of funds required. The HDOT will review, and if it deems acceptable and funds are available, will prepare a modified project agreement for the project.

### **Claims**

Claims are Contractor's demands for additional compensation that are submitted outside the change order process (usually because the change order request denied). Eligibility for Federal-aid participation on a claim is made on a case-by-case basis. It is essential that the LPA informs the HDOT of the potential claim at an early stage so that coordination of efforts between the HDOT, FHWA, and the LPA can be satisfactorily accomplished. For regulations governing claims, see 23 CFR 635.124.

### **Pre-Final and Final Inspections**

The pre-final and final inspections allow all parties to see that the project has been built according to the contract, and that it meets Federal and State regulations. The LPA shall invite HDOT design contact and HDOT district contact to the pre-final and final inspections. FHWA representative should also be invited for projects with direct FHWA oversight. Any comments or concerns brought up by the HDOT or FHWA representatives at these inspections shall be addressed before the project is accepted.

### **Final Acceptance**

Prior to requesting for Final Acceptance from HDOT and or FHWA, the LPA shall submit the following documents to their respective HDOT District Office:

1. A copy of the County's memorandum or letter concerning project completion
2. Certificate of Wages and Classification--Statement of Compliance – Letter from Contractor. As required by Form PR-1273.
3. Statement of Certified Payroll- Letter from LPA stating that all certified payroll has been received and checked.
4. State's Materials Certificate—Throughout the project, the LPA shall keep a record of sampling and testing done for all materials used on project. The record should show that all materials have been sampled or tested in accordance with the HDOT's HWY-L *Sampling and Testing Guide for Acceptance and Verification*, and that they met the

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minimum requirements specified in the contract. When the project is complete, send HDOT HWY-L a request for a Letter of Material Certification (see *Sample 8*) along with your record of sampling and testing for the project. A Letter of Material Certification will be issued by HWY-L if they find the LPA documentation acceptable.

5. Consent of the Surety—Statement from bonding company
6. Contractor’s Certification of Claims Paid—Statement from contractor saying all claims have been resolved or paid
7. Final Estimate—The final pay estimate. For more information on the final pay estimate refer to HDOT Construction Guideline *10-02-20 Final Payment*. A project disposition log should also be filled out and sent when final payment is made.
8. Tax Clearance Certification (Certificate of Vendor Compliance)
9. Final Statement of Working Days—A weekly statement of working days should be made throughout the project. This is the final statement. Refer to HDOT Construction Guideline *10-03-18 Weekly Statement of Working Days*.
10. Final report of DBE Participation and Prompt Payment Certification

After reviewing the above, HDOT will submit the LPA’s letter concerning project completion and State’s Material Certification to FHWA.

## **Final Close-out**

The LPA shall submit a letter to HDOT District Office with copies to HWY-SM indicating that it has completed all requirements for its project: Construction contract; Consultant services contracts if applicable (design, post design, construction management); Right-of-Way; and Utility Agreements. Such letter shall be submitted within 30 days of completing all of the requirements. With the letter, the LPA shall submit a final disposition log ( see *Sample 7*) with all applicable fields filled in. The LPA may be requested to provide applicable supporting documents. Upon completing its review and concurrence, HDOT Staff Services Office (HWY-S) will prepare and process a Final Voucher with FHWA. Releasing the LPA of its responsibility for any remaining federal funds will be coordinated by the HDOT HWY-SM - Federal Program Engineer.



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Currently, the FHWA deems a project's status to be inactive if no reimbursement requests are processed by the FHWA within specified time frames and corresponding unexpended balances (23 CFR 630.106). For more on inactive projects, see the section on Project Monitoring and Tracking on page 41 of this manual. Also as of July 1, 2014, the Hawaii Division of FHWA requires projects to be closed within 365 days of HDOT or the LPA's final construction acceptance. If this condition is not met the remaining federal funds, including all phases of funding for a project, are then at jeopardy of being unilaterally de-obligated by the FHWA.

## **Record Retention**

All project documents shall be kept for a minimum of 3 years from the date the Final Voucher is submitted to FHWA (49 CFR 18.42). When requested by HDOT or FHWA, such records shall be made available for review or audits.

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## Sample 7 Project Disposition Log

State of Hawaii  
Department of Transportation  
Highways Division

DOT 4-609  
(HWY-C  
r08/25/2014)  
(PSS Version)

### District's Project Disposition Log

#### A General

Project No. \_\_\_\_\_ Project No. \_\_\_\_\_ Charge Code \_\_\_\_\_  
Project Title \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Final Payment:  
Number \_\_\_\_\_  
Total Amount (\$) \_\_\_\_\_  
District Approval Date \_\_\_\_\_

Notice to Proceed \_\_\_\_\_  
Final Inspection \_\_\_\_\_  
Final Acceptance \_\_\_\_\_

#### Utility Agreements

Utility Co.	Agreement No.	Work Started	Work Complete	Cost Data Sent/	Rev. Final Statement	Final Statement to HWY-SF
UAs:						
MOUs:						

#### B Submittal

##### As-Built Plans:

To Design Branch \_\_\_\_\_  
Filed by District \_\_\_\_\_  
CM/CS Final Acceptance \_\_\_\_\_

##### Log Submittals\*

Log Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
1) \_\_\_\_\_  
2) \_\_\_\_\_  
3) \_\_\_\_\_

#### C Final Report

Required ☐ yes ☒ no  
Date Completed \_\_\_\_\_  
Date to HWY-C \_\_\_\_\_

- \* 1) At NTP  
2) At Final Payment  
3) 100% Complete - A, B, C

Copies to: HWY-C HWY-D  
HWY-SM, SF HWY-R  
(County F.A.) HWY-A  
PE

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Sample 8 Material Certification Request Form

