

DATE: July 13, 2007

430-07-07

SUBJECT: Stewardship and Oversight Agreement Procedures

TO: All District Executives

FROM: Richard H. Hogg, P.E.  
Deputy Secretary  
for Highway Administration

/s/ R. H. Hogg

The Pennsylvania Department of Transportation and the Federal Highway Administration have entered into a new “Stewardship and Oversight Agreement” (Agreement) for the purpose of administering the Federal-aid Highway program in Pennsylvania, which will represent a time savings for the Department due to increased delegation. This Agreement supersedes the existing PennDOT/FHWA Stewardship and Oversight Agreement dated February 2002. This Agreement took effect on July 2, 2007 and will apply to all newly started Federal-aid projects and all existing Federal-aid projects under Design. Federal-aid projects under Construction will retain their current exemption classification through completion. The attached Agreement will replace Appendix A of Design Manual, Part 1A during the next official change to the publication.

The following is a summary of the major changes or additions implemented by the new Stewardship and Oversight Agreement:

**1. Performance Objectives and Measures:**

- This is a new section that was added to the Agreement. The intent of the objectives and measures will be to improve the efficiency and effectiveness of project delivery and management of the transportation infrastructure.

**2. Project Categories and Agency Roles:**

- Establishes Interstate projects greater than \$3 million as Federal Oversight.
- Establishes projects between \$1 million and \$3 million that are inherently low risk projects as PennDOT Oversight.
- Establishes NHS projects less than \$15 million as PennDOT oversight.
- Establishes Appalachian Development Highway System Corridor Completion projects as Federal Oversight.
- Establishes “Major Projects” as projects over \$500 million. Major projects require financial plans, project management plans, and cost validation.

- Establishes the requirement to have a financial plan for projects over \$100 million.

**3. Appendix A:**

- Indicates that all planning functions cannot be delegated to the State Department of Transportation and that the FHWA retains authority for all planning activities.

**4. Appendix C:**

- This is a new appendix that identifies the performance objectives and measures for fiscal year 2007.

Please contact Brian D. Hare, P.E., at 717-783-6418 if you have any questions or comments regarding this letter.

Attachment

4320/DPP/ses/stewardshipoversightagreement071007

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# FEDERAL-AID HIGHWAYS

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## STEWARDSHIP AND OVERSIGHT AGREEMENT

BETWEEN THE

PENNSYLVANIA  
DEPARTMENT OF  
TRANSPORTATION

AND THE

FEDERAL HIGHWAY  
ADMINISTRATION



U.S. Department  
of Transportation

Federal Highway  
Administration

June 2007

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# ***STEWARDSHIP & OVERSIGHT AGREEMENT***

## **I. Introduction**

The Federal Highway Administration (FHWA) and the Pennsylvania Department of Transportation (PennDOT) hereby enter into this Stewardship & Oversight Agreement (hereafter referred to as "Agreement") for the purpose of administering the Federal-aid Highway Program in Pennsylvania. This Agreement defines select stewardship and approval roles for Federal-aid design and construction projects in Pennsylvania. It includes PennDOT's assumption of certain FHWA oversight role and approval responsibilities on specific categories of projects. This Agreement categorizes design and construction projects as Federal Oversight (FO), PennDOT Oversight (PO)-NHS, or PennDOT Oversight (PO)-Non-NHS on the basis of highway system and cost. Further, it delegates to PennDOT certain non-project approval actions that would otherwise be taken by FHWA.

## **II. Statutory Basis**

The principal statutory and regulatory basis for development, administration, and oversight of Federal-aid projects are Title 23, United States Code (U.S.C.) and Code of Federal Regulations (CFR), in particular 23 CFR. The specific statutory basis for this agreement is Title 23 U.S.C., Section 106.

It is recognized that the NHS (which includes the Interstate System) is of primary importance to the FHWA. Federal legislation relative to Interstate commerce and defense needs require that design standards, connectivity between States and consistency for the motoring public be maintained on the NHS. FHWA retains overall oversight responsibility for all aspects of Federal-aid programs in Pennsylvania.

## **III. Intent And Purpose**

The intent of this Agreement is to delegate FHWA's approval authority for preliminary engineering, construction contract administration, and right-of-way activities on or related to Federal-aid projects, consistent with enabling statutes and regulations, with specified exceptions for special interest project categories.

PennDOT will assume certain FHWA Title 23 oversight role and approval responsibilities on PO projects. This includes responsibility for ensuring that staff has appropriate training and knowledge to make sure that programs and projects are developed in full conformance with Federal requirements and that necessary corrective action is taken when actions and approvals are found to be in non-compliance with applicable Federal requirements. FHWA is available for consultation in such matters or may unilaterally become involved in determining corrective action.

