



Federal Highway Administration & Minnesota Department of Transportation

STEWARDSHIP PLAN



December
2007



LETTER OF AGREEMENT

LETTER OF AGREEMENT BETWEEN THE FEDERAL HIGHWAY ADMINISTRATION AND THE MINNESOTA DEPARTMENT OF TRANSPORTATION

Pursuant to [23 U.S.C. 106 \(c\)](#), the Minnesota Department of Transportation (Mn/DOT) and the Federal Highway Administration (FHWA) agree to follow the procedures set forth in the FHWA and Mn/DOT Stewardship Plan, dated, December 2007 which is attached to and made a part of this agreement, to carry out their respective oversight responsibilities in the delivery of Federal-aid projects. This Letter of Agreement supersedes all past agreements, including the agreement signed October 1, 2002.

The Stewardship Plan accomplishes a major goal of the respective agencies, in partnership, to further improve program and project delivery in the State of Minnesota. The [Intermodal Surface Transportation Efficiency Act of 1991 \(ISTEA\)](#), the [Transportation Equity Act for the 21st Century \(TEA-21\)](#) and the [Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users \(SAFETEA-LU\)](#) redefined the role of State Transportation Agencies (STAs) in Federal-aid project development and oversight. [ISTEA](#), [TEA-21](#), and [SAFETEA-LU](#) provided flexibility to the States in determining how to ensure that all project actions would be carried out in accordance with laws, regulations, and policies. [TEA-21, Section 1305 \(a\)](#) requires that FHWA and the State enter into an agreement showing the extent of the State's assumption of the Transportation Secretary's responsibilities.

Since the early 1990's, FHWA's relationship with State Transportation Agencies (STAs) has changed from full project oversight and approval of every project or activity funded with FHWA funds to program oversight and some targeted project level approvals. The program and project assumptions made possible under [Section 1016 of ISTEA](#) and [Section 1305 of TEA-21 \(Project Approval & Oversight\)](#) and codified under [23 USC Section 106 \(Project Approval & Oversight\)](#) requires that the Minnesota FHWA Division office share certain oversight responsibilities with Mn/DOT and establish operating procedures that reflect this shared responsibility.. Section [1904 of SAFETEA-LU \(Stewardship and Oversight\)](#) provided additional guidance relative to financial integrity and project delivery at both the State and local level. Mn/DOT's acceptance of these assumptions has resulted in greater program accountability due to less federal involvement in certain projects and programs.

Although stewardship roles have changed, accountability has not changed. FHWA remains responsible and accountable to Congress and the public. According to the FHWA Stewardship/Oversight Task Force in its March 20, 2001 report, "FHWA is ultimately accountable for ensuring that the Federal highway program is delivered consistent with the established requirements." This is further emphasized in [Section 1904 of SAFETEA-LU](#),

"In general.—The Secretary shall establish an oversight program to monitor the effective and efficient use of funds authorized to carry out this title."

Mn/DOT is also committed to being accountable and responsive to the citizens of Minnesota. A key value is to be responsive to customer needs and consider what Mn/DOT does in terms of how it benefits its customers. This Stewardship Plan assists Mn/DOT in fulfilling its three strategic directions: 1) Safeguard what exists, 2) Make the network operate better, and 3) Make Mn/DOT work better. The Statewide Transportation Plan, *Moving Minnesota 2003*, implements these strategic directions to reflect the priorities of Minnesota citizens and effectively manage the State's transportation resources.

In Minnesota, a joint Mn/DOT and FHWA multi-disciplinary team was created to develop this Stewardship Plan. The Team reviewed legislation, identified process improvements, and developed a consensus Plan. A list of the Team members is included in Appendix A. The primary contact for FHWA is the Assistant Division Administrator. The primary contact for Mn/DOT is the Director of the Office of Investment Management.

Narrative, matrix tables, and flow charts in the Stewardship Plan outline responsibilities and accountability for FHWA and Mn/DOT. The purpose of the Plan is to clarify actions, prevent misinterpretations, and avoid time delays.

The Stewardship Plan is conceived as a document that can be modified to incorporate additional legislation, and other processes or changes that impact our joint stewardship and oversight responsibilities. It is the mutual objective of FHWA and Mn/DOT to work toward providing the State the maximum flexibility in carrying out this oversight, as permitted by law. The Division Administrator of FHWA or the Commissioner of Mn/DOT can initiate changes to this Stewardship Plan. Both parties, Mn/DOT and FHWA, shall mutually agree upon all future changes.

Tom Sorel
Division Administrator
Federal Highway Administration

Carol Molnau
Commissioner
Minnesota Department of Transportation

Approved on 12-12-07
Date

Approved on 12-10-07
Date



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APPENDICES

APPENDIX A: FHWA and Mn/DOT Stewardship Plan Committee Members

APPENDIX B: FHWA Risk Assessment Worksheets

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ACRONYMS

3R	Resurfacing, Restoration, and Rehabilitation	NBIS	National Bridge Inspection Standards
AASHTO	American Association of State Highway and Transportation Officials	NCHRP	National Cooperative Highway Research Programs
AQ	Air Quality	NEPA	National Environmental Policy Act
ATP	Area Transportation Partnership	NHS	National Highway System
ATIP	Area Transportation Improvement Program	NHSD	National Highway System Designation Act of 1995
BAC	Blood-Alcohol Concentration	NHTSA	National Highway Traffic Safety Administration
CE	Categorical Exclusion or Construction Engineering	OIM	Office of Investment Management
CFR	Code of Federal Regulations	OMB	Office of Management and Budget
CMAQ	Congestion Mitigation and Air Quality	OTSO	Office of Traffic, Security and Operations
CMS	Congestion Management System	PE	Preliminary Engineering
CPI	Continuous Process Improvement	PFA	Public Facilities Authority
CTS	Center for Transportation Studies (University of Minnesota)	PM	Preventative Maintenance
D/B	Design Build	POA	Plan of Action
DBE	Disadvantaged Business Enterprise	PR/PE	Process Review/Product Evaluation
DCP	Delegated Contract Process	PS&E	Plans, Specifications, and Estimate
DEIS	Draft Environmental Impact Statement	QC/QA	Quality Control/Quality Assurance
DSAE	District State Aid Engineer	QFMI	Quality Financial Management Initiatives
DSDD	Draft Scoping Decision Document	RASPS	Rapid Approval and State Payment System (Federal-aid)
EA	Environmental Assessment	RDC	Regional Development Commission
EEO	Equal Employment Opportunity	ROD	Record of Decision
EIS	Environmental Impact Statement	ROW	Right-of-Way
FAPG	Federal-Aid Policy Guide	RR	Railroad
FBIL	Federal Billing	SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
FEIS	Final Environmental Impact Statement	SALT	State Aid for Local Transportation
FHWA	Federal Highway Administration	SD	Scoping Document
FMCSA	Federal Motor Carrier Safety Administration	SDD	Scoping Decision Document
FMFIA	Federal Management Financial Integrity Act	SHPO	State Historic Preservation Officer
FMIP	Financial Management Improvement Project	SIB	State Infrastructure Bank
FMIS	Federal Management Information System	SIP	State Implementation Plan
FONSI	Finding of No Significant Impact	SPR	State Planning and Research
FTA	Federal Transit Administration	STA	State Transportation Agency
HPDP	Highway Project Development Process	STIP	State Transportation Improvement Program
HPMS	Highway Performance Monitoring System	STP	Surface Transportation Program
HSIP	Highway Safety Improvement Program	TEA	Transportation Enhancement Activities (STP Program)
ISTEA	Intermodal Surface Transportation Efficiency Act	TEA-21	Transportation Equity Act for the 21 st Century
ITS	Intelligent Transportation Systems	TCA	Telecommunications Act of 1996
LPA	Local Public Agency	TIP	Transportation Improvement Program
LTAP	Local Technical Assistance Program	TMA	Transportation Management Area
MQAP	Materials Quality Assurance Program	TRLF	Transportation Revolving Loan Fund
Mn/DOT	Minnesota Department of Transportation	U.S.C.	United States Code
Mn/DPS	Minnesota Department of Public Safety	USDOT	United States Department of Transportation
MNMUTCD	Minnesota Manual of Uniform Traffic Control Devices	UTC	University Transportation Center
MPO	Metropolitan Planning Organization		
MUTCD	Manual of Uniform Traffic Control Devices		

INTRODUCTION

HOW TO USE THIS DOCUMENT

The FHWA & Mn/DOT Stewardship Plan is a web based document that includes links to all pertinent legislation, policies, and implementing regulations and guidance. The primary reference used for the Federal enabling regulations and guidance can be found in the [Federal-Aid Policy Guide \(FAPG\)](#) which includes regulatory guidance as well as non-regulatory supplements. Where possible links are provided to the actual sections or paragraphs quoted in the document. If it was not possible to reference the exact paragraph the link will send the user to a site where the text can be found. While every attempt will be made to assure that all links remain current, some of the sites referenced are outside our control. Any referenced link that is found to be in error or is no longer working should be reported to the site [web master](#).

OVERVIEW

The Federal Highway Administration (FHWA) as part of the U.S. Department of Transportation (USDOT) has been charged with implementing national objectives as stated in [Title 49 United States Code \(U.S.C.\)](#). These objectives are to provide for the general welfare, economic growth and stability, and security of the United States. This requires the development of transportation policies and programs that contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost.

Congress has also charged the Federal Highway Administration (FHWA) with administering the Federal-Aid Highway Program (FAHP) under [Title 23 U.S.C.](#), and other associated laws. In addition, FHWA's responsibility for administering the FAHP has been clearly outlined in the following legislation: the [Intermodal Surface Transportation Efficiency Act \(ISTEA\) of 1991](#); the [Transportation Equity Act for the 21st Century \(TEA-21\)](#) of 1998; and the [Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users \(SAFETEA-LU\)](#) of 2005. These laws allow States to assume certain delegated responsibilities for FHWA in certain [National Environmental Policy Act](#) approvals and in the design, construction, award and inspection of certain Federal-aid projects

Since the passage of these landmark legislations FHWA has experienced significant changes affecting program management philosophy and oversight responsibilities. The basic premise behind these changes is to provide State Transportation Agencies (STA) a greater role and responsibility in the design, plans, specifications, estimates, contract awards, and inspection of federally funded projects.

The vision of the Minnesota Department of Transportation (Mn/DOT) describes what the citizens want Minnesota's transportation network to become: a coordinated transportation network that provides safe, user-friendly access and movement, and responds to the values of Minnesota's citizens. To develop a coordinated transportation network, Mn/DOT accomplishes this through three strategic directions: 1) Safeguard what exists, 2) Make the network operate better, and 3) Make Mn/DOT work better, as implemented by the [Statewide Transportation Plan, Moving People and Freight from 2003 to 2023](#). Mn/DOT's strategic directions focus on ensuring

the integrity of the construction program and improving the cost-effectiveness of transportation solutions, key objective of both Mn/DOT and FHWA.

Under [23 U.S.C. Section 106 Project approval and oversight](#), FHWA is required to share certain oversight responsibilities with STA partners. FHWA is charged with more than just compliance with laws and regulations. FHWA is also charged with stewardship towards improving the efficiency and effectiveness of the transportation systems. FHWA assistance is not just financial; it is managerial and technical as well.

Stewardship goes beyond regulatory compliance or oversight. It goes to the efficiency and effectiveness of the funds. Beyond projects and processes, stewardship goes to the broad goals of [49 U.S.C. Section 101 Purpose](#) and FHWA Strategic Plan goals. This Stewardship Plan outlines the roles of both FHWA and Mn/DOT in the accomplishment of these goals and objectives. In order to distinguish stewardship from oversight the following definitions will apply:

- **Stewardship.** *The efficient and effective management of the public funds that have been entrusted to the Federal Highway Administration.*
- **Oversight.** *The act of ensuring that the Federal highway program is delivered consistent with applicable laws, regulations and policies.*

[23 U.S.C. Section 106\(c\)\(3\) Assumption by States of Responsibilities of the Secretary](#) states that FHWA and the State shall enter into an agreement relating to the extent to which the State assumes the responsibilities of the FHWA. This document fulfills that requirement.

This Stewardship Plan serves as a continuing plan of program oversight and responsibilities for each agency covering the following functional areas:

Project Oversight

Environmental Process
Right-of-Way (ROW) Process
Design Monitoring Process
Local public agency Delegation Process
Programming Process and Project Authorization/Agreement Process
Intelligent Transportation System (ITS) Process
Construction and Contract Administration Process

Program Oversight

Bridge Program
Civil Rights Program
Financial Management Program
Maintenance Monitoring Program
Material Acceptance Program
Pavement Management and Design Program
Planning Program
Research, Development, and Technology Program
Safety and Traffic Program
Miscellaneous Programs and Activities

The development of this Plan has taken into account the status and implementation by Mn/DOT of the program efficiency options provided under [23 U.S.C. Section 106 Project approval and oversight](#). The Plan also takes into account FHWA's and Mn/DOT's resources and capabilities, and the areas of responsibilities and federal requirements where FHWA has an active role in the oversight process. The Plan sets the general framework for accomplishing FHWA's stewardship and oversight responsibilities. In general, FHWA will use Process Review/Product Evaluation (PR/PE) techniques to assess the capability and capacity of Mn/DOT in those areas where Mn/DOT has assumed FHWA's responsibilities. FHWA will also use these techniques to monitor and evaluate Mn/DOT's fulfillment of the responsibilities outlined in this Plan.

In cases where project level activity is still an integral part of FHWA's stewardship and oversight efforts, early involvement in project decisions combined with an assessment of the quality of the products produced during the project development process will be the primary focus.

In addition, the Plan includes stewardship responsibilities for various programs with identified actions by each agency. FHWA will use Program Activities as defined later in this Plan to monitor and evaluate program performance and effectiveness. This Plan incorporates the concept of mutual service standards that include agreed upon formats, procedures and targeted timeframes for Mn/DOT and FHWA actions, including submissions, comments and approvals.