MTRB MC (R9/2009)

To: **MATERIALS TESTING & RESEARCH BRANCH**  
**2530 Likelike Highways Division, Honolulu, Hawaii 96819**

From: Agency/District: \_\_\_\_\_ Date \_\_\_\_\_  
Requestor: \_\_\_\_\_ Telephone No. ( ) \_\_\_\_\_

Subject: **LETTER OF MATERIAL CERTIFICATION**

Project: \_\_\_\_\_

Project No.: \_\_\_\_\_

Type of Project: ☐ Federal-Aid Highway Program (FAHP) ☐ Non-FAHP

Request that the “Letter of Material Certification” be issued. The results of tests used in the acceptance program of the subject project indicate that the materials incorporated in the construction work, and construction operations controlled by sampling and testing, were in close conformity with the Contract. The following checklist is submitted for your review.

Y N NA

\_\_\_ Bid items and change orders requiring material acceptance are included in the project documentations and are maintained to quantities submitted for payment.

\_\_\_ The acceptance testing frequency for all contract items is in substantial conformance with the minimum testing requirements and the Contract.

\_\_\_ Material management system of documentations to support the “Construction Inspection and Approval” is available for immediate review by MTRB or the Construction Engineer.

\_\_\_ Independent assurance evaluations of sampling and testing personnel were covered as required (90 percent of S&T personnel once a year).

\_\_\_ Justifications and references are documented for materials which were accepted and incorporated into the project but failed to meet specification when tested.

\_\_\_ Exceptions to the material acceptance are attached to this request.

\* A “N” response requires an explanation in the remarks area, including a list of contract items that are affected.

Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Resident Engineer Date

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Letter of Material Certification issued:

By: \_\_\_\_\_  
Materials Testing & Research Engineer Date

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## Glossary of Terms

Below is an alphabetical listing of terms and phrases used in the *LPA Manual*. Following each term or phrase is a brief definition.

**Authorization/Agreement** - A document that the HDOT and FHWA electronically sign in FMIS that obligates Federal funds for the project. This document also establishes the Effective Authorization Date.

**Amendment/Modification** - A document that amends a previously executed Authorization/Agreement or a prior Amendment/Modification. In instances when a federally-funded project needs to be amended for any reason (cost overrun, additional phase of work, supplemental agreement, etc.), an Amendment/Modification is signed by the HDOT and FHWA to electronically approve the modification. This process is also completed through FMIS.

**Effective Authorization Date** - This is the date after which work may begin on a project that is to be reimbursed with Federal funds. Any costs incurred prior to this date are not eligible for Federal reimbursement. This date is shown on the Authorization/Agreement and Amendment/Modification documents.

**Federal Fiscal Year (FFY)** - Begins on October 1 and ends September 30 of each calendar year. For example, October 1, 2014 is the beginning of the Federal fiscal year 2015.

**Federal Funds** - Federal funds reflect the amount of Federal funding available for a project. The total amount of Federal funds received is subject to either the Federal-aid limit shown in the Statewide Transportation Improvement Program (STIP).

**Federal Share** - The percentage of eligible and authorized project costs paid by the Federal government. With a few exceptions, the Federal government does not pay for the entire cost of the project. In most cases, Federal funds must be matched with funds from non-Federal sources. For most FHWA transportation programs, the federal share of project costs is 80%. Refer to the funding agreement for the applicable pro-rate Federal share and matching requirements of the specific type of Federal funds involved.

**FHWA Authorization** - The action taken by FHWA when signing the Authorization/Agreement document or the Amendment/Modification document in FMIS. This action results in an obligation of Federal funds at the specified Federal share for the specific type of project costs identified on the Authorization/Agreement or Amendment/Modification.

**FHWA Environmental Concurrence** - This milestone in project development is marked by different events for different types of projects, depending on the anticipated level of environmental impacts. The event that marks the completion of the NEPA process depends on the type of NEPA document that is required for the project:

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- For projects that are classified as a Categorical Exclusion (CE), the NEPA process is complete as of the date that the HDOT or, as appropriate, the FHWA, signs the document.
  - For projects that require an Environmental Assessment (EA) or Environmental Impact Statement (EIS) document, the NEPA process is considered complete as of the date that the FHWA signs the Finding of No Significant Impact (FONSI) or Record of Decision (ROD) document, respectively.

**Financial Management Information System (FMIS)** - FMIS is the FHWA's electronic financial tracking system for Federal-aid transportation projects. HDOT personnel use this system to request FHWA Authorization or obtain project information and funding reports.

**Incurred Costs** - Costs are considered to be incurred when the work associated with those costs begins.

Example: Costs have been incurred once a consultant, whose services are to be reimbursed with Federal funds, begins work, even if the LPA has not received a bill or made any payments to the consultant.

**Local Public Agencies (LPAs)** – General term used by Federal government for all local governments. In the context of this manual, this term specifically refers to the Counties.

**Obligation** - An obligation is a commitment – the Federal government's promise to pay the Federal share of a project's eligible cost. This commitment occurs when the project is authorized by FHWA and the Authorization/Agreement or the Amendment/Modification is executed through FMIS. Obligation is a key step in financing. Obligated funds are considered "used," or set aside for that particular project, even before any cash is transferred.

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## **Appendix A: Federal Highway Administration and Hawaii Department of Transportation Letter of Agreement and Stewardship Plan**

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## **Appendix B: Memorandum of Agreement between HDOT & Counties**