#### **IV. Other Public Agencies**

- A.** Eligible public agencies (city, county) or other State agencies may be permitted by PennDOT to take project approval actions and administer Federal-aid design and construction projects if they have jurisdiction over the roadway in accordance with 23 CFR 635. PennDOT is responsible for administration of all Federal aid projects, and will assure local public agency knowledge and compliance with State and Federal requirements. The requesting public agency may develop procedures which modify and/or supplement the procedures contained in this Agreement or otherwise published by PennDOT. The public agency procedures must be approved by PennDOT and FHWA and the agency must certify that it will operate in compliance with them.
- B.** Projects Involving the Pennsylvania Turnpike Commission (PTC); project approval authority for PTC projects is delegated to PennDOT for all type projects shown as PO in Table 1.

#### **V. Standards, Specifications, and Policies**

PennDOT will comply with the provisions of Title 23 U.S.C, 23 CFR and all appropriate Federal and State laws, regulations, standards, and directives. PennDOT will develop Federal-aid projects in accordance with the standards and guides identified in 23 U.S.C. 109, 23 CFR 625 (as well as other FHWA policies identified in the Federal Register, the Federal-Aid Policy Guide and elsewhere) and/or PennDOT standards or manuals approved by FHWA. PennDOT manuals and guides are identified in Appendix A. Additions to Appendix A will occur as additional policies and guidance are developed, approved by FHWA, and implemented by PennDOT.

PennDOT agrees that any revisions or additions to policy and procedure statements, design manuals, letters containing policy, rules and regulations, specifications and standards affecting the development or administration of Federally funded projects will be submitted, with a formal transmittal letter, to the FHWA Division Office for approval and/or concurrence. Design standards for non-NHS projects do not require FHWA approval.

#### **VI. PENNDOT Assumption of Certain FHWA Responsibilities**

It is agreed that PennDOT assumption of certain responsibilities does not preclude FHWA access to and review of Federal-aid projects at any time, and that it does not replace the provisions of Title 23, U.S.C. with respect to the basic structure of the Federal-aid program.

Nothing in this Agreement shall affect or discharge any responsibility or obligation of the FHWA under any Federal law other than Title 23, U.S.C. Such other Federal requirements include, but are not limited to, the National Environmental Policy Act (NEPA), Section 4(f) of the Department of Transportation Act of 1966, the Clean Air Act, the Clean Water Act, the Civil Rights Act of 1964, NHPA Section 106, Davis Bacon Act (40 U.S.C.), Disadvantaged Business Enterprise (DBE) (49 CFR 26), and the Uniform Relocation

Assistance and Acquisition Policies Act of 1970 as Amended (i.e., Uniform Act) (49 CFR 24).

In matters concerning questionable eligibility for Federal participation in the programming, development, and construction of Federal-aid projects, PennDOT will consult with FHWA or FHWA may choose to become involved in determining eligibility.

## **VII. Performance Objectives and Measures**

The FHWA and PennDOT will jointly establish performance objectives annually. The purpose is to determine if PennDOT is providing effective stewardship of the Federal aid program in Pennsylvania. The intent of the objectives and measures will be to improve the efficiency and effectiveness of project delivery and management of transportation infrastructure assets. The Performance Objectives and Measures for the current FFY are in Appendix C. Annual performance objective reporting will be forwarded to FHWA as indicated in Appendix C.

## **VIII. Quality Management**

PennDOT and FHWA are committed to Quality Management procedures and principles to ensure that highway programs and projects adequately meet the existing and future traffic needs and conditions in a manner conducive to safety, environmental requirements, durability and economy of maintenance. Projects will be designed and constructed in accordance with standards best suited to accomplish this objective and to conform to the particular needs of each locality.

Quality Management includes Quality Control (QC), Quality Assurance (QA), and an Independent Oversight Program (IOP).

- Quality Control is the actions performed by PennDOT (and/or consultants and contractors) in conformance with approved processes and procedures (design manuals, etc.).
- Quality Assurance is the actions performed by PennDOT District and Central office personnel to assure that QC procedures are followed and that the resultant product (plans, report, materials, etc.) or service will meet specified requirements.
- The Independent Oversight Program is a joint FHWA/PennDOT program that will provide selective reviews of Federal-aid projects and PennDOT processes to assess the effectiveness of Quality Management in producing quality products and services in compliance with Federal and State regulations and policy.

The Independent Oversight Program includes formal procedures for conducting risk assessments of the Federal-aid Program in Pennsylvania, annual meetings to select review areas, procedures for conducting reviews, developing reports and tracking resolution of findings and recommendations.

## **IX. Project Categories and Agency Roles**

As provided for in Federal legislation, certain categories of Federal aid projects are assigned to PennDOT for oversight responsibility. On PennDOT oversight projects PennDOT will act on behalf of FHWA in the development and approval of projects in accordance with the provisions in this agreement and applicable Federal regulations. Table I designates those projects which will be Federal oversight and those that will be PennDOT oversight. A detailed list of program and project approvals related to these categories is provided in Appendix B.