While Mn/DOT can assume the responsibility for FHWA in many Title 23 U.S.C. actions, some Title 23 U.S.C. requirements remain FHWA responsibilities. Included are:

- ROW acquisition prerequisites
- [Buy America Requirements](#)
- Administration of engineering and design related service contracts
- Alternate Procedures for Consultant Selection
- [Utility Accommodations Policy](#)
- Metropolitan Planning
- Statewide Planning
- Statewide Planning and Research (SPR)
- Other applicable items

FHWA will use Risk Management as a partnering initiative that will assist program managers in identifying and directing where they believe the program needs to be focused now and in the future. (See Appendix B) FHWA and Mn/DOT program area experts will meet periodically and complete risk assessments. Risk identification and analysis meetings will help clarify the links between risks and program impacts. These meetings will be a facilitated and systematic process that will assist program stakeholders in assessing "threats and opportunities", prioritizing risks, and identifying overall program impacts. Findings will be utilized to develop strategies for FHWA to address stakeholder values and identified risks.

Risk Management will help organize FHWA time and focus risk response strategies to areas that have a high potential to affect the future of the program. The objective of these risk assessments is to focus our combined resources on those risks that represent the greatest threat or opportunity to FHWA and Mn/DOT in fulfilling their joint responsibilities to the traveling public. This process will result in tangible, results that illustrate effectiveness and accomplishments.

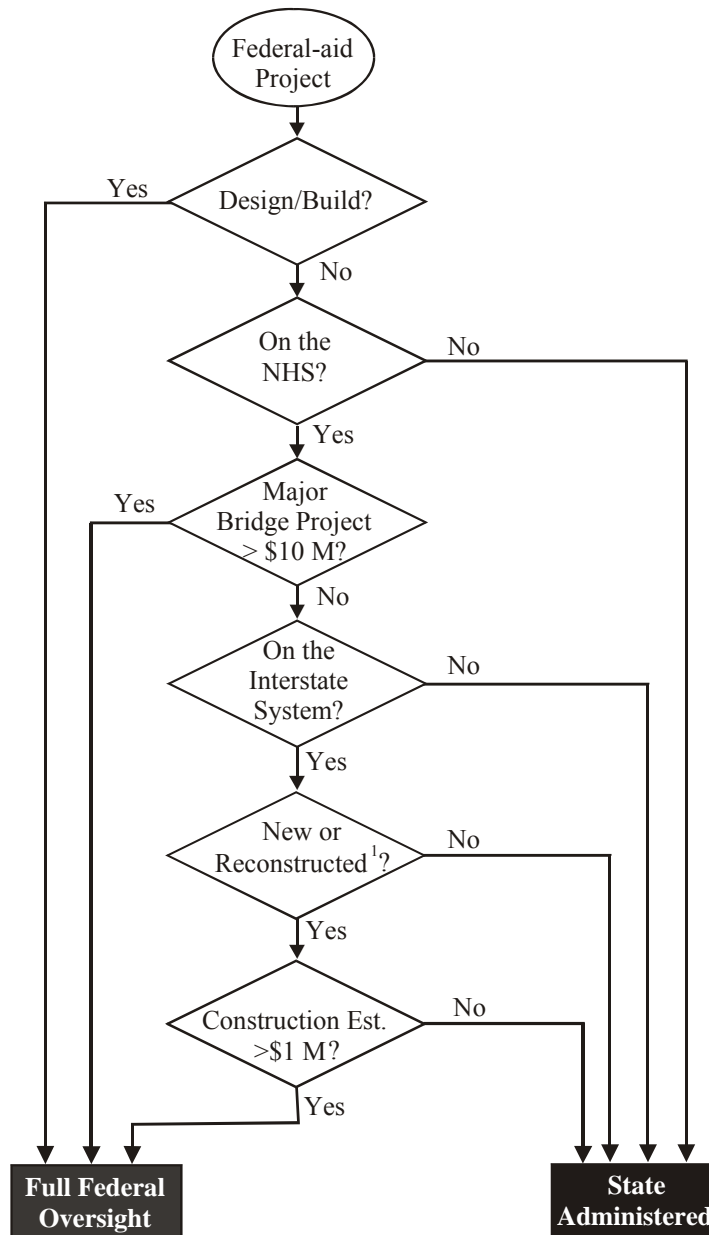
In the [Statewide Transportation Plan, *Moving People and Freight from 2003 to 2023*](#), Mn/DOT has adopted a policy to “continually improve internal management and program delivery.” Mn/DOT is shaping its organizational future by clarifying decision making, by increasing performance-based management, by fostering interagency agreements, by developing innovative transportation solutions, and by maintaining a highly skilled workforce.

To deliver quality service, Mn/DOT will:

1. Emphasize strategic management, which includes:
 - a. Knowing its diverse customers and focusing projects and services to meet performance goals
 - b. Managing resources using transportation plans, quality innovations, and customer-based performance measures
2. Develop financial management tools
3. Emphasize human resource management and development
4. Simplify and improve access to information

OVERSIGHT ACTIVITIES

This agreement between the Minnesota Department of Transportation (Mn/DOT) and the Minnesota Division of the Federal Highway Administration (FHWA) sets forth the respective roles and responsibilities of each party in the administration and oversight of the Federal-aid Highway Program in the State of Minnesota.

Project Oversight**BASIC FRAMEWORK FOR PROJECT OVERSIGHT RESPONSIBILITIES**

NOTE: Other factors, such as highly controversial and environmentally sensitive issues, may dictate full federal oversight.

¹New or Reconstructed includes the following types of projects:

- Bituminous or Concrete Pavement Replacement (Base and Surface)
- Bridges (Rehabilitation, Improvement, Replacement, or New)
- Grading and/or Surfacing and/or Bridge
- Capacity Additions
- Noise Walls

Mn/DOT Responsibilities

As a condition to accepting Federal-aid highway funds, Mn/DOT agrees to follow all applicable project and program requirements. In addition, as party to this agreement, Mn/DOT assumes project oversight responsibilities, except for Design/Build projects, in accordance with the following:

- ! Interstate Projects. Mn/DOT assumes oversight responsibility for the design, plans, specifications, estimates, contract award, and inspection of the following projects on the Interstate System: (1) all resurfacing, restoration, and rehabilitation (3R) projects and (2) all other projects with an estimated construction cost of less than \$1 million. All Interstate projects must comply with all Title 23 U.S.C. and non-Title 23 U.S.C. requirements.
- ! Other NHS Projects (not on the Interstate System). Mn/DOT assumes oversight responsibility for the design, plans, specifications, estimates, contract award, and inspection of projects on the NHS. All NHS projects must comply with all Title 23 U.S.C. and non-Title 23 U.S.C. requirements.
- ! Non-NHS Projects. Mn/DOT assumes oversight responsibility for the design, plans, specifications, contract award, and inspection of projects not on the NHS. Non-NHS projects are required to be designed, constructed, operated, and maintained in accordance with State law, regulations, directives, safety standards, design standards, and construction standards, in lieu of many Title 23 U.S.C. requirements. Title 23 U.S.C. requirements that are applicable to all Federal-aid projects include, but are not limited to, transportation planning, procurement of professional services, [Davis-Bacon](#) wage rates, advertising for bids, award of contracts, use of convict produced materials, [Buy America Act](#) provisions and other requirements (see Appendix C). All non-NHS projects must also comply with all non-Title 23 U.S.C. requirements.
- ! Local Public Agency Projects. Mn/DOT is responsible for assuring that all local public agency Federal-aid projects comply with all applicable Federal and State requirements. Mn/DOT is not relieved of this responsibility even though the project may be delegated to the local public agency. In accordance with [23 CFR 1.11 Engineering services](#) and [23 CFR 635.105 Supervising agency](#), Mn/DOT is responsible for ensuring that the local public agency is qualified and equipped to administer the project. In addition [SAFETEA-LU Section 1904](#) requires that

*“(A) In general.--The States shall be responsible for determining that sub recipients of Federal funds under this title have--
(i) adequate project delivery systems for projects approved under this section;
and
(ii) sufficient accounting controls to properly manage such Federal funds.”*

Copies of the Agency Agreement forms can be found on the [State-Aid website](#).

FHWA Responsibilities

While ultimately accountable for all Federal-aid highway projects, FHWA is responsible for project level oversight on certain Interstate projects. In addition, FHWA is responsible for oversight of non-Title 23 U.S.C. requirements on all other NHS projects and all non-NHS projects.

- ! Full Oversight Interstate and Certain Other Projects. Full oversight projects are projects on the Interstate System with an estimated construction cost of greater than \$1 million, excluding 3R projects. Other projects that are considered full oversight are projects using alternative contract procedures such as Design/Build (NHS and non-NHS) projects, experimental contract procedures approved by [SEP-14 – \(Special Experimental Project\)](#) and [SEP-15](#) (NHS and non-NHS), NHS projects for construction of major bridges (bridge structure costs estimated at \$10 million or higher), unusual bridges, or projects of national significance. FHWA will conduct project level oversight of Title 23 U.S.C. and non-Title 23 U.S.C. requirements on full oversight projects. FHWA will take approval action on project plans, specifications, estimates; contract awards, and inspection of projects.
- ! Other NHS Projects. FHWA oversight of projects on the NHS (except for full oversight projects, as identified above) will primarily focus on ensuring compliance with Title 23 U.S.C. and non-Title 23 U.S.C. requirements. In general, FHWA oversight of these requirements will be through program level activities, such as PR/PE, Continuous Process Improvement (CPI), etc.
- ! Locally Administered Federal-aid Projects. FHWA is responsible for assuring that Mn/DOT is adequately administering the Local Public Agency (LPA) program. FHWA oversight will be accomplished through periodic reviews of both the processes for administering the program at the State level and reviews of the actual projects at the local level.
- ! Other Project Involvement. In consultation with Mn/DOT, FHWA may become involved with project level oversight of any Federal-aid project, including those for which Mn/DOT has assumed oversight responsibility. In addition, any Federal-aid project may be included in the project sampling for program level review activities. Oversight for any project identified as outside the normal project oversight process will be determined on a case by case basis. This would include projects resulting from congressional designated programs or funding.
- ! Technical Assistance. FHWA will provide technical assistance to Mn/DOT and local agencies on any aspect of eligible Title 23 U.S.C projects. Such technical assistance activities will be identified on a case-by-case basis in consultation with Mn/DOT and other interested partners.
- ! Non-Title 23 Responsibility. FHWA will continue to be responsible for the oversight of applicable non-Title 23 U.S.C. requirements. Such oversight will be conducted through a combination of both project and program level activities. Applicable non-Title 23 U.S.C. requirements include, but are not limited to:
 - [National Environmental Policy Act \(NEPA\) of 1969 \(42 U.S.C. Chapter 55\)](#)
 - [Section 4 \(f\) of the DOT Act of 1966 \(49 U.S.C. 303\)](#)
 - [Civil Rights Act of 1964 \(42 U.S.C Chapter 21\)](#)

- [Uniform Relocation Assistance and Real Properties](#)
- [Acquisition Policies Act of 1970 \(42 U.S.C Chapter 61\)](#)
- [Disadvantaged Business Enterprise Program \(DBE\)](#)
- [Clean Air Act Amendments of 1990 \(42 U.S.C. Chapter 85\)](#)

Program Oversight

FHWA has full oversight of all Federal-aid programs. FHWA will manage and provide oversight of Minnesota's Federal-Aid programs in various ways. The methods will include the following:

1. Program Assessment. This will be based on an assessment that identifies strengths, weaknesses, threats and opportunities and the identification and sharing of "best" practices to continually improve the program. FHWA Program Managers in each area will consult with their Mn/DOT counterparts in conducting annual program assessments on those programs related to their stewardship responsibilities.
2. Program Reviews. These reviews are a thorough analysis of key program components and the processes employed by Mn/DOT in managing the program. The reviews are conducted to 1) ensure compliance with Federal requirements; 2) identify opportunities for greater efficiencies and improvements to the program; and/or 3) identify exemplary practices. These types of reviews may include process reviews, program/product evaluations, or continuous process improvement initiatives.
3. Program Management. This includes the daily stewardship of Federal-aid programs, including project and program oversight and program assistance. Program management ensures Federal program requirements are met while proactively seeking opportunities to add value. This includes:
 - a. routine program approval actions,
 - b. participating on joint task forces, joint committees and joint quality improvement teams,
 - c. aiding and assisting the State and other transportation stakeholders in answering questions on program issues.

FHWA will annually perform assessments of various program areas for the purpose of prioritizing its program level oversight activities for the coming year. The objective of these assessments is to focus the limited resources of the FHWA Division Office on those activities that represent the greatest risk to FHWA in fulfilling its oversight responsibilities. A portion of the assessment will involve an evaluation of Mn/DOT's internal controls, operating procedures, and staffing. By this process, it is expected that the greatest possible confidence level will be achieved for the resources committed. Mn/DOT will be invited to participate in these program assessments; however, FHWA will make all final determinations of program areas for review.

Two sample program assessment work sheets are attached as Appendix B. Program Assessment Worksheet #1 uses a ranked numbering system to establish relative risks. Program Assessment Worksheet #2 takes a more qualitative approach. Either of these worksheets may be used depending on the activity being evaluated.

PROCESS REVIEW/PRODUCT EVALUATION

FHWA's PR/PE approach will comprise the traditional process of comprehensively reviewing and evaluating State and or local public agency policies, procedures, practices and controls for the development and implementation of Federal-aid projects and programs.

FHWA PR/PE's will be accomplished by teams or by an individual with team assignments being made following the selection of the review area. Teams will include Mn/DOT representatives as appropriate. In some cases representatives from local agencies may also be invited to participate. Other partners such as the Federal Transit Administration (FTA), National Highway Traffic Safety Administration (NHTSA), Resource agencies, or others may also be requested to participate dependent upon subject matter.

Periodically FHWA, in consultation with Mn/DOT, will develop a process review program. Review areas will be selected based on the results of FHWA's Program Assessment.

PR/PE review topics will be selected with emphasis on:

- Key programs, processes, and practices resulting from emphasis areas identified in FHWA's Annual Performance Plan.
- As a result of Program Assessments where PR/PE reviews is the appropriate risk mitigation strategy.
- Evaluation of strengths and areas of improvement identified during the previous year's product evaluation reviews, project level activities, or during routine program monitoring. Other areas where possible review topics may be generated could include audit reports, needed cyclical reviews, or to assess the effectiveness of new and innovative technologies, processes, and practices that have been implemented.
- Each PR/PE undertaken will include findings and recommendations which will be developed as a collaborative effort with Mn/DOT. When appropriate, findings and recommendations will be presented at a joint session of FHWA and Mn/DOT's top management. **Follow-up activities will occur as necessary to assure implementation and effectiveness of agreed-upon recommendations.**

PROJECT OVERSIGHT

Project oversight is defined as activities that will be undertaken as part of the project development process. These activities usually begin once a problem has been identified and possible solutions are being considered. For this section, projects may be corridor wide or area wide or may be individual contracts or both. Functional areas described in this section include Background, Operating Procedures, Project Oversight, and References. Also included is a table showing Mn/DOT and FHWA actions. Mn/DOT is committed to the preparation and submittal of fully completed documents in accordance with established guidelines, formats, and procedures. FHWA’s goal is to respond to all submissions as soon as possible and within timeframes shown in the tables. **All timeframes are expressed in calendar days from receipt, and response can occur any time within the number of days indicated.**

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ENVIRONMENTAL PROCESS

BACKGROUND

FHWA is the lead federal agency in integrating the full range of environmental requirements under a single, unified process that results in effective and sound transportation decisions. These laws and regulations include the [National Environmental Policy Act \(NEPA\)](#) and implementing regulations of the Council on Environmental Quality (CEQ) [40 CFR 1500—Purpose, Policy, And Mandate](#) and [FHWA 23 CFR 771 Environmental Impact and Related Procedures, Section 4\(f\) Policy on lands, wildlife and waterfowl refuges, and historic sites](#) of the Department of Transportation Act and implementing regulations [Section 106 of the National Historic Preservation Act](#) and implementing regulations [36 CFR 800—Protection Of Historic Properties; Section 404 of the Clean Water Act](#); and [Section 7 of the Endangered Species Act](#), as well as others. FHWA has a commitment to “Environmental Stewardship and Environmental Streamlining” as one of its “vital few goals”. Environmental Streamlining drives FHWA to improve project delivery without compromising environmental protection. Environmental Stewardship helps demonstrate that FHWA is mindful of the natural and human environment while addressing mobility and safety needs of the public. FHWA promotes actions that exemplify responsibility as stewards of the environment. FHWA promotes utilizing opportunities to enhance environmental protection and encourage partnerships that promote eco-system conservation or encourage broader mitigation strategies that seek corridor or watershed based approaches. Furthermore, FHWA has a commitment to “promote transportation solutions that enhance communities and protect the natural and built environment” as outlined in the U. S. Department of Transportation Strategic Objectives.

OPERATING PROCEDURES

Mn/DOT and FHWA participate together in a number of task forces and teams that address both broad policy or program environmental issues as well as individual topics of interest. Teams have included:

- Public Involvement
- Environmental Justice
- Context Sensitive Solutions
- Streamlining Project Delivery
- Linking Planning and NEPA
- Annual Mn/DOT Environmental Conference
- Environmental Process Reviews
- Developing and Implementing Programmatic Agreements with Other Agencies
- Developing Guidance
- Project Teams

Mn/DOT and FHWA will continue to collaborate as various teams are organized. In addition, the FHWA Environmental Program Manager meets monthly with the Mn/DOT Chief Environmental Officer and, in a separate meeting, Mn/DOT’s Cultural Resources Unit to discuss environmental issues, policies and programs.

PROJECT OVERSIGHT

For all projects that require an action be taken by FHWA, Mn/DOT and FHWA will work together in the project planning phase to ensure compliance with NEPA and other applicable laws before an alternative is selected (location/design approval). The level of involvement is commensurate with the level of the environmental design impacts or project complexity and follows a set procedure depending on environmental documentation class. Mn/DOT guidance entitled “Highway Project Development Process” (HPDP) outlines the environmental process for each “Class of Action”.

Projects, which meet the “Programmatic Categorical Exclusion Approval Agreement between the Federal Highway Administration and the Minnesota Department of Transportation”, are documented in accordance with FHWA and Mn/DOT agreements. Other Categorical Exclusions, Programmatic Section 4(f) Evaluations and Section 4(f) Evaluations are prepared by Mn/DOT and submitted to FHWA for review and approval. Coordination on Environmental Assessments/ Findings of No Significant Impacts is conducted in accordance with the HPDP. Environmental Impact Statements (EISs)/Records of Decision (RODs) are coordinated in accordance with the “[SAFETEA-LU Environmental Review Process Guidance](#)”, HPDP and “Minnesota Division Office Environmental Document Development Process”. The last document outlines the internal Division Office review and approval process for EISs and RODs. FHWA will issue a Statute of Limitations (SOL) notice in the “Federal Register” for RODs and other federal agency approval actions for EIS projects in accordance with the “[SAFETEA-LU Environmental Review Process Guidance](#)”. The SOL Notice establishes a 180-day statute of limitations on claims against U.S. DOT and other Federal agencies for certain environmental and other approval actions. An SOL notice will be issued for other projects and project approvals as determined by Mn/DOT and FHWA.

FHWA is also an active member of individual project teams and helps guide project planning studies. All documents requiring legal sufficiency review (Final EISs and Final Section 4(f) Evaluations) are sent to the Midwestern Legal Services (MLS) of the Office of Chief Counsel in Olympia Fields, Illinois by the Division Office prior to approving these documents. The goal of the MLS is to provide legal sufficiency review comments to the Division Office within 30 days after receipt of the document. These comments, if any, will be incorporated into the final document. Environmental re-evaluations are conducted through informal consultation and formal written documentation, when appropriate.

National Scenic Byways Program - [Authority: 23 USC 162, Sections 1101(a)(12) and 1802 of SAFETEA-LU]

The National Scenic Byways Program recognizes roads having outstanding historic, cultural, natural, recreational and archaeological qualities and provides for designation of these roads as National Scenic Byways, All-American Roads or America’s Byways. Grants and technical assistance are provided to States and Indian tribes for developing scenic byways programs, corridor management plans, improvements for access, safety and resource protection, marketing programs, and capital enhancements for byway travelers.

REFERENCES

- Mn/DOT Highway Project Development Process (HPDP)
- [Programmatic Categorical Exclusion Approval Agreement Between FHWA and Mn/DOT](#)
- [Programmatic Agreement Among the Federal Highway Administration, The Minnesota State Historic Preservation Office, The Advisory Council on Historic Preservation, The Department of the Army, Corps of Engineers, St. Paul District and The Minnesota Department of Transportation Regarding Implementation of the Federal-aid Highway Program in Minnesota](#)
- FHWA Minnesota Division Office Environmental Document Development Process
- [“Hear Every Voice” Public Involvement Procedures for Planning and Project Development](#)
- [23 CFR 771-Environmental Impact and Related Procedures](#)
- [FHWA Technical Advisory T 6640.8A “Guidance for Preparing and Processing Environmental and Section 4\(f\) Documents”](#)
- FHWA’s [“Environmental Guidebook”](#)
- FHWA’s [“SAFETEA-LU Environmental Review Process Guidance”](#)
- FHWA’s [“Revised Section 4\(f\) Policy Paper”](#)
- [FHWA’s SAFETEA-LU Section 6009 Guidance – De Minimis Section 4\(f\) Impacts State-Aid Manual](#)

**ENVIRONMENTAL PROCESS
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Programmatic Categorical Exclusion ¹	Prepare and Approve	Periodic Audit	Approved CE
Preliminary Non-Programmatic Categorical Exclusion Project Memo	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Final Non-Programmatic Categorical Exclusion Project Memo	Prepare and Approve Submit to FHWA for approval	Approve CE (14 days)	Approved CE
Preliminary Environmental Assessment	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Environmental Assessment	Prepare and Approve Submit to FHWA for approval	Approve EA (14 days)	Approved EA
Preliminary Findings Of Facts and Conclusions	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Finding of No Significant Impact (FONSI)	Prepare FONSI request including approval of Findings of Facts and Conclusions and Submit to FHWA	Prepare and Issue FONSI (14 days)	FONSI
Negative Declaration ²	Prepare and Issue	None	Negative Declaration
Initiation of EIS Projects	Prepare notice about the project (type of work, termini, length and general location), including Federal approvals required, and submit to FHWA	None	EIS Initiation Notice
Develop EIS Project Coordination Plan			
1. Cooperating Agency Request Letters	Identify Cooperating Agencies with FHWA	Prepare and Forward request letters	Cooperating Agencies identified
2. Participating Agency Invitations	Identify Participating Agencies with FHWA	Prepare and Forward invitation letters	Participating Agencies identified
3. Develop Draft Coordination Plan	Prepare Draft Plan and circulate to Cooperating/Participating Agencies	Review plan and comment (30 days)	Comments
4. Finalize Coordination Plan	Prepare Final Plan and distribute to Cooperating/Participating Agencies	None	Coordination Plan
Notice of Intent	Prepare Draft Notice of Intent and Forward to FHWA	Review and Revise Notice of Intent and forward for publication in the Federal Register (30 days)	Publication in Federal Register
Preliminary Scoping Document/Draft Scoping Decision Document	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Scoping Document/ Draft Scoping Decision Document ²	Prepare and Approve Forward to FHWA for information	None	Approved SD/DSDD
Preliminary Scoping Decision Document	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Scoping Decision Document ²	Prepare and Approve Forward to FHWA for information	None	Approved SDD
Preliminary Draft Environmental Impact Statement	Prepare and Submit to FHWA for review	Review and Comment (45 days)	Comments

¹ Refer to Programmatic Categorical Exclusion Approval Agreement between FHWA and Mn/DOT

² Documents required by the Minnesota Environmental Policy Act

**ENVIRONMENTAL PROCESS
Summary Table (continued)**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Draft Environmental Impact Statement	Prepare and Approve Submit to FHWA for approval After signature sheet incorporated in to DEIS, transmit copies of DEIS to FHWA	Approve DEIS (14 days) Forward copies for "Notice of Availability" publication in the Federal Register (10 days)	Approved DEIS Comment period initiated - comments received from the public and agencies on the DEIS
Preliminary Final Environmental Impact Statement	Prepare and Submit to FHWA for review	Review and Comment (45 days)	Comments
Cooperating/Participating Agencies Review of Final Environmental Impact Statement	Prepare and Submit to Cooperating/ Participating Agencies for review Suggest review within 30 days	Request Legal Sufficiency review comments (30 days)	Cooperating/Participating Agencies' Comments and Legal Sufficiency Review Comments
Final Environmental Impact Statement	Prepare and Submit to FHWA for review ----- After Legal Sufficiency review, Revise, Approve and Submit to FHWA for approval After signature sheet incorporated in to FEIS, transmit copies of FEIS to FHWA	Request formal Legal Sufficiency review (30 days) ----- Approve FEIS (14 days) Forward copies for "Notice of Availability" publication in the Federal Register (10 days)	Approved FEIS Waiting period initiated - comments received from the public and agencies on the FEIS
Record of Decision (ROD)	Prepare Draft ROD and Forward to FHWA	Review, Revise, and Issue ROD (30 days)	ROD
Adequacy Determination ²	Prepare and Issue	None	Adequacy Determination
Statute of Limitations Notice (SOL)	None	Submit SOL concerning ROD and/or other Federal agency project approvals for publication in the Federal Register	SOL Notice – Establishes a 180-day statute of limitations on claims against USDOT and other Federal agencies for certain environmental and other approval actions
<i>De Minimis</i> Section 4(f) Impact Finding	Prepare and Submit for FHWA review and finding, including the Section 4(f) property's administering agency's written concurrence and evidence of public review and comment	Review and forward, via letter, FHWA's intention to make a <i>de minimis</i> impact finding to administering agency (30 days). Specify that the Finding will be made 14 days from administering agency's receipt of letter.	<i>De Minimis</i> Section 4(f) Impact Finding
<i>De Minimis</i> Section 4(f) Impact Finding	Prepare and Submit for FHWA review and finding, including the Section 4(f) property's administering agency's written concurrence and evidence of public review and comment	Review and forward, via letter, FHWA's intention to make a <i>de minimis</i> impact finding to administering agency (30 days). Specify that the Finding will be made 14 days from administering agency's receipt of letter.	<i>De Minimis</i> Section 4(f) Impact Finding

**ENVIRONMENTAL PROCESS
Summary Table (continued)**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Preliminary Programmatic Section 4(f) Evaluation	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Programmatic Section 4(f) Evaluation	Prepare and Submit to FHWA for approval	Approve Programmatic Section 4(f) Evaluation (14 days)	Approved Programmatic Section 4(f) Evaluation
Preliminary Draft Section 4(f) Evaluation	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Draft Section 4(f) Evaluation	Prepare and Submit to FHWA for approval	Approve Draft Section 4(f) Evaluation (14 days). Distribute to Dept. of Interior for Comment (45 days minimum review)	Approved Draft Section 4(f) Evaluation
Preliminary Final Section 4(f) Evaluation	Prepare and Submit to FHWA for review	Review and Comment. Request Legal Sufficiency review comments (30 days)	Comments and Legal Sufficiency Review comments
Final Section 4(f) Evaluation	Prepare and Submit to FHWA for review ----- After Legal Sufficiency review, Revise and Submit to FHWA for approval	Request formal Legal Sufficiency review (30 days) ----- Approve Final Section 4(f) Evaluation (14 days). Distribute to Dept. of Interior for information	Approved Final Section 4(f) Evaluation
Section 106 Adverse Effect Determination	Prepare and Submit to FHWA for Determination	Make determination and forward to the Advisory Council on Historic Preservation (30 days)	Adverse Effect Determination
Section 106 Memorandum of Agreement (MOA)	Negotiate MOA, Acquire other signatures, Sign, and Submit to FHWA for approval	Sign MOA (14 days)	Executed Section 106 MOA
Preliminary Formal Written Re-evaluation (required for Environmental Documents which have had no FHWA approval within 3 years)	Prepare and Submit to FHWA for review	Review and Comment (30 days)	Comments
Formal Written Re-evaluation	Prepare and Submit to FHWA for approval	Approve Re-evaluation (14 days)	Approved Re-evaluation
Scenic Byways	Assist in application process when solicited. Administer funds. Consult with FHWA MN Division, LGU as appropriate.	Review and approve grant applications. Vet projects as requested by Washington office. Submit identified lists of funded projects to MN/DOT. Administer and authorize projects; obligate funds.	Selected projects receive funding. Project is constructed.