The costs shown in Table 1 are the estimated cost of construction (regardless of funding source unless 100% State, and excluding construction engineering and right-of-way costs) and are based on the Design Field View estimate. If the project scope is revised following the Design Field View, FHWA will be consulted for any changes in oversight classification.

PennDOT or FHWA may request PennDOT oversight designation for additional projects on the NHS based on lack of complexity or FHWA workload considerations. Additional projects on the Interstate may be considered for PennDOT oversight designation in accordance with Section IX.D, Inherently Low Risk Interstate Projects. Any changes in oversight designation for projects exceeding the dollar limits shown in Table 1 will be documented in writing and formally approved by FHWA.

**Table I**

	<i>FO</i>	<i>PO</i>
<b>Interstate</b>		
< \$1 Million		X
\$1 to \$3 Million ( <u>Inherently Low Risk Projects</u> )		X
> \$3 Million	X	
3R (Resurfacing, Restoration & Rehabilitation); Meets AASHTO Design Criteria		X
Interstate Completion (Appropriation 042)	X	
<b>NHS (except Interstate)</b>		
< \$15 million		X
≥ \$15 million	X	
<b>Appalachian Development Highway System (ADHS) Corridors Completion Projects</b>	X	
<b>Non-NHS</b>		X



General agency responsibilities pertaining to the categories of Federal-aid projects are described below. FHWA will review and approve Section 4(f) actions for all projects. FHWA will review and approve NEPA for all FO and PO projects, except for those programmatically delegated to PennDOT. FHWA will also take action on hardship and protective buying requests under the provisions of 23 CFR. Non-Title 23 requirements such as the NEPA, and Section 4(f) apply to both NHS and Non-NHS Federal-aid projects, and FHWA is involved in project actions on all projects. Other Title 23 requirements (e.g., Metropolitan and Statewide Planning) apply to both NHS and Non-NHS projects. Also, Title 23 requirements pertaining to contracts (bid proposal content including Davis Bacon, and DBE) and procurement procedures (competitive bidding, Brooks Act) apply regardless of whether the project is on or off the NHS.

For all PennDOT oversight projects, FHWA's oversight will be satisfied by a risk management framework and Independent Oversight Program reviews. It is understood that FHWA's approval of funds for these projects at either the preconstruction or construction phase constitutes a determination that the project in question is eligible for Federal-aid and that the appropriate federal requirements have been met to date or defined steps are to be taken to ensure that requirements will be met. Notwithstanding this determination, FHWA continues to retain overall responsibility for all aspects of Federal-aid programs and, as such, shall be granted full access to review any aspect or record of a Federal-aid project at any time.

**A. Federal Oversight (FO)**

FHWA will retain approval authority for major actions on this category of projects.

**B. PennDOT Oversight (PO) NHS**

PennDOT operates under the authority of Pennsylvania Act 120 of 1970, and will administer Federal-aid PO projects on the NHS in compliance with all applicable Federal statutes, regulations, and Executive Orders. In addition, PennDOT agrees to accomplish the policies and objectives contained in or issued pursuant to Title 23, U.S.C.

PennDOT will assume the responsibilities assigned to the FHWA under Title 23 for Federal-aid projects as permitted by the ISTEA, TEA-21, and SAFETEA-LU and as indicated in this agreement.

**C. PennDOT Oversight (PO) Non-NHS**

PO-Non-NHS projects are those not located on the National Highway System. Procedures for PO-Non-NHS projects are similar to those for PO-NHS projects in the sense that delegation removes FHWA from approval of design and construction activities and contract administration actions. PennDOT is responsible for ensuring compliance with applicable Federal and State requirements regarding design and construction of Non-NHS projects.

**D. Inherently Low Risk Interstate Projects**

Interstate projects over \$1,000,000 and under \$3,000,000 are designated as inherently low risk oversight projects and include those that are routine, low risk projects and that are generally non-controversial in which PennDOT has a high-level of experience and documented procedures and processes in place for ensuring compliance with federal requirements. These projects would not include complex or unique engineering features, would not traditionally involve major changes in scope or cost, would satisfy design standards, and would not jeopardize the safety or operation of the Interstate System. Complex projects that are classified as "major projects," or involve new partners (public/private partnerships), or involve new, innovative contracting methods, or are viewed as high risk, are not considered inherently low risk oversight projects. In addition, certain other Interstate projects may be designated as inherently low risk oversight projects on a case by case basis. The designation of these other Interstate projects as inherently low risk must be agreed upon by FHWA and PennDOT in writing and supported with agreed upon scopes of work.