RIGHT-OF-WAY PROCESS

BACKGROUND

All Federal, State, and local public agencies (and others receiving Federal financial assistance for public programs and projects requiring the acquisition of real property) must comply with the policies and provisions set forth in the Uniform Act and its amendments. The current regulations implementing the Uniform Act were first published in the Federal Register of March 2, 1989, and are codified in the Code of Federal Regulations, [Title 49, Part 24-Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs](#). These regulations contain the standards and procedures that acquiring agencies must follow in their appraisal, acquisition, and relocation assistance programs.

Additionally, state and local public agencies using federal funds for transportation programs administered under [Title 23 U.S.C.](#) must adhere to the regulations contained in [Title 23 CFR 710-Right-Of-Way and Real Estate](#) in the administration of their Right-of-Way (ROW) programs.

OPERATING PROCEDURES

The following oversight functional areas involving the Federal-aid ROW program are covered under [49 CFR Part 24 and The Non-Regulatory Supplements](#), which have no provision for exemptions under Title 23 U.S.C.:

- Appraisal
- Acquisition
- Relocation

The work activities listed below are covered under [23 CFR](#) (part) and require specific approval and/or oversight by FHWA:

- [ROW certification \(635.309\)](#)
- [State ROW operations manual \(710.201\)](#)
- [ROW authorization \(710.307\)](#)
- [Air rights on the interstate \(710.405\) & NHS \(710.201\)](#)
- [Airspace leases/joint use agreements \(710.407\)](#)
- [Sale/transfer of excess ROW \(710.409\)](#)
- [Early acquisition, protective buying, and hardship \(710.501 & 503\)](#)
- [Functional replacement \(710.509\)](#)
- [Federal land transfers \(710.601\)](#)
- [Highway beautification \(750\)](#)

The work activities listed below are covered in 23 CFR and do not require specific program or project approvals, but are not exempted from FHWA oversight under Title 23 U.S.C.:

- Direct eligible costs including administrative, legal and court settlements
[Funding and reimbursement 23 CFR 710.203 \(b\)](#)
- [Real property donations 23 CFR 710.505](#)

PROJECT OVERSIGHT

Even though there are no exemptions under the law for any functions covered in [49 CFR PART 24—Uniform Relocation Assistance And Real Property Acquisition For Federal And Federally-Assisted Programs](#), for practical purposes there are two levels of review of those elements. One level depends on whether the project involves ROW acquisition and has Federal-aid in other phases of work but none in ROW. The second level depends on whether there is Federal-aid in the ROW project phases. Although the ROW regulations must be followed under both levels, there is less concern about the reasonableness of the actual dollar expenditures in those projects containing no Federal-aid in the ROW. The primary concerns with these projects are to protect the rights of property owners and displaced persons.

For the second level of projects, there is a dual concern for the rights of property owners and displaced persons and the stewardship of the federal dollars. Continuous review of the State's activities has proven to be an effective means of assuring that the rights of owners and displaced persons are protected as well as monitoring the expenditure of federal funds, and will be continued under this stewardship plan.

Process reviews and program evaluations will be conducted when needs or trends are identified at either of the above project levels. The reviews will be conducted jointly with Mn/DOT personnel whenever possible.

Local Public Agencies (LPAs), i.e., cities and counties, are required to comply with the Uniform Act and its governing regulations found in 49 CFR 24 in the same manner as Mn/DOT. As stipulated in [23 CFR 710.201\(b\) State Responsibilities](#), STAs are responsible for assuring that ROW acquisitions by local public agencies are made in compliance with Federal and State laws and regulations. Mn/DOT exercises its oversight responsibilities in the following ways:

- ! The ROW chapter of the State Aid Manual (Chapter 5.2) provides guidance to LPAs on how to acquire right-of-way in accordance with Federal and State regulations.
- ! District ROW Engineers are required to concur in all LPA ROW certifications that acquisition and relocation have been conducted in accordance with applicable Federal and State laws and regulations. This concurrence indicates that the Mn/DOT District has provided some degree of oversight or is confident about LPA capability and compliance based on previous work experience. Regardless, Mn/DOT has ultimate responsibility for assuring LPA adherence to applicable Federal regulations.
- ! Mn/DOT's State Aid Right of Way Engineer regularly visits LPAs and attends meetings and seminars to provide technical assistance and overall guidance in conforming to applicable Federal and State regulations.
- ! Mn/DOT's State Aid Right of Way Engineer conducts process reviews, independently as well as jointly with FHWA, to assess LPA adherence to Federal regulations and develop recommendations for process improvement.

The attached table identifies the agencies responsible for each 23 CFR activity, approving action, and product under the oversight agreement. If, during the normal approval action, any problems are identified, a process review or Continuous Process Improvement (CPI) review may be scheduled.

Periodic product evaluations will be conducted to ensure that the current process is producing a quality product in conformance with policy. Process reviews and CPI reviews will be the method for evaluating compliance and effectiveness in each of the program areas.

Certain ROW activities are not covered specifically by either 49 CFR or 23 CFR but are a combination of sound business practice and the occasional national emphasis areas, which affect the ROW program. Joint reviews of these topics and their application will be conducted as needed.

REFERENCES

- [49 CFR PART 24—Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs](#)
- [49 CFR 24 Non Regulatory Supplements](#)
- [23 CFR PART 710—Right-Of-Way and Real Estate](#)
- [Mn/DOT Right of Way Manual](#)
- [Mn/DOT State Aid Manual](#)

**RIGHT-OF-WAY PROCESS
Summary Table¹**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Appraisals ²	Review, Certification, and Approval – All Projects	Authorize, Review, and Approve – All Projects (14 days)	Appraisal Reports & Certification
Acquisitions ²	Performance and Approval – All Projects	Authorize, Review, and Approve – All Projects (14 days)	Property Ownership/Title Easements
Relocations ²	Performance and Approval – All Projects	Authorize, Review and Approve – All Projects (14 days)	Approved Relocations
ROW Authorizations and Agreements	Requests	Electronic Signature – All Projects (14 days)	Authorization & Agreements
ROW Certification	Certification Status on All Projects included with “Request for Authorization to Advertise”	Review and approve full oversight projects and , prior to advertisement, public interest findings on all Federal-aid projects (14 days)	Certificates
Functional Replacement (Public Improvements)	Approval and Oversight	Concur (14 days)	Functional Replacement of Real Property
Air Rights – Interstate and NHS	Request (Interstate) Approval (Non-interstate)	Review and Approve (Interstate Only) (14 days)	Airspace Agreement
Leases/joint use agreements	Approval and Oversight – Non NHS	Review and Approve – NHS (14 days)	Lease/Agreements
Disposal of Excess ROW	Approval Non-Interstate & Oversight	Review and Approve – Interstate & Less Than Fair Market Value (14 days)	Property Sale and Revenue to Transportation Fund
Federal Land Transfer	Prepare Request	Review and Approve (90 days)	Transfer Deeds
Early Acquisition, Hardship, Protective Buying	Prepare Submission	Review, Approve, and Authorize (14 days)	Property Ownership
ROW Operations Manual	Prepare Manual	Review and Approve (14 days)	Manual
Highway Beautification	Prepare Request	Review and Approve (14 days)	Manual
Administrative, Legal, and Court Awards	Approve	Stewardship and Oversight	Property Acquisition
Access Control – Disposal and Changes	Request (Interstate) Approve (Non-Interstate)	Review and Approve - Interstate (14 days)	Disposition/Change
Early Acquisition Cost	Approve	Concur (14 days)	Reimbursement/Matching Credit
Turnbacks	Request (Interstate) Approve (Non-Interstate)	Review and Approve - Interstate (14 days)	Turnbacks

¹ See Mn/DOT Right-of-Way Manual

² Mn/DOT may delegate to local agencies

DESIGN MONITORING PROCESS

BACKGROUND

The overall purpose of the design monitoring program is to establish procedures for assuring that projects are constructed in accordance with [23 CFR Part 625 Design Standards for Highways](#), [626 Pavement Policy](#), [627 Value Engineering](#), [630 Pre-construction Procedures](#), [633 Required Contract Provisions](#), [645 Utilities](#), [646 Railroads](#), [650 Bridges](#), [652 Pedestrian and Bicycle Accommodations and Projects](#), [655 Traffic Operations](#), [771 Environmental Impact and Related Procedure](#), [772 Procedures for Abatement of Highway Traffic Noise and Construction Noise](#).

It is FHWA policy that FHWA personnel make sufficient reviews of Federal-aid highway projects to assure that they are designed in accordance with applicable standards and in consideration of appropriate cost-effectiveness strategies. The monitoring of non-full oversight projects operations should include the review of a sufficient number of project designs to assure consistency with the terms of the individual Stewardship Plan. Design and operation reviews of a sample of completed Federal-aid projects should be made to assure the adequacy of current design practice.

OPERATING PROCEDURES

For Federal-aid projects on the Interstate System and the rest of the NHS, the primary objectives of the design monitoring program are:

- ! To maintain a close working relationship between FHWA and Mn/DOT project development personnel.
- ! To promote early involvement in the joint decision making process.
- ! To make value added input at appropriate points in the project development process.
- ! To ensure the integrity of the Interstate system through the review and approval of layouts and Interstate access point additions or modifications.
- ! To promote context sensitive design concepts and to ensure that environmental commitments are incorporated in construction contracts.
- ! To promote improved safety through appropriate use of design standards and guidelines.

There are five types of design reviews that will be undertaken by FHWA for full oversight projects.

- ! Initial Reviews. These are the first project-level reviews. The purposes of initial reviews are to become involved in developing the scope of a project, including involvement in development of an environmental document, and to establish communication with the State personnel administering it. Early involvement maximizes FHWA's ability to participate in Mn/DOT design decisions. During these reviews, the FHWA engineer will be able to determine when major, complex, or unusual design features are involved and whether onsite field inspection and/or a higher level of expertise on specific issues is required.

- ! Intermediate Reviews. These reviews are accomplished during the time the design concepts and major design features are becoming finalized. The purposes of intermediate reviews are to assure that appropriate design considerations are used during layout development, to assure that environmental commitments are observed, to assure cost-effective design alternates are considered, to maintain communication with the highway agency, and to evaluate the quality of the product. On complex projects a formal onsite plan-in-hand review should be conducted and a review team approach will be considered.
- ! Plans, Specifications and Estimates (PS&E) Reviews. These are the last reviews in the preparation of project documents, allowing project authorization to take place. The reviews may utilize a checklist approach and should generally not involve a design review. PS&Es should be prepared in conformance with the guidelines contained in [Non-regulatory Supplement for Part 630, Subpart B](#).
- ! Design Process Reviews. These are reviews that evaluate the adequacy of the processes and procedures used by Mn/DOT on design activities. Their purpose is to provide oversight and control of design methods, techniques, procedures and policies on a statewide or area wide basis. Process reviews can be broad in scope, covering a major design activity such as conceptual studies, preliminary plan development, or PS&E preparation, or they can be more specific, covering such elements as geometrics, pavement design, safety, structures, etc. All process reviews should include a sufficient sampling of actual products and/or projects to assure that the process is producing the intended results. As appropriate, non-full federal oversight projects will be included in the sample of projects inspected as a part of process reviews.
- ! Design and Operation Reviews. These reviews are undertaken for completed projects to evaluate the effectiveness of current design policy and detect design features that can be improved. The reviews should be conducted using a team approach with representatives from various functional areas. Projects should be open to traffic before being considered as candidates for a design and operation review.

In those instances where Mn/DOT has been delegated the authority to act for FHWA in design monitoring, a similar type of program of independent reviews will be conducted.

For projects off the NHS, the objective of the program is to ensure that non- Title 23 U.S.C. requirements are met.

PROJECT OVERSIGHT

General Guidelines

In Minnesota, oversight determinations are made depending on the type and cost of projects.

- ! All Design/Build Projects under 23 CFR 636 will have full Federal oversight.
- ! All Major Bridges on the NHS over \$10 million will have full FHWA oversight.
- ! Interstate construction or reconstruction projects over \$1 million will have full Federal oversight. Highway construction projects on the Interstate System under \$1 million will be administered by Mn/DOT.

- ! Projects on the Interstate System regardless of funding source require concurrence by FHWA that the system is not being degraded. The Interstate System includes all interchanges to the control of access limits.
- ! Full oversight projects will require FHWA approval of design exceptions.
- ! FHWA will review and approve all changes in access control to the Interstate System.
- ! FHWA will review and approve all exceptions to the Mn/DOT Utility [Accommodation Policy on the NHS](#).

State administered projects on the NHS will be administered by Mn/DOT but will be subject to joint FHWA-Mn/DOT process reviews and inspections and must comply with all Federal requirements. Projects off the NHS will be exempt from FHWA design oversight as provided under Title 23 U.S.C. unless specifically requested. Projects off the NHS that are administered through Mn/DOT by local agencies will not be subject to FHWA design oversight as provided under Title 23 U.S.C., unless specifically requested, but will be subject to Mn/DOT oversight in accordance with state laws for State Aid projects.

FHWA Review of Bridge Preliminary and Final Plans

The following apply to Bridge Projects that Require Full Oversight by FHWA, Bridge Projects that Require Partial Oversight by FHWA, and Bridge Projects for which Mn/DOT Maintains Oversight. This is outlined under [FAPG G6012.1 Preliminary Plan Review And Approval](#)

Along with the general guidelines listed above for FHWA project review, following are some specific guidelines for bridges:

- ! Sets of prints of the preliminary plans are distributed to the various offices of Mn/DOT and outside agencies for information, review, and approval, as the case may be.
- ! Approval by all concerned of the proposed structure dimensions, type of construction, and geometrics before the start of final design is one of the most important functions of the preliminary plans. This is particularly true of stream crossings, railroad crossings (over and under) and structures requiring special aesthetic treatment.

Bridge Projects that Require Full Oversight by FHWA:

- ! New or reconstruction (rehabilitation and improvement) bridge projects on the Interstate system (bridges that carry interstate traffic and interchange bridges). Preliminary bridge plans (if prepared) as well as final plans, specifications and estimates (PS&E) will be submitted to FHWA for approval. Final Preliminary plans or substantially complete preliminary plans will be submitted to FHWA as soon as they are developed and prior to proceeding with final design. Final plans at 85 to 90% completion will also be submitted to FHWA for concurrent review. Please note that preliminary plans normally not prepared for bridge improvement type projects.
- ! On the non-Interstate NHS in which the bridge structure estimated cost is equal to or over \$10 million. Preliminary bridge plans and PS&E will be submitted to FHWA for approval. Final Preliminary plans or substantially complete preliminary plans will be submitted to FHWA as soon as they are developed and prior to proceeding with final

design. Final plans at 85 to 90% completion will also be submitted to FHWA for concurrent review.

Bridge Projects that Require Partial Oversight by FHWA

- ! New or reconstruction (rehabilitation and improvement) bridge projects that carry traffic over the Interstate Highway regardless of funding source. Preliminary bridge plans (if prepared) will be submitted to FHWA for approval. Final Preliminary plans or substantially complete preliminary plans will be submitted to FHWA as soon as they are developed and prior to proceeding with final design. This submission is generally for the purpose of evaluating horizontal and vertical clearances on the Interstate system.

Bridge Projects for which Mn/DOT Maintains Oversight

- ! Any bridge project not included in the above full and partial oversight categories. Preliminary plans will be submitted to FHWA with a transmittal letter. FHWA will not require a preliminary cost estimate but would be reviewing the preliminary plan, elevation and the transverse section. It is very important that final preliminary or substantially complete plans be submitted to FHWA as soon as they are developed and prior to proceeding with final design. Note that funding source(s) does not change the above processes. For Mn/DOT oversight projects, a courtesy copy of the letter transmitting preliminary plans for the proposed bridge project will be sent to FHWA (without the plans) for informational purposes.

FHWA Headquarters Bridge Division shall be responsible for the approval of preliminary plans for unusual bridges and structures on the Interstate System. FHWA Headquarters Bridge Division will be available for technical assistance on other Federal-aid and non-Federal-aid highways when requested.

For the purpose of this guidance, unusual bridges are generally those bridges that have: (1) difficult or unique foundation problems, (2) new or complex designs with unique operational or design features, (3) exceptionally long spans, or (4) been designed with procedures that depart from currently recognized acceptable practices.

Examples of unusual bridges include cable-stayed, extradosed, suspension, arch, segmental concrete, movable, or truss bridges. Other examples are bridge types that deviate from AASHTO bridge design standards, or AASHTO guide specifications for highway bridges; bridge types without adopted standards; bridges requiring abnormal dynamic analysis for seismic design; bridges with spans exceeding 152 m (500 feet); and bridges with major supporting elements of "ultra" high strength concrete or steel.

Unusual structures are tunnels, geotechnical structures featuring new or complex wall systems or ground improvement systems, and hydraulic structures that involve complex stream stability countermeasures, or designs or design techniques that are atypical or unique.

Preliminary documents submitted to FHWA Headquarters should include the preliminary design plans and supporting data along with FHWA Division's review comments and recommendations. Supporting information should include bridge/structures related environmental concerns and suggested mitigation measures, studies of bridge types and span arrangements, approach bridge span layout plans and profile sheets, controlling vertical and horizontal clearance requirements, roadway geometry, design specifications used, special design criteria, special provisions (if available) and cost estimates. Hydraulic and scour design studies/reports should also be submitted showing scour predictions and related mitigation measures. Geotechnical studies/reports should be submitted along with information on substructure and foundation types.

REFERENCES

- [23 CFR 625—DESIGN STANDARDS FOR HIGHWAYS](#)
- [23 CFR 627—VALUE ENGINEERING](#)
- [23 CFR 630—PRECONSTRUCTION PROCEDURES](#)
- [23 CFR 635 Subpart D—General Material Requirements](#)
- [23 CFR 650—BRIDGES, STRUCTURES, AND HYDRAULICS](#)
- Mn/DOT Highway Project Development Process (HPDP)
- Layout Table
- [FHWA Contract Administration Manual:](#)
- [SEP-14 – Alternative Contracting Guidance Document](#)

**DESIGN MONITORING PROCESS
Summary Table**

WORK ACTIVITY	FULL FEDERAL OVERSIGHT PROJECTS		STATE ADMINISTERED OVERSIGHT PROJECTS ON THE NHS		STATE/LOCAL ADMINISTERED OVERSIGHT PROJECTS OFF THE NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION	Mn/DOT¹ ACTION	FHWA ACTION
Preliminary Alternatives Layout Concepts & Design Speed (HPDP Process Step 3)	Prepare	Comment (14 Days)	Prepare and Comment ²	Comment ² (14 Days)	Prepare and Comment	None
Design Exceptions	Prepare	Approve (14 Days)	Approve ³	None	Prepare and Approve	None
Utility Accommodation Policy Exceptions	Prepare	Approve (14 Days)	Prepare	Approve (14 Days)	Prepare and Comment	None
Engineering and Operations Analysis (Necessary for Formal Interstate Access Modification)	Prepare (Follow HPDP Part II, Sect. C. Project Reports, Other:)	Approve (14 Days to Approve or forward to HQ for Approval)	Prepare (Follow HPDP Part II, Sect. C. Project Reports, Other:)	Approve (14 Days to Approve or Forward to HQ for Approval)	N/A	N/A
Final Layout	Prepare	Approve (14 Days)	Approve ⁴	None	Prepare and Approve	None
Interstate Access Modification	Prepare	Approve (14 Days)	Prepare	Approve (14 Days)	N/A	N/A
Design Memo	Approve	Comment (14 Days)	Approve	None	Prepare and Approve	None
Value Engineering	Complete	Information	Complete	None	Not Required	None
Public Interest Finding Letter (Special Products, Sole Source Specifications, Proprietary Items, State furnished materials Force accounts projects, etc.)	Prepare	Approve (14 Days)	Prepare	Approve	Prepare	Approve
Bridge Preliminary Plan Review (TS&L, structure type, & foundation review) for projects, cost less than \$10 million	Prepare	Approve (7 days)	N/A	N/A	N/A	N/A
Bridge Preliminary Plan Review (TS&L, structure type, & foundation review) for projects, cost greater than or equal to \$10 million	Prepare	Approve (15 days)	N/A	N/A	N/A	N/A
Bridge Preliminary Plan (partial oversight as described above)	N/A	N/A	Prepare	Comment (7 days)	Prepare	Comment (7 days)
Bridge Final Plan (draft – 85 to 90% completion)	Prepare	Comment	N/A	N/A	N/A	N/A

¹ Activities may be delegated to local agencies in accordance with an approved agreement.

² Freeway and multi-lane divided arterials for major construction and reconstruction on the NHS.

³ State Design Engineer approves all design exceptions on the NHS.

⁴ State Design Engineer approves final layouts for freeways and high speed multi-lane highways (expressways) as defined in the Mn/DOT Road Design Manual 2-5.04.02.02 for major construction and reconstruction on the NHS.

**DESIGN MONITORING PROCESS
Summary Table
(continued)**

WORK ACTIVITY	FULL FEDERAL OVERSIGHT PROJECTS		STATE ADMINISTERED OVERSIGHT PROJECTS ON THE NHS		STATE/LOCAL ADMINISTERED OVERSIGHT PROJECTS OFF THE NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ¹ ACTION	FHWA ACTION
Bridge Consultant services contract administration procedures ⁵	Prepare	Comment	N/A	N/A	N/A	N/A
RFP (Design Build)	Prepare	Approve	Prepare	Approve	N/A	N/A
SEP 14 and SEP 15	Prepare	Approve	Prepare	Approve	Prepare	Approve
PS&E	Prepare	Approve (14 Days)	Approve ⁶	None	Prepare and Approve ⁶	None

⁵ This is applicable to bridge design contracts only if the design fee is paid by federal dollars; if not, it applies to construction contracts only.

⁶ All PS&E packages for State Administered Projects are approved by Mn/DOT Office of Technical Support and Mn/DOT Office of Land Management if ROW is involved.

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Engineering and Design Related Service Contracts	Formal request including written procedures	Approval	Alternate Procedures
Utility Accommodation Policy Exceptions for Mn/DOT Permits on NHS	Prepare	Approve (14 days)	Issued Permit
Buy America waiver	Prepare	Approve (14 days)	Waiver
Warranty Projects (NHS projects only)	Prepare request on case by case or program basis	Review and Approve specifications	Warranty specifications
New/revised standard drawings	Prepare (approve for Non-NHS projects)	Approve (for NHS projects)	New/revised drawings
New/revised specifications	Prepare	Approve	New/revised specifications
Process for development of contract time	Prepare	Approve	Written procedures for the determination of contract time
Process for development of engineer's estimate	Prepare	Review	Written procedures for the development of an engineer's estimate
Manuals, Updates, and Directives	Prepare and Approve	Review and Comment (21 days)	Manuals, Updates and Directives
Revisions to Bridge Design Manual	Prepare	Approve ¹ (5 days)	Revised design policies and procedures
New/revised bridge standard drawings (standard plan, Detail I and Detail II manual)	Prepare	Approve ¹ (5 days)	New/revised drawings
New/revised bridge construction specifications	Prepare	Approve ¹ (5 days)	New/revised construction specifications
3R (Resurfacing, Restoration, and Rehabilitation) Standards for NHS	Prepare	Approve (14 days)	Approved 3R Standards

¹ Approval is not required for changes that are only editorial. Mn/DOT, if necessary, will hold a meeting to discuss and approve changes on the spot. Formal approval is not required when FHWA is part of decision making process.

LOCAL PUBLIC AGENCY DELEGATION PROCESS

BACKGROUND

For projects not on the NHS, Mn/DOT is required to assume many of the oversight and stewardship responsibilities of the FHWA.

For projects under this title that are not on the National Highway System, the State shall assume the responsibilities of the Secretary under this title for design, plans, specifications, estimates, contract awards, and inspection of projects, unless the State determines that such assumption is not appropriate. [23 U.S.C. 106 (c) (2)]

Mn/DOT, in turn, is permitted to delegate certain responsibilities, under its supervision, to local agencies (cities, counties, private organizations, or other state agencies) under federal regulation [23 CFR 1.11 Engineering services](#) and [23 CFR 635.105 Construction and Maintenance](#). [Minnesota Statute Section 161.36](#) authorizes Mn/DOT to act as agent and to accept federal funds on behalf of local agencies for transportation projects.

This chapter documents the delegation of responsibilities from FHWA to Mn/DOT and the further delegation of responsibilities from Mn/DOT to local agencies for projects off the NHS and the Trunk Highway system. Projects on the NHS or Trunk Highway system will follow the processes and procedures identified in the Stewardship Plan for NHS projects or as agreed between Mn/DOT and FHWA on a case-by-case basis.

PROGRAM OVERSIGHT

Mn/DOT, in accordance with 23 CFR 1.11 and 635.105, is responsible for ensuring the local public agency is qualified and equipped to administer project(s). In addition, SAFETEA-LU Section 1904 requires that...

“(A) In general,--the States shall be responsible for determining that subrecipients of Federal funds under this title have—

(i) adequate project delivery systems for projects approved under this section, and

ii) sufficient accounting controls to properly manage such Federal funds.”

Mn/DOT will monitor compliance of the local public agency with these requirements through annual audits of projects, and periodic inspections and reviews of the local public agency staffs and procedures as needed.

OPERATING PROCEDURES

Non-NHS and non-Trunk Highway projects administered through Mn/DOT's State Aid for Local Transportation Division (SALT) in partnership with local agencies will be planned, designed, constructed, operated, and maintained in accordance with State laws, regulations, directives, safety standards, design standards, and construction standards, in lieu of many Title 23 U.S.C. requirements ([23 CFR 625.3 Application](#)). Title 23 U.S.C. requirements that are applicable to all Federal-aid projects can be found in the [Contract Administration Core Curriculum Participant's Manual and Reference Guide 2006](#). (see Appendix C). All non-NHS projects must comply with all non-Title 23 U.S.C. requirements.

By written agreement, Mn/DOT may delegate all or some project activities to local public agencies, whether or not Federal-aid is used for the activity. Those activities include, but are not limited to:

- Planning and Programming
- Environmental studies
- Procurement of consultant services
- Preliminary design
- Right of Way
- Work by local forces or utility companies
- Preparation of plans, specifications and estimates
- Preparation of bid proposal package
- Advertisement for letting
- Contracting
- Contract administration
- Inspection

Mn/DOT will use the Delegated Contract Process (DCP) for projects for which the contracting is delegated to local agencies. The DCP delegates as many activities to local agencies as permitted by federal regulations and laws. DCP projects are administered in a similar way as state-aid funded projects, with the addition of applicable Title 23 U.S.C. requirements and all non-Title 23 U.S.C. regulations associated with Federal-aid.

A DCP Agency Agreement will be executed between Mn/DOT and the local public agency to outline the responsibilities of both Mn/DOT and the local public agency. If an agency is not considered capable of accepting the degree of delegation in the DCP, a project specific agency agreement will be written detailing an acceptable level of delegation for that project. An example of a DCP agreement can be found on the [State-Aid website](#).