**E. Major Projects and Projects with costs between \$100 and \$500 Million**

In accordance with Section 1904 of SAFETEA-LU all projects with costs greater than \$100 million require a financial plan. A financial plan should be consistent with FHWA guidance. Projects with costs greater than \$500 million are designated as Major Projects. In addition to the financial plans, Major Projects require Project Management Plans and cost validations. The FHWA Division Office should be consulted when a Major Project is being considered.

**F. Intelligent Transportation Systems (ITS)**

Normally ITS projects follow the same oversight criteria as depicted in Table I. However, Non-facility specific ITS/operations projects, such as Traffic Management Center (TMC) projects, require a joint determination by FHWA and PennDOT of oversight responsibilities. Projects must conform to system engineering requirements in 23 CFR Part 940 and 49 CFR, as appropriate.

**X. Implementation**

The pertinent PennDOT policies and procedures for accomplishing the intent of the requirements of the FO, PO-NHS, and PO-Non-NHS projects are listed in the Appendices to this Agreement.

This Agreement supersedes all previously executed Stewardship and Oversight Agreements between the FHWA and PENNDOT. This Agreement will take effect upon execution and will apply immediately to all new Federal-aid projects and all existing Federal-aid projects under design. Federal-aid projects under construction will retain their current oversight classification through completion.

The parties agree that there shall be periodic reviews of this Agreement to reflect changes in Federal and State laws, regulations, and requirements.

AGREEMENT EXECUTION DATE:

7-2-07

APPROVED AND EXECUTED:

Allen D. Biehler

Allen D. Biehler, P.E.  
Secretary  
Department of Transportation  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

15  
6/29/07

James A. Cheatham

James A. Cheatham, P.E.  
Division Administrator  
Federal Highway Administration  
Harrisburg, Pennsylvania

# APPENDIX A

## FHWA/PennDOT OVERSIGHT AGREEMENT POLICIES

### INTRODUCTION

The FHWA/PennDOT Stewardship and Oversight Agreement (Agreement) presents the current procedures for the administration of the Federal-aid Highway program in Pennsylvania. The general intent of the Agreement is to delegate much of FHWA's approval authority to PENNDOT for certain preliminary engineering, construction contract administration, and right-of-way activities on or related to Federal-aid projects.

#### 1. Project Development Process (Including Public Involvement In The Development of Projects And Title VI Requirements As Related To Minority Group Participation)

Procedures for project development and public involvement are as provided in the following:

- a. Design Manual, Part 1, Transportation Project Development Process (Publication 10) and Design Manual, Part 1A, Transportation Engineering Procedures (Publication 10A).
- b. Application of procedures as established in PENNDOT Design Manuals and Environmental Handbooks.
- c. Public Involvement Handbook (Pub. 295).
- d. Transportation Enhancement Implementation Manual.
- e. Recreational Trails Program Programmatic Agreement between PennDOT, DCNR, and FHWA dated March 2005.
- f. Scenic Byways Guidance ([www.bywaysonline.org](http://www.bywaysonline.org))
- g. Pennsylvania Act 120 of 1970 (This Act provides for coordination with certain State agencies).

#### 2. Application of Appropriate Design and Construction Standards

Appropriate design and construction standards are provided by the application of the following:

- a. Manual on Uniform Traffic Control Devices (MUTCD).
- b. Design Manual, Part 2, Highway Design (Pub. 13M).
  - Design criteria in Design Manual, Part 2 (DM-2) meets and in some cases exceeds the criteria in the AASHTO Green Book. For any designs on NHS projects that do not meet the criteria in DM-2, but conform to the minimum criteria in the AASHTO Green Book, a design exception is not required to be approved by FHWA, but requires Bureau of Design (BOD) approval.
- c. Design Manual, Part 3, Highway Plans Presentation (Publication 14M).
- d. Design Manual, Part 4, Structures (2 Volumes), (Pub. 15).
- e. Design Manual, Part 5, Utility Relocation (Publication 16M).

- f. Standards for Roadway Construction, Series RC-1M - RC-100M.
- g. Standards for Bridge Design, BD-600 Series (Pub. 218) and BD-600M Series (Pub. 218M).
- h. Standards for Bridge Construction, BC-700M Series (Pub. 219M).
- i. Pavement Policy Manual (Pub. 242).
- j. Traffic Control Signing Standards, TC-8700 Series (Pub. 111M).
- k. Traffic Signal Standards, TC-7800 Series (Pub. 148).
- l. Handbook of Approved Signs (Pub. 236M) 2 parts.
- m. Guidelines for Design of Local Roads and Streets (Pub. 70M).
- n. Pennsylvania Department of Transportation - Rules and Regulations published as 67 PA Code Chapters.
- o. PennDOT Specifications (Pub. 408) with applicable Bulletins.
- p. Contract Proposal Guide (Pub. 51).
- q. Geotechnical Engineering Manual (Pub. 293).
- r. Right-of-Way Manual (Pub 378).
- s. Grade Crossing Manual (Pub 371).