For each project, Mn/DOT retains its State Highway Agency responsibilities as described in Federal laws and regulations for all delegated activities. Mn/DOT will provide the necessary processes, approvals, oversight, and review to ensure that delegated projects receive adequate supervision and inspection, and that they are completed in conformance with approved plans and specifications and applicable federal requirements. While Mn/DOT will offer any training, advice, or other assistance as may be needed by a local public agency to aid it in successfully completing its Federal-aid project, it is understood that the project is controlled by the local

public agency. As such, Mn/DOT cannot compel a local public agency to change a course of action that it is determined to take, and in the worst-case scenario, Mn/DOT's only recourse is to remove Federal-aid funds from the project. The following activities will not be delegated to local agencies:

- NEPA approval
- Design Exception approval
- Right of Way certification
- Plan Approval
- DBE Goals
- Labor compliance enforcement
- Final Inspection and Acceptance
- Project Audit
- Public Interest Findings

PROJECT OVERSIGHT

To the extent permitted in [23 U.S.C. Section 109\(o\) Compliance With State Laws for Non-NHS Projects](#), non-NHS projects administered through Mn/DOT's State Aid For Local Transportation Division (SALT) acting as an agent, local agencies will follow state laws, rules, and standards as for state-aid funded projects, in lieu of Title 23 requirements. Mn/DOT will enforce compliance with applicable Title 23 U.S.C. requirements and all non-Title 23 U.S.C. federal regulations. (see Appendix C)

Mn/DOT's State Aid Division will provide project level oversight to all locally-led Federal-aid projects, with key points of oversight summarized as follows:

1. The sponsoring local public agency's qualifications will be reviewed and the agency's staffing plan approved by Mn/DOT prior to using the Delegated Contract Process.
2. The project's environmental impacts, scope, schedule, cost, and design standards will be reviewed and approved by Mn/DOT through the NEPA environmental document approval process. FHWA approves environmental documents not covered by the Programmatic Categorical Exclusion Approval Agreement.
3. Right-of-way acquisition will be reviewed and approved by Mn/DOT prior to requesting project authorization.
4. Projects will be designed in accordance with the State Aid Operations Rules Chapter 8820, the State Aid Manual, and/or Mn/DOT Road Design Standards and Guidelines where appropriate. Where these are silent, AASHTO guidelines will apply. Deviations from geometric design standards will be handled as design exceptions in accordance with the State Aid Manual. Construction plans will be reviewed and approved, and required Federal-aid special provisions provided by Mn/DOT prior to requesting authorization.
5. FHWA authorizes all projects.
6. Projects will be constructed in accordance with the current edition of Mn/DOT's Standard Specifications for Construction, State Aid Operations Rules Chapter 8820, and the State Aid Manual. Mn/DOT will monitor construction and perform final inspections prior to the close of the contract.

REFERENCES

- [23 U.S.C.](#)
- [42 U.S.C Chapter 21 Civil Rights](#)
- [23 CFR](#)
- [49 CFR](#)
- [The Contract Administration Core Curriculum Participant's Manual and Reference Guide 2006](#)
- [State Aid Operations Rules 8820](#)
- [State Aid Manual](#)
- [Highway Project Development Process \(HPDP\)](#)

**DELEGATION PROCESS
SUMMARY TABLE**

The following table summarizes typical activities for Federal-aid projects delegated to local agencies, and applies only to projects off the NHS. This table is not necessarily complete for all projects and does not apply to projects on the NHS. Refer to other portions of this agreement for a complete listing of activities.

WORK ACTIVITY	District State Aid ACTION	SALT & Mn/DOT ACTIONS	FHWA ACTION	OUTCOME
PROGRAMMING				
Formal STIP Amendments	Upon request of local public agency and with concurrence of DSAE, District prepares draft amendment and if in MPO area obtains MPO approval. Districts obtain necessary approval/ concurrence from their ATP. Districts send amendment to OIM (7 days).	OIM finalizes and submits per 23 CFR 450.216 and 450.220 according to procedures as defined in STIP Guidance (14 days).	Notification of Status if problematic (14 days) If not problematic, Review and Approve (21 days)	Approved STIP Amendment By Endorsement of Request.
Administrative STIP Modifications	Upon request of local public agency and with concurrence of DSAE, District prepares draft amendment and sends to OIM (7 days).	OIM reviews and forwards to FHWA (7 days).	Comments or Questions (5 days)	Change to the STIP if no comment from FHWA
APPROVAL OF DELEGATION OF CONTRACT				
Request to use Delegated Contract Process (DCP)	Review and approve DCP request.	Execute a DCP agreement (if needed).	None	Approved DCP project sponsor.
PUBLIC INTEREST FINDINGS				
Request for a Public Interest Finding (PIF)	Review and concur in the local public agency request.	Review and recommend request for approval.	Approve request	Approved PIF
ENVIRONMENTAL DOCUMENTATION				
Environmental documents will be prepared in accordance with Mn/DOT's HPDP Manual and the State Aid Manual. Delegation of environmental document approval will be in accordance with the Programmatic Categorical Exclusion Approval Agreement Between FHWA and Mn/DOT. Key steps are summarized here to provide a complete list of delegated activities.				
PROJECT MEMORANDUM				
Programmatic Categorical Exclusion Project Memo	Review local public agency prepared document and recommend for approval.	Review and approve ¹	Periodic audit	Approved CE
Preliminary Non-Programmatic Categorical Exclusion Project Memo	Review local public agency prepared document and recommend for approval.	Review and Submit for FHWA review	Review and Comment (30 days)	Comments

¹ Approval may be delegated by State Aid Engineer to District(s).

**DELEGATION PROCESS
SUMMARY TABLE (continued)**

WORK ACTIVITY	District State Aid ACTION	SALT & Mn/DOT ACTIONS	FHWA ACTION	OUTCOME
Final Non-Programmatic Categorical Exclusion Project Memo	Review local public agency prepared document and recommend for approval.	Review and Approve. Submit to FHWA for approval.	Approve CE (14 days)	Approved CE
ENVIRONMENTAL ASSESSMENT				
Preliminary Environmental Assessment	Review local public agency prepared document and recommend for approval.	Review. Submit to FHWA for review.	Review and Comment (30 days)	Comments
Environmental Assessment	Review local public agency prepared document and recommend for approval.	Review. Submit to FHWA for review.	Approve EA (14 days)	Approved EA
Preliminary EA Update	Review local public agency prepared document and recommend for approval.	Review. Submit to FHWA for review.	Review and Comment (30 days)	Comments
Final EA Update and request for Finding of No Significant Impact (FONSI)	Review local public agency prepared document and recommend for approval.	Review and approve. Submit to FHWA for approval.	Prepare and Issue FONSI (14 days)	FONSI
ENVIRONMENTAL IMPACT STATEMENT				
Environmental Impact Statement	FHWA, Mn/DOT, and the local public agency will meet to determine the appropriate level of delegation and oversight on a case-by-case basis.			Approved EIS
SECTUIN 4 (f) EVALUATION				
Preliminary Programmatic Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Review and Comment (30 days)	Comments
Programmatic Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Approve Programmatic Section 4 (f) Evaluation (14 days)	Approved Section 4 (f) Evaluation
Preliminary Draft Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Review and Comment (30 days)	Comments
Draft Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Review Draft Section 4 (f) Evaluation (14 days). Distribute to Dept. of Interior for Comment (45 days minimum review)	Approved Draft Section 4 (f) Evaluation
Preliminary Final Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Review and Comment Acquire Legal Sufficiency (30 days)	Comments Legal Sufficiency Review
Final Section 4 (f) Evaluation	Review local public agency prepared document and submit to SALT.	Review. Submit to FHWA for review.	Approve Final Section 4 (f) Evaluation (14 days). Distribute to Dept. of Interior for information	Approved Final Section 4 (f) Evaluation

**DELEGATION PROCESS
SUMMARY TABLE (continued)**

WORK ACTIVITY	District State Aid ACTION	SALT & Mn/DOT ACTIONS	FHWA ACTION	OUTCOME
Section 106 Adverse Effect Determination	None.	Prepare and submit to FHWA for determination.	Make determination and forward to the Advisory Council on Historic Preservation (30 days)	Adverse Effect Determination
SECTION 106				
Section 106 Memorandum of Agreement	None.	Review and recommend for approval. Prepare, acquire signatures and submit to FHWA for approval.	Sign MOA (14 days)	Executed Section 106 MOA
ENVIRONMENTAL DOCUMENT RE-EVALUATION				
Preliminary Formal Written Re-evaluation (required for Environmental Documents which have had no FHWA approval within 3 years)	Review local public agency prepared document and recommend for approval.	Review and Submit for FHWA review.	Review and Comment (30 days)	Comments
Formal Written Re-evaluation	Review local public agency prepared document and recommend for approval.	Review and approve. Submit to FHWA for approval.	Approve Re-evaluation (14 days)	Re-evaluation
DESIGN MONITORING				
Design Memo	Review local public agency prepared document and recommend for approval.	Review and approve. ¹	None	Approved Design Study Report
Design Exceptions	Review local public agency prepared document and recommend for approval.	Review and approve.	None	Approved Design Exception
Preliminary Bridge Plan	None.	Review and comment by State Aid Bridge.	None	
Final Plans, Specifications and Estimate (PS&E)	Review and recommend for approval.	Review and approve. Approval delegated to: Metro District. Periodic audit.	None	Final Plans, Specifications and Estimate (PS&E)
AUTHORIZATION				
Approval of Federal Project Authorization/ Agreement Form	Request preparation of authorization request from SALT.	SALT prepares authorization request and submits to OIM. OIM approves the authorization request, prepare the agreement, and submits both to FHWA.	Approval of Federal Project Authorization/Agreement Form	Authorized Project
ADVERTISING AND AWARD				
Advertisement	For District approved plans, District provides required ad language for local public agency prepared ad. ¹	For SALT approved plans, SALT provides required ad language for local public agency prepared ad. ¹	None	Advertisement for Bids

¹ Approval may be delegated by State Aid Engineer to District(s).

**DELEGATION PROCESS
SUMMARY TABLE (continued)**

WORK ACTIVITY	District State Aid ACTION	SALT & Mn/DOT ACTIONS	FHWA ACTION	OUTCOME
PS&E Addendums	Review and approve addendums for Federal eligibility and scope change and notify SALT.	None.	None	
Concurrence in Award	Review bid documentation as required by DCP.	EEO Office reviews contractor's DBE information and certifies participation.	None	Contract approved for bid award.
CONSTRUCTION				
Buy America Waiver	Review and concur in the local public agency request.	Review and recommend request for approval.	Approve request ¹	Approved Waiver
Supplemental Agreements and Change Orders	Review and approve for Federal and state-aid participation. Approval after-the-fact permitted for amounts less than \$10,000.	None ²	None ³	Approved Supplemental Agreement or Change Order
Construction Monitoring	Periodic field reviews as necessary	Periodic Audits	None	
Materials Certification	Review and address issues.	Periodic Audits	None	
Final Construction Inspection	Inspect and approve for final acceptance and payment.	None	None	

¹ If over \$50,000, approval by FHWA headquarters is required.

² For projects not capped, a modified project agreement is needed.

³ For projects not capped, FHWA approval of the modified project agreement is required.

PROGRAMMING AND PROJECT AUTHORIZATION/AGREEMENT PROCESS

BACKGROUND

Programming Process

SAFETEA-LU requires an opportunity for early and continuous involvement in the development in the [State Transportation Improvement Program \(STIP\)](#). Mn/DOT's response to federal requirements was to develop a process with a sub-state geographic focus on transportation decisions. The decentralized Area Transportation Partnership (ATP) process was designed to provide a geographic basis for integrating the transportation priorities within the regions of the state. The transportation priorities come from the planning processes of the transportation partners (see Planning Process). The ATP process depends on transportation partner involvement in the development of a regional program of priority projects.

Funding flexibility and expanded project eligibility under SAFETEA-LU have given decision makers more options to address transportation priorities. Public involvement in transportation issues and decision making is vital because of expanded eligibility and diversity. Minnesota's ATPs provide for early and continuous involvement in the development of the STIP. The process incorporates the public involvement activities of the partners, namely Metropolitan Planning Organizations (MPOs), Regional Development Commission (RDCs), counties, and cities into their roles in the ATPs. A more complete discussion of the relationship between ATPs, MPOs and RDCs can be found in the [STIP Guidance](#).

Project Authorization/Agreement Process

Ultimately, FHWA is accountable for ensuring that the Federal highway program is delivered consistent with the established requirements. For projects on the National Highway System but not on the Interstate System, Mn/DOT may assume the responsibilities for design, plans, specifications, estimates, contract awards, and inspections of projects unless Mn/DOT and FHWA determines that such an assumption is not appropriate. For projects not on the National Highway System, Mn/DOT shall assume the responsibilities for design, plan, specifications, estimates, contract awards, and inspection of projects, unless Mn/DOT and FHWA determines that such assumption is not appropriate. Mn/DOT and FHWA will enter an agreement formalizing the conditions of the project authorization/agreement. The execution of the project agreement shall be deemed a contractual obligation of the Federal Government for the payment of the Federal share of the cost of the project.

OPERATING PROCEDURES

Programming Process

Mn/DOT uses ATPs in developing the STIP. ATPs are sub-state, multi-county, geographically based partnerships composed of representative membership from cities, counties, RDCs, MPOs, and state agencies. Counties, cities, RDCs, and MPOs appoint representatives, many of whom

are elected officials, to sit on the ATPs. The ATP process was specifically developed to bring a broader cross section of public and private interests to transportation decision-making. The ATP process and membership continue to evolve. Other methods, in addition to obtaining input from ATPs concerning content of the STIP, are used to encourage public involvement, including newsletters, newspaper articles, mailings, and press releases. In addition, the draft STIP is made available for public comment annually.

Mn/DOT uses a mechanism entitled “[Target Funding](#)” to guide the programming process. ATPs are given estimates of the amount of federal highway and state highway funding they will receive and integrate the project priorities submitted by each partner, to be included in the STIP.