The Department will apply design and construction standards for new construction, reconstruction, resurfacing (except maintenance resurfacing), restoration, or rehabilitation of highways on the NHS in accordance with 23 CFR Part 625.

### **3. PennDOT's Highway and Railroad Safety Programs**

The Department will administer a Highway Safety Improvement Program on a continuing basis according to 23 CFR Part 924.

The Department will apply design and construction standards for new construction, reconstruction, resurfacing (except maintenance resurfacing), restoration, or rehabilitation of highways on the NHS as listed in Item 2 above, and in accordance with 23 CFR Part 625.

The Department will administer a Federal-Highway Railroad Grade Crossing Safety Program and other associated railroad crossing projects on a continuing basis and in compliance with 23 CFR Part 646 - Railroads, 23 CFR Part 140, Subpart I, 23 CFR Part 172, and 23 CFR Part 924.

### **4. Quality Control/Quality Assurance of Construction and Materials**

The quality of construction is assured through the application of the following:

- a. PennDOT Specifications (Pub. 408) with applicable Bulletins.
- b. Field Test Manual (Pub. 19).
- c. Project Office Manual (Pub. 2).
- d. Field Computation Guidebook (Pub. 21).
- e. Quality Assurance Manual (Pub. 25).
- f. Finals Unit Manual (Pub. 11).
- g. Approved Construction Materials, Bulletin 15 (Pub. 35).
- h. Construction Manual (Pub. 8).

PennDOT Engineering Districts are responsible for managing construction projects and operations according to policies and procedures detailed in Pub. 408; Construction Specifications, and Pub. 8, Construction Manual. The Districts are held accountable to a level of performance through a Quality Assurance program administered by the Bureau of Construction and Materials. The Quality Assurance program provisions, including review frequencies and compliance levels, are specified in Pub. 25, Quality Assurance Manual. Compliance is determined and information obtained to determine performance levels. Specific training is developed to achieve compliance. Deficiencies are addressed according to severity as specified in Pubs. 8 and 25.

The economy of construction is assured through the Department's competitive bidding procedures and through value engineering policies.

## **5. Signing, Pavement Marking and Traffic Control Devices**

Provisions for adequate signing, pavement marking and traffic control devices are provided through application of the following Department publications and according to the Manual on Uniform Traffic Control Devices:

- a. Engineering and Traffic Studies (Pub. 201).
- b. Work Zone Traffic Control Guidelines (Pub. 213).
- c. Traffic Control Devices (Pub. 211).
- d. Traffic Engineering and Operations Manual, Pavement Marking Handbook.
- e. Traffic Signal Design Handbook (Pub. 149).
- f. Pennsylvania's Traffic Calming Handbook (Pub. 383).
- g. Guide to Roundabouts (Pub. 414)

## **6. Economic, Social and Environmental Impacts**

Minimization of adverse economic, social, and environmental impacts is accomplished through adherence to the procedures in the following PENNDOT guidance:

- a. Public Involvement Handbook (Pub. 295).
- b. Environmental Impact Statement Handbook (Pub. 278).
- c. Categorical Exclusion Evaluation Handbook (Pub. 294).
- d. Environmental Assessment Handbook (Pub. 362).
- e. Agricultural Resource Handbook (Pub. 324).
- f. Project Level Air Quality Handbook (Pub. 321).
- g. Needs Study Handbook (Pub. 319).
- h. Geotechnical Waste Management (Pub. 292).
- i. Waste Site Evaluation Procedures for the Highway Development Process (Pub. 281).
- j. Wetland Resources Handbook (Pub. 325).
- k. Project Level Highway Traffic Noise Handbook (Pub. 24).
- l. Design Manual, Part 1, Transportation Project Development Process (Pub. 10) and Design Manual, Part 1A, Transportation Engineering Procedures (Pub. 10A).
- m. Section 4(f) handbook (Pub. 349).
- n. Community Impact Assessment Handbook.
- o. Tribal Consultation Handbook (Pub. 591).
- p. ESA Desk Reference.

**7. Equal Employment Opportunity**

The Department's policy with respect to equal employment opportunity and non-discrimination is as provided in the following:

- a. Executive Order 1988.1, Affirmative Action and Contract Compliance.
- b. Executive Order 11246 (as amended), Notice of Requirements for Affirmative Action to ensure Equal Employment Opportunity.
- c. Title 23 U.S.C., Subchapter C - Civil Rights, Part 230 External Programs.
- d. Right-of-Way Manual (Pub 378).
- e. CC-4297, Nondiscrimination and Equal Employment Clauses for all contracts.
- f. CC-4297A, Nondiscrimination Clause.

The number of highway construction trainees and their training program is controlled by PennDOT Strike-Off Letters and conforms to Federal requirements.

PENNDOT is firmly committed to fulfilling our goals for participation of DBE's in all contracts and projects involving Federal-aid funds. Our DBE Program is administered in accordance with 49 CFR Part 26.

**8. Competitive Bidding and Payment of Prevailing Wage Rates on Construction Contracts**

Competitive bidding procedures are provided in Departmental policy letters and conform to Federal requirements. Procedures governing the payment of prevailing wage rates on construction contracts are included in PennDOT Publication 408 and in PennDOT Publication 2, Project Office Manual.

**9. Design and Construction Claim Settlements**

Design claim settlements will be processed in accordance with procedures for the Administration of Engineering Contracts (Pub. 93).

Construction claim settlements will be processed in accordance with PENNDOT's Project Office Manual.

**10. Federal-aid Contract Provisions**

- a. Engineering Contracts - The Department provides the required Federal-aid contract provisions as prescribed in 23 CFR, Part 172 - Administration of Engineering and Design Related Contracts.
- b. Construction Contracts - The Department provides the required Federal-aid contract provisions as prescribed in 23 CFR, Part 633, Subparts A and B - Required Contract Provisions.

**11. Retention of Records**

PennDOT retains records on Federal-aid projects in accordance with 49 CFR Part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (The Common Rule). Involved local governments and other third party contractors are also required to retain records as specified above.

**12. State Transportation Improvement Program**

In conformance with the requirement of 23 CFR 450, the Department will submit to the FHWA and the Federal Transit Administration (FTA) the Statewide Transportation Improvement Program (STIP) of projects which it intends to implement over the succeeding four year period. The STIP will be updated every two years. It will include all approved Metropolitan Planning Organization (MPO) and Rural Planning Organization (RPO) Transportation Improvement Programs (TIP's). Amendments and administrative actions to the STIP and to the metropolitan and rural TIPs can occur at any time during the life of these documents. Only after the STIP or its amendments are approved by the FHWA and/or the FTA can federal funds be obligated for individual transportation projects included in the document.

**13. Local Agency Procedures**

Administration of Federal-aid projects shall be in accordance with PennDOT's current version of "Procedures for the Administration of Federal-aid Municipal Projects" (Pub. 39), and any revision thereto.

**14. Federal-Aid Financial Procedures**

**a. Electronic Data Transfer -**

Current electronic data transfer techniques will be utilized wherever appropriate. When PennDOT desires to initiate formal authorization of a project, the critical fiscal data will be uploaded directly from PennDOT to the FHWA FMIS Warehouse. Simultaneously, PennDOT will submit a request for authorization to the Division Office as set forth below.

**b. Project Authorization and Project Agreement -**

A signed PennDOT Request for Authorization will be submitted to FHWA for all Federal-aid projects.

PennDOT will electronically verify that the fiscal authorization has occurred by reviewing the FMIS transaction and EDS status logs.

PennDOT will assure that necessary environmental studies and approvals have occurred prior to submitting any request for authorization.



PennDOT agrees and is bound by all the provisions contained in 23 CFR 630.112. The project specific data contained in the Request for Authorization is sufficient for FHWA to place all projects under Project Agreement at the time of authorization; no further FHWA Project Agreement or PennDOT Agreement Estimate is required. PennDOT's Request for Authorization will serve as a concurrent request to place the project under Project Agreement in FHWA's FMIS system.

When project funding adjustments are required due to bid adjustments or cost overruns/underruns, PennDOT will submit a signed Request for an Amended Project Authorization with supporting information necessary for FHWA to adjust the Project Agreement amount. All funding adjustments must be supported by an estimate maintained in PennDOT's files for all phases being requested.

Inactive Federal-aid Project Review: The Division Office shall work with the state to conduct and document the results of quarterly reviews of inactive projects in accordance with 23 CFR 630, Subpart A, Project Authorizations and Agreements. Projects that are not properly documented could be subject to de-obligation upon coordination with PennDOT.

## **15. Planning Activities**

Title 23 U.S.C. specifies that the planning functions can not be delegated to the State Department of Transportation. FHWA retains authority for all Federal responsibilities for planning and programming specified in 23 U.S.C 134 and 135. In addition, this also applies to the Federal air quality conformity determinations required by the Clean Air Act. However, for all delegated programs or projects, PennDOT shall oversee and ensure compliance with the metropolitan and statewide planning requirements, including but not limited to: project eligibility for the proposed funding source, fiscal constraint, air quality conformity, public involvement, STIP, and long range transportation plans requirements.