REFERENCES

- [23 CFR 450](#)
- [Mn/DOT STIP Guidance](#)

**PROGRAMMING PROCESS
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Metropolitan Transportation Improvement Program (TIP)	Districts work with MPOs to ensure consistency between TIPs and STIP and assure that MPO TIPs meet federal requirements. Districts submit MPO TIPs to OIM. OIM reviews and approves MPO TIPs per 23 CFR 450.312 reference to 23 CFR 450.324 through 330. OIM sends to FHWA no later than submittal of STIP.	Review and make joint planning finding with FTA. Make conformity determination as appropriate. Approval of MPO TIPs for inclusion in STIP. Same timeframe as STIP approval (approval part of STIP letter).	TIPs accepted for inclusion in STIP.
Draft STIP (list of projects)	Districts submit draft ATIPs to OIM by April 15. OIM develops draft STIP based on funding constraints. OIM announces availability of STIP for public review in State Register (May). Draft STIP sent to FHWA and ATPs for review and comment (May).	Review and comment on draft STIP projects. Comments to be provided to OIM or discussed at a joint meeting by mid-July.	Facilitates timely approval of Final STIP.
STIP Draft Financial Plan	OIM prepares a draft financial plan for the STIP and sends to FHWA by August 1.	Review and comment. (21 days)	Facilitates timely approval of Final STIP.
STIP Approval	OIM prepares and submits Final STIP (per 23 CFR 450.216 and 450.220 including certification) no later than September 30.	Review and approve jointly with FTA. Send approval letter within 60 days, providing FTA provides signature of approval within this timeframe.	Letter of Approval Signed By FHWA & FTA.
Formal STIP Amendments	Districts prepare draft amendment and if in MPO area obtains MPO approval. Districts obtain necessary approval/concurrence from their ATP. Districts send amendment to OIM (7 days). OIM finalizes and submits per 23 CFR 450.216 and 450.220 according to procedures as defined in STIP Guidance (14 days).	Notification of status if problematic (14 days). If not problematic, Review and Approve (21 days)	Approved STIP Amendment By Endorsement of Request.
STIP Administrative Modifications	Districts prepare draft modification and sends to OIM (7 days). OIM reviews and forwards to FHWA (7 days).	Comments or questions (5 days)	Change to the STIP if no comment from FHWA
STIP Development Guidance	OIM prepares draft. Solicits comments from offices, districts, FHWA etc. (30 days)	Review and Comment (30 days)	Final STIP Guidance
STIP Funding Guidance	OIM and Mn/DOT Finance develop annual funding forecasts. OIM, FHWA, and Metro Planning meet to review funding guidance. OIM prepares annual funding Guidance and sends to ATPs and FHWA.	Participates in review meeting for the financial forecasts. Receives copy of STIP Funding Guidance	Common knowledge of STIP target funding levels

Project Authorization/Agreement Process

Once a STIP is approved, authorization to proceed with a project is accomplished by FHWA after a specific request is received from Mn/DOT. 23 CFR 635 states that for FHWA Authorization to advertise the physical construction for bids or to proceed with force account construction thereof shall not be given until all of the following conditions have been met:

- PS&E approved
- ROW clear
- Utilities coordinated
- Public involvement accomplished
- Soil erosion minimized
- Environmental documents approved and commitments will be met
- All signing in conformance with MUTCD
- Project is in a current approved STIP or amended into the current approved STIP

For full oversight projects, FHWA will obtain all required documentation at the time authorization is requested. FHWA will then review the documentation including the PS&E to ensure that all project requirements are met. For projects on the NHS with state administered oversight, Mn/DOT will certify that all requirements have been met in accordance with this agreement and all applicable laws and standards. In both of these cases, FHWA's authorization will constitute approval to advertise and must be based on a completed PS&E. Bridge projects requiring early steel contracts for efficient project construction (Early Steel Exception) must submit a formal request to FHWA for review and approval. This request must demonstrate the best interest of the public.

For projects off the NHS, Mn/DOT may approve a project to be advertised in advance of FHWA authorization based on the project being identified and included in the approved STIP. Authorization can then be requested at a later date. **However, FHWA will not participate in costs incurred prior to the date of authorization.** In requesting federal authorization, Mn/DOT prepares a Project Authorization/Agreement form for each Federal-aid highway and highway planning and research project eligible for Federal-aid funding.

Project Oversight

Mn/DOT will ensure that all applicable conditions from the above list are met before the project is submitted for advertisement. Upon successful completion of conditions, Mn/DOT will prepare a Project Authorization/Agreement form for FHWA approval. A copy of the form can be found at www.oim.dot.state.mn.us.

REFERENCES

- 23 CFR 1
- 23 CFR 630
- 23 CFR 635
- [Mn/DOT STIP Guidance](#)

**PROJECT AUTHORIZATION/AGREEMENT PROCESS
Summary Table**

SUMMARY						
WORK ACTIVITY	Mn/DOT ACTION		FHWA ACTION		OUTCOME	
Approval of Federal Project Authorization/ Agreement Form	Completion of Federal Project Authorization/ Agreement Form		Approval of Federal Project Authorization/Agreement Form		Authorized Project	
DETAIL						
WORK ACTIVITY	FULL FEDERAL OVERSIGHT PROJECTS		STATE ADMINISTERED OVERSIGHT PROJECTS ON THE NHS		STATE/LOCAL ADMINISTERED OVERSIGHT PROJECTS OFF THE NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION	Mn/DOT¹ ACTION	FHWA ACTION
Authorization to Advertise	Prepare Advertisement	Approve Advertisement (14 days)	Prepare Advertisement	Approve Advertisement (14 days)	Prepare Advertisement	None
PS&E Addendums	Prepare	Approve (7 days)	Approve	None	Approve	None
Utility Agreements	Prepare	Approve (14 days)	Approve	None	Approve	None
Municipal Agreements (Include in the PS&E Package)	Approve	Review	Approve	None	Approve	None
ROW Certification (Include in PS&E Package)	Prepare	Approve (14 days)	Prepare	None	Prepare	None
Permits (Include in PS&E Package)	Obtain Permits	Review Permits	Obtain Permits	None	Obtain Permits	None
Consultant Selection	Approve Consultant	Approve Alternate Procedures	Approve Consultant	None	Approve Consultant	None
Experimental Features	Prepare	Approve (14 days)	Approve	None	Approve	None
Pavement Design/Soils Letter (Included in the PS&E package)	Approve	Review	Approve	None	Approve	None
Life Cycle Cost Analysis	Approve	Review	Approve	None	Approve	None
Early Steel Contracts	Prepare and submit to FHWA	Approve (14 days)	Prepare and submit to FHWA	Approve (14 days)	Prepare and submit to FHWA	Approve (14 days)

¹ Activities may be delegated to local agencies in accordance with an approved agreement

INTELLIGENT TRANSPORTATION SYSTEMS (ITS) PROCESS

BACKGROUND

The [SAFETEA-LU](#) ITS program provides for the research, development and operational testing of Intelligent Transportation Systems aimed at solving congestion and safety problems, improving operating efficiencies in transit and commercial vehicles and reducing the environmental impact of growing travel demand.

ITS projects and programs are funded through regular Federal-aid funding and [Section 5208](#) and [5210](#) of [TEA-21](#), [Section 1201 – Real Time Information](#) and [Section 1303 – Coordinated Border Infrastructure of SAFETEA-LU](#) provided incentive funding for integrated deployment of ITS, [SAFETEA-LU](#) further clarified the use of Federal-Aid categories for ITS. NHS and STP Funds may be spent on infrastructure-based ITS capital improvements as well as Management and Operations of ITS systems.

Other ITS Projects funds may be distributed by FHWA's Office of Operations and Office of Research for programs such as IVI and others. These funds are generally provided through project agreements with those program offices versus through the Division Office with all other funds. The Division Office will provide assistance with those projects, but will not generally participate in financial transactions unless that assistance is requested by the program office.

OPERATING PROCEDURES

The applicable legislation for ITS projects is [23 CFR 940 Intelligent Transportation System Architecture and Standards](#). This section of 23 CFR describes the regulation projects that contain ITS components must follow. Projects that contain ITS components must adhere to regulations detailed in the [ITS Regional Architecture and System Engineer Process](#):

- [23 CFR 940.9 Regional ITS architecture](#) - An ITS regional architecture shall be developed to guide the development of specific projects and programs.
- [23 CFR 940.11 Project implementation](#) – All ITS projects shall be designed using a system engineering process.

PROJECT OVERSIGHT

The Office of Traffic Engineering and Intelligent Transportation Systems is responsible for statewide architecture and ITS standards. FHWA approved the statewide architecture in 2002. This architecture is being update in 2006 and will be updated as the ITS program evolves and resubmitted to FHWA for periodic review.

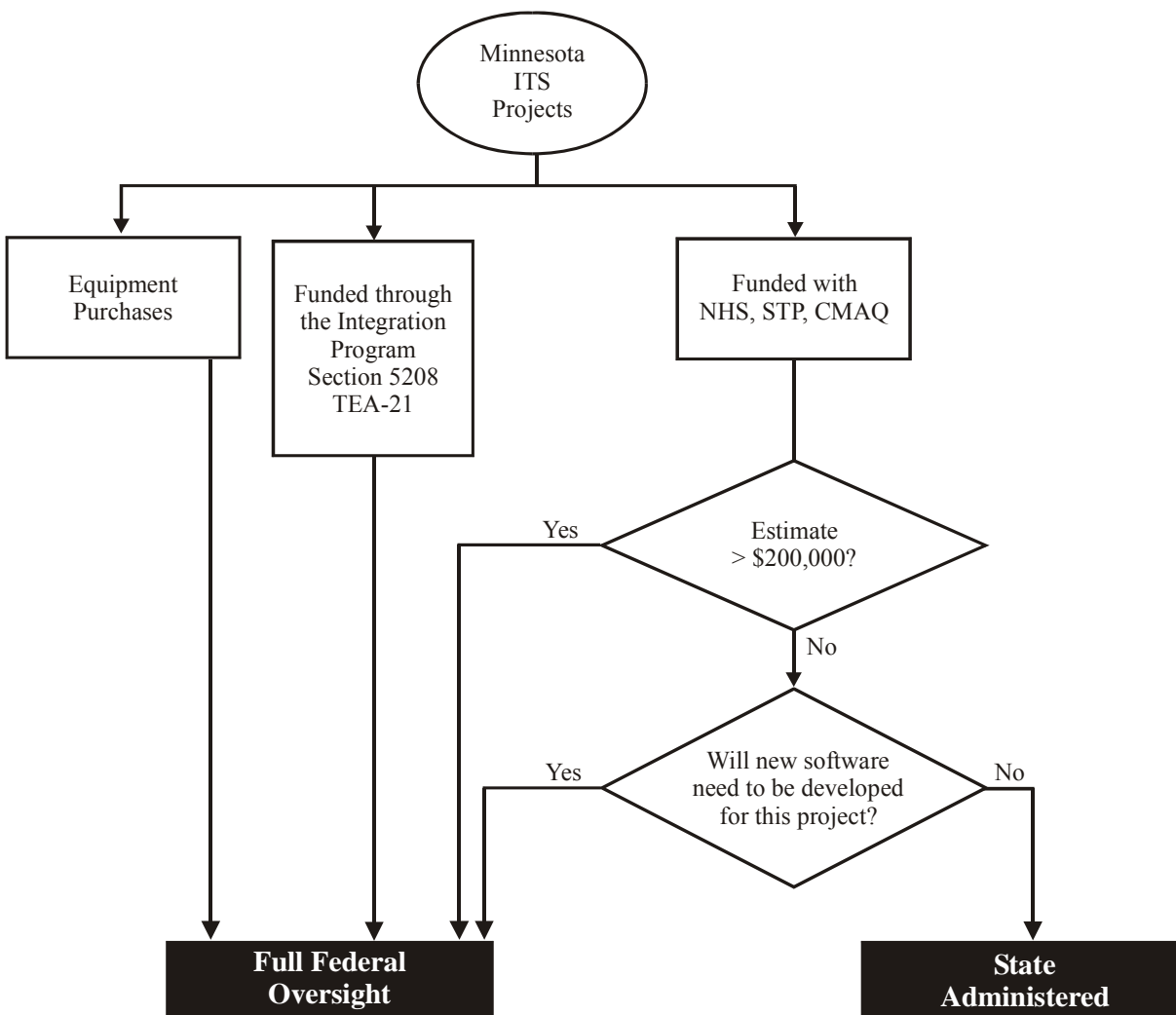
- [Systems Engineering Analysis - 23 CFR 940.11 Project implementation](#). All ITS projects shall be based on a systems engineering analysis. The National ITS Architecture is a resource that should be used in the development of ITS projects. The analysis should be on a scale commensurate with the project scope.

The Project Sponsors will submit a systems engineering report with the project's PS&E package for FHWA approval and/or a system engineering plan with an ITS Work Order.

- Project Administration - 23 CFR 940.13 Project administration. Prior to authorization of highway trust funds for construction or implementation, there shall be a demonstrated linkage to the ITS regional architecture or to the ITS integration strategy, and a commitment to the operations, management and maintenance of the overall system.

The Project Sponsors shall demonstrate a linkage to the ITS regional architecture and a commitment to the operations, management and maintenance of the overall system to FHWA prior to the authorization of highway trust funds for construction or implementation. The project sponsors shall demonstrate that ITS projects conform to the system engineering and conformity requirements provided in 23 CFR 940.11 Project implementation to FHWA before the project can advance to design or preliminary engineering phase.