## ***APPENDIX B***

<b>Oversight Agreement Project Action Matrix</b>				
<b>ACTIVITY</b>	<b>BASIS OF DELEGATION</b>	<b>NHS Projects (FO)</b>	<b>NHS Projects (PO)</b>	<b>Non-NHS (PO)</b>
Design, Right-of-Way, Utility, and Construction Authorizations	---	FHWA	FHWA	FHWA
Design Exceptions	PennDOT (DM-1A)	FHWA 15)	PennDOT 3) 15)	PennDOT
Engineering and Construction Engineering Agreements (Original and Supplements), Open End Consultant Agreements (Original and Supplements) and Work Order Approvals	PennDOT (Pub. 93) 23 CFR 172	PennDOT 1)	PennDOT 1)	PennDOT 1)
Approvals and Authorization of Protective Buying or Hardship Acquisition	---	FHWA	FHWA	FHWA
Approval of R/W Certificate	PennDOT (R/W Manual)	PennDOT 2)	PennDOT 2)	PennDOT
Authorization of Last Resort Housing	PennDOT (R/W Manual)	PennDOT	PennDOT	PennDOT
Revisions to Access Control or Revised Access Points or New Access Points (Interchanges)	PennDOT (DM-1A & R/W Manual)	PennDOT 3)	PennDOT 3)	PennDOT
Donation Credits for Funds, Services, and Materials & Donation Credits for Right-of-Way	23 USC Section 323 49 CFR, Section 24	FHWA	FHWA	FHWA
PS&E Approvals and Addenda	Oversight Agreement	FHWA	PennDOT	PennDOT
Concurrence in Award	Oversight Agreement	FHWA	PennDOT	PennDOT
Construction Inspection	Oversight Agreement	FHWA	PennDOT	PennDOT
Approve Work Orders and Time Extensions	Oversight Agreement	FHWA 5)	PennDOT	PennDOT
Final Inspection and/or Final Acceptance	PennDOT (Pub. 8)	FHWA	PennDOT	PennDOT
Construction Claim Reviews/Settlements	Oversight Agreement	FHWA	FHWA 6)	PennDOT
Cancellation, Severance, Termination, or Default of Construction Contracts	Oversight Agreement	FHWA	PennDOT	PennDOT
Warranty Specifications	---	FHWA	FHWA	PennDOT
Structure Reviews & Approvals 11)	PENNDOT (DM-4)	PennDOT 8)	PennDOT	PennDOT
ITS/Operations 12)	Oversight Agreement	FHWA	PennDOT	PennDOT
Signing/Traffic Signal Approvals	PENNDOT (Pubs. 111, 148, 149)	PennDOT 13)	PennDOT 13)	PennDOT 13)
Pavement Design	PENNDOT (Pub. 242)	FHWA	PennDOT	PennDOT

**Oversight Agreement  
Project Action Matrix (Cont.)**

<b>ACTIVITY</b>	<b>BASIS OF DELEGATION</b>	<b>NHS Projects (FO)</b>	<b>NHS Projects (PO)</b>	<b>Non-NHS (PO)</b>
NEPA Approvals	PENNDOT (Pub. 294 )	FHWA 10)	FHWA 10)	FHWA 10)
Proprietary/Patented Items	Oversight Agreement	FHWA	PennDOT	PennDOT
Force Account Method of Construction (Including Utility and Railroad Adjustments)	Oversight Agreement	FHWA	PennDOT	PennDOT

<b>ACTIVITY</b>		
	<b>BASIS OF DELEGATION</b>	<b>OVERSIGHT</b>
ROW Joint Use Lease Approval	PennDOT (R/W Manual)	PennDOT 3)
Limited Access Highway Utility Occupancy Permit	PennDOT (DM-5)	PennDOT 4)
Limited Access Highway Occupancy Permit	PennDOT (Pub. 170)	PennDOT 14)
Disposal of Excess ROW from Federal-aid ROW or Construction Projects	PennDOT (R/W Manual & PA for Disposal of Real Property and Lease Agreements/Renewals)	PennDOT 3)
New/Experimental Products- Product Evaluations/Approvals-General	Annual Work Program for such products	FHWA 7)
Federal Lands Highway Program Approvals	FHWA (DTFH71-97-X-00030) PENNDOT (SOL 430-97-63)	PennDOT 9)
Emergency Relief	FHWA ER Manual	FHWA
Highway/Railroad Crossings	Oversight Agreement	PennDOT
Funded Agency Positions	SAFETEA-LU	PennDOT
Research	Annual Work Program	FHWA
Recreational Trails	Programmatic Agreement	PennDOT
Bridge Preservation	Programmatic Agreement	PennDOT
Cultural Resources	Programmatic Agreement	PennDOT

- 1) The use of consultant services in management roles must be approved by FHWA when federal-aid highway funds participate in the contract.
- 2) FHWA approves Type 2 & 3 Right-of-Way certificates for Interstate Projects.