BASIC FRAMEWORK FOR ITS PROJECT OVERSIGHT RESPONSIBILITIES



REFERENCES

- [23 CFR 940—INTELLIGENT TRANSPORTATION SYSTEM ARCHITECTURE AND STANDARDS](#)

**INTELLIGENT TRANSPORTATION SYSTEM PROCESS
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION & Office	FHWA ACTION	OUTCOME
MOU, Work Plan, Schedule, and Budget	Prepare and Submit	Approve (14 days)	MOU, Work Plan, Schedule, and Budget
	<i>OTSO</i>		
Self-Evaluation Report	Prepare and Submit	Approve (14 days)	Self-evaluation Report
	<i>OTSO</i>		
Copies of all project reports, quarterly progress reports, correspondence, meeting announcements, and meeting minutes	Prepare and Submit	Information	Reports or Updates
	<i>OTSO</i>		
Work Orders for individual activities within the project	Prepare and Submit	Approve (14 days)	Work Orders
	<i>OTSO</i>		
Update and Maintenance of Regional Architecture	Prepare and Submit	Approve (14 days)	Updated Regional Architecture
	<i>OTSO</i>		
Completion of System Engineering Plan & Report	Prepare and Submit	Approve (14 days)	Complete System Engineering Requirement
	<i>OTSO</i>		
Value Pricing/MnPASS Deployment Projects	RFP or PS&E	Approve (14 days)	Approval or Authorization

CONSTRUCTION AND CONTRACT ADMINISTRATION PROCESS

BACKGROUND

FHWA Minnesota Division's construction and contract administration stewardship and oversight program is structured around the [1991 ISTEA Program Efficiencies Agreement](#) as modified by [TEA-21](#) and [SAFETEA-LU](#). The overall purpose of the construction-contract administration stewardship and oversight program is to establish procedures for assuring that projects are administered and constructed in accordance with [23 CFR 635—CONSTRUCTION AND MAINTENANCE, PART 636 – DESIGN-BUILD CONTRACTING, PART 637 – CONSTRUCTION INSPECTION AND APPROVAL](#). In general Mn/DOT has responsibility for the construction of all Federal-aid projects & for ensuring that such projects receive adequate supervision and inspection to ensure that Projects are completed in conformance with approved plans and specifications.

OPERATING PROCEDURES

For Full Federal Oversight Projects (excluding State administered projects), the primary objectives of the construction-monitoring program are:

- ! To maintain a close working relationship with Mn/DOT field and Central Office construction staff.
- ! To evaluate Mn/DOT's control of the projects and the quality and progress of work.
- ! To promote improvements.
- ! To assure that projects are completed in reasonably close conformance with the approved plans and specifications and approved changes.

FHWA will use the following types of inspections to obtain these objectives:

- ! Process Review/Product Evaluation (PR/PE). Comprehensive reviews to evaluate Mn/DOT's procedures and controls. The purpose of a PR/PE is to provide oversight of Mn/DOT construction and materials management activities and to determine compliance with Federal-aid requirements on a statewide or area-wide basis.
- ! Inspection-In-Depth. A thorough on-site review to evaluate a specific contract item, combination of items, or major phase of a project. Inspections-in-depth may be accomplished on an individual project basis or on several projects with the findings summarized as an area-wide or statewide review.
- ! Project Inspection. An on-site review to evaluate Mn/DOT's activities, the quality and progress of the work, and if appropriate, to follow up on findings from previous inspections.
- Final Inspection. A review to determine the extent to which Mn/DOT has exercised its control to assure that the project has been completed in reasonably close conformance with the plans, specifications, and authorized changes.

For State-Administered Oversight Projects on the NHS, the objective of the program is to provide sufficient monitoring and review to assure projects are being constructed in accordance with all applicable Federal-laws, policies and requirements.

For State/Local Administered Oversight Projects off the NHS, the objective of the program is to provide sufficient monitoring and review.

OVERSIGHT ACTIVITIES

In Minnesota, oversight determinations are made as previously defined as soon as possible in the project development process. Title 23 U.S.C. requirements apply to all projects on the NHS regardless of oversight process. Non-Title 23 requirements apply to all projects and are subject to review regardless of oversight process.

REFERENCES

- [23 CFR 635—CONSTRUCTION AND MAINTENANCE](#)
- [Mn/DOT Contract Administration Manual](#)
- [FHWA Contract Administration Manual](#)
- [SEP- 14](#)

**CONSTRUCTION PROCESS
Summary Table**

WORK ACTIVITY	FULL FEDERAL OVERSIGHT PROJECTS		STATE ADMINISTERED OVERSIGHT PROJECTS ON THE NHS		STATE/LOCAL ADMINISTERED OVERSIGHT PROJECTS OFF THE NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION
Concurrence in Contract Award	Prepare and Recommend	Review and Concur (7 days)	Approve ¹	None	Approve ^{1, 2}	None
Rejection of bids	Recommend	Review and Concur (7 days)	Recommend	None	Approve ²	None
Notification of Pre-construction meeting	Prepare	Information	Prepare	None	Prepare	None
Supplemental Agreements ³	Prepare and Approve	Approve (7 days)	Prepare and Approve ³	None	Approve ²	None
Claims ⁴	Prepare and Approve	Approve (14 days)	Approve	Information	Approve ²	Information
Time Extensions	Prepare and Approve	Concur in Approval (14 days)	Approve	None	Approve ²	None
Suspension of work	Prepare justification	Information ⁵	Prepare/Approve	None	Approve ²	None
Termination	Prepare	Approve	Prepare/Approve	Concurrence	Approve ²	None
Executed Contract	Prepare and Approve	Concur in Approval	Approve	None	Approve ²	None
Initial Construction Inspections	Information	Conduct and Prepare Report (14 days)	Conduct and Prepare Report	None	Conduct and Prepare report ²	None
Intermediate Construction Inspection	Information	Conduct and Prepare Report (14 days)	Conduct and Prepare Report	None	Conduct and Prepare report ²	None
In-depth Construction Inspection	Information	Conduct and Prepare Report (14 days)	Conduct and Prepare Report	None	Conduct and Prepare report ²	None

¹ Awarding of contracts that do not conform to [Guidelines on Preparing Engineer's Estimate, Bid Reviews and Evaluation](#) will require FHWA concurrence.

² Delegated projects will be in conformance with the approved agreement.

³ Supplemental agreements for Major Contract Changes (=\$100,000; alter termini, character, or scope of work; incorporate experimental product or feature; termination of contract) require prior FHWA approval. Supplemental agreements for Minor Contract Changes can be approved prior to final acceptance by FHWA.

⁴ Claims will be treated in the same manner as a contract change, except for any claim involving a legal issue or settlement based on a legal opinion or resolution through a Dispute Resolution Process.

⁵ Information for suspensions anticipated longer than 30 days.

**CONSTRUCTION PROCESS
Summary Table (continued)**

WORK ACTIVITY	FULL FEDERAL OVERSIGHT PROJECTS		STATE ADMINISTERED OVERSIGHT PROJECTS ON THE NHS		STATE/LOCAL ADMINISTERED OVERSIGHT PROJECTS OFF THE NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION
Final Construction Inspection	Information	Conduct and Prepare Report (14 days)	Conduct and Prepare Report	None	Conduct and Prepare	None
State Construction Engineer's Certificate of Final Acceptance	Prepare and Approve	Approve ⁶	Prepare and Approve	Information	Approve	None
Materials Certification	Prepare	Approve ⁶	Prepare and Approve	Information	Prepare and Approve	None
Statement of Overruns/Underruns	Prepare and Approve	Approve ⁶	Prepare and Approve	None	None	None
Assessment of Liquidated Damages	Prepare	Approve ⁶	Approve	None	Approve ²	None
Labor Compliance	Prepare	Information	None	None	None	None
Buy America Waiver	Prepare	Approve ⁷ (14 days)	Prepare	Approve	Prepare	Approve
All Federal-aid Design Build and Best Value projects will be Full Federal Oversight.						

⁶ Approval made as a part of Final Acceptance

⁷ If over \$50K approval by FHWA headquarters is needed

PROGRAM OVERSIGHT

Program oversight is defined as activities that will be undertaken as part of the administration of programs of mutual benefit to Mn/DOT and FHWA. Functional areas described in this section include Background, Operating Procedures, Oversight Activities, and References. Also included is a table showing Mn/DOT and FHWA actions. Mn/DOT is committed to the preparation and submittal of fully completed documents in accordance with established guidelines, formats, and procedures. FHWA’s goal is to respond to all submissions as soon as possible and within timeframes shown in the tables. **All timeframes are expressed in calendar days from receipt and response can occur any time within the number of days indicated.**

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BRIDGE PROGRAM

BACKGROUND

[23 CFR PART 650—BRIDGES, STRUCTURES, AND HYDRAULICS](#) established the National Bridge Inspection Standards (NBIS) that apply to all bridges carrying vehicular traffic that are greater than 20 feet in length and are located on a public road.

[Subpart D—Highway Bridge Replacement and Rehabilitation Program](#) establishes the procedures for administering the Highway Bridge Replacement and Rehabilitation Program (HBRRP). This program was established to replace and rehabilitate deficient bridges.

OPERATING PROCEDURES

The bridge program is operated as a partnership between Mn/DOT's Office of Bridges and Structures (OBS) and FHWA's Division Bridge Engineer.

OVERSIGHT ACTIVITIES

A NBIS compliance review will be conducted with at least one Mn/DOT District each year. The reviews include the following major NBIS elements: inspection procedures, frequency of inspection, qualifications of personnel, quality of the reports and the inventory. The Division Bridge Engineer will also review the District's underwater inspections, their program to deal with scour, quality assurance and procedures established to review, prioritize and track recommendations for repairs. The review includes a random sampling of bridge inspection reports and records and field reviews of selected bridges.

Mn/DOT's Office of Bridges and Structures (OBS) is responsible for managing its bridge inspector certification program and for monitoring Local Public Agency compliance with NBIS requirements. The OBS also maintains a statewide bridge management system, and the statewide bridge inventory. The Division Bridge Engineer will annually review OBS quality assurance processes and will participate with the OBS in at least two NBIS compliance review of selected Counties, Cities or other Local Agencies each year. Mn/DOT will submit a status report every spring on progress towards developing POA's for scour critical bridges. Supplemental information will be provided as necessary to comply with FHWA policy provisions.

A report is prepared annually of the NBIS review by the Division Bridge Engineer. A report is prepared by the OBS of the NBIS review for each County or bridge owner for the non-Mn/DOT bridges. FHWA will furnish comments to be included in the OBS report.

Oversight Activities for the HBRRP

Eligibility for this program is based on bridge inspection and inventory data submitted annually to the FHWA Office of Bridge Technology by Mn/DOT OBS. A selection list of eligible structures is furnished by FHWA to Mn/DOT. The distribution of HBRRP funds to each State is based on unit cost data for bridges, prepared annually by OBS and reviewed by FHWA and the area of deficient bridges contained in the bridge inventory. Not less than 15 percent of the apportioned funds shall be expended for projects located off the Federal-aid system.

Mn/DOT and the local governments may select any bridge on the selection list for replacement or rehabilitation under this program. Mn/DOT may use these apportioned funds for bridge preservation type projects and systematic preventative maintenance of bridges on the Federal-aid and non-Federal-aid highway systems. These projects would generally be consistent with the policy set forth in Mn/DOT’s [Bridge Preservation, Improvement, and Replacement Guidelines](#). The lead for FHWA is the Division Bridge Engineer; for Mn/DOT, it is the Office of Bridges and Structures.

REFERENCES

- [23 CFR 650—BRIDGES, STRUCTURES, AND HYDRAULICS](#)

**BRIDGE PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Bridge Inspection Program (State)	Conduct inspections. Update inventory and send data to FHWA annually by April 1. Prioritize and make repairs.	Process data and furnish error listing. Review error listing and resolve differences. Conduct one central office and one district review annually.	Annual report prepared.
Bridge Inspection Program (Counties & Cities)	Monitor NBIS compliance of Local Bridge Inspection Program and maintain inventory. Conduct review of at least eight to ten jurisdictions annually and prepare report.	Participate in at least two reviews and furnish comments to Mn/DOT within 14 days.	Report prepared for each jurisdiction.
Bridge Replacement & Rehabilitation Program (HBRRP)	Select, design and construct projects. ¹ Furnish unit cost data annually to FHWA by April 1.	Provide list of eligible projects, review full federal oversight projects, and resolve questions concerning eligibility. Review unit cost data and submit to Washington office.	Mn/DOT receives their share of HBRRP funds based on cost and area of deficient bridges. Bridges are replaced or rehabilitated.

¹ May be delegated to local governments

CIVILS RIGHTS PROGRAM

BACKGROUND

FHWA Division Office is committed to effectively implement and enforce civil rights programs within Mn/DOT in its planning, construction, and management of the multimodal Minnesota transportation system. Mn/DOT is obligated to ensure nondiscrimination in all programs and activities, and in the provision of all services and benefits, as a basis for continued receipt of FHWA funds. Mn/DOT's Office of Civil Rights (OCR) manages external civil rights programs; Mn/DOT's Office of Human Resources manages internal civil rights programs. Mn/DOT submits a yearly plan, assurance updates, and reports of their programs.

OPERATING PROCEDURES

FHWA provides technical expertise and assistance to Mn/DOT's OCR (external civil rights programs) and Office of Human Resources (internal civil rights programs). Civil rights program elements are required through a collection of regulations, laws, and executive orders including, but not limited to those listed in the References. Approval actions are outlined in those elements.

The FHWA Division Office Civil Rights Specialist reviews all external civil rights program work plans and program documents and provides comments and recommendations to Mn/DOT. The FHWA Division Office Civil Rights Specialist may participate in committees and teams set up by Mn/DOT that address civil rights concerns about equal access and affirmative action in employment and contracting opportunities. Successful implementation of the civil rights activities will require support from the Division Administrator and Assistant Division Administrator. Technical assistance may be required from the Resource Center and the Washington Office of Civil Rights. Programs associated with FHWA Equal Employment Opportunity activities can be found at the [FHWA Office of Civil Rights](#) web site.

OVERSIGHT ACTIVITIES

The purpose of FHWA oversight is to monitor the implementation and effectiveness of Mn/DOT's civil rights, affirmative action and equal employment opportunity programs. FHWA will be an advocate of the civil rights program and provide training, technical assistance, and active participation in Mn/DOT initiated civil rights meetings and review activities. FHWA will review and approve Mn/DOT's programs on an ongoing basis through process and program reviews, and through active participation in continuous program evaluation and improvement. Appropriate FHWA representatives will actively participate in Mn/DOT initiated reviews, task forces, and other civil rights initiatives upon request and to the extent feasible. Finally, FHWA will analyze civil rights reports submitted by Mn/DOT to help identify trends and provide feedback and recommendations to Mn/DOT.

REFERENCES

- [Title VI Program: 23 CFR 200; 23 U.S.C. 324 Prohibition of discrimination on the basis of sex; Age Discrimination Act of 1975](#)
- [Environmental Justice in Minority & Low Income Populations: Executive