- 3) FHWA approval is required for actions affecting the Interstate System.
- 4) FHWA's prior concurrence is required when:
  - a) The approved installation is not in accordance with 23 CFR or PennDOT Design Manual, Part 5.
  - b) Longitudinal installation of private lines are proposed.
- 5) As per Project Office Manual.
- 6) Until written procedures for Construction Claim Reviews/Settlements are approved by FHWA, approval authority for PO NHS is with FHWA.
- 7) FHWA approval of project specific construction specifications is also required.
- 8) Consultation with FHWA per DM-4 Approval Matrix is required.
- 9) NEPA & 4(f) approvals retained by FHWA.
- 10) PennDOT approval of Categorical Exclusion Evaluations (CEE's) is as specified in Pub. 294.
- 11) Exceptions to HBRR program eligibility criteria must be approved by FHWA.
- 12) Projects must conform to systems engineering requirements in 23 CFR Part 940 and 49 CFR. Non-facility specific ITS/operations projects require a joint determination, by FHWA and PennDOT of oversight responsibilities.
- 13) Projects must conform to MUTCD or FHWA approval is required.
- 14) FHWA approval required for Permanent HOPs involving Interstates.
- 15) Refer to Appendix A,2.b for designs that meet AASHTO, but not DM-2.

APPENDIX C					
PERFORMANCE OBJECTIVES AND MEASURES FOR FY 2007					
ACTIVITY	Performance Objective	Performance Measure	Comments	Results	
Project Delivery	Environment	Efficient Environmental Review Process Developed	Process developed before next EIS initiated.	Present process to FHWA for acceptance.	
		Reduce median number of months from NOI to ROD	Median number of months reduced from 99 months to 36 months.	Recind NOI's for inactive EIS's and establish time frames for current EIS's.	
	Innovative Contracting	Conduct VE or VEACTT's on all significant projects. Report Savings	Number of VE or VEACTT's and \$ savings for projects > \$20 million	Savings are tracked quarterly on the Department's server. In addition, reporting of all project cost savings will be generated through automated reporting through MPMS.	
	STIP *	Increase % of Projects on STIP (originally approved) advanced. Applies to all phases.	% of Projects on STIP (originally approved) advanced by year. Baseline data = 23% of projects on STIP advanced.	This year will focus on establishing baseline data and monitoring practices. Will use results to establish new goal next year.	
	Projects Let	Projects let on schedule	70 % Construction projects let within scheduled quarter	Data is presented monthly on DE Dashboard.	
Finance	Project Schedules	Project schedules developed	Establish project schedules as per current policy	Data is presented monthly on DE Dashboard	
	Inactive Obligations *	Reduce Inactive Obligation Balance	Equal to or less than 2.6 percent of annual Federal TIP funding by District.	Meeting scheduled with FHWA to clearly define objective and strategy.	
	Asset Management	Joint FHWA/ PennDOT asset management team established	Asset management Team formed	Next steps involve the development of a clear strategy with FHWA for implementation	
Infrastructure	Structures	Reduce SF Structurally deficient deck	Reduce Structurally Deficient deck area by 0.5%/year.	Objective is to reduce structurally deficient deck area to meet national average by 2025.	
	Pavement	Improve IRI	57% of VMT on NHS should be on pavements with IRI <= 95 inches/mile.	Supports national goal.	
	Independent Oversight Reviews	100% of previous years reviews closed or Implementation plan developed	% Reviews closed	Timely closure of IOPs is managed by the HQAD. IOP status will be developed quarterly with appropriate action taken to meet deadlines.	
Safety	Strategic Highway Safety Plan	SHSP submitted by October 1, 2007	SHSP approved by FHWA	Plan approved November 2006	
	Highway Safety Improvement Program	HSIP implemented	Annual HSIP reports (HSIP, 5% report, RR Grade Crossing) submitted by August.	Quarterly status meetings are conducted to assure program is being implemented.	
Operations	HSIP/Section 148 Funding *	Obligate 75% of HSIP/Section 148 funds authorized in FFY.	% of HSIP/Section 148 Projects Advanced	HSIP/Section 148 funds to be used at locations with high crash locations (historic/documentated).	
	Regional Operation Plans	Establish collaborative PennDOT/MPO plans for strategies to improve highway operations.	Complete all ROPs Statewide.	Ultimately, ROPs will direct programming of projects in MPO long range plans and TIPs, and STIP.	
	511	Establish traveler information services Statewide.	Statewide Contract for 511 Implementation Developed.	The intent is to have 511 contract(s) awarded in FY 2008.	

All items to be reported to FHWA by September 15 each year based on State Fiscal Year EXCEPT items marked \*, which will be reported on Federal Fiscal year by November 15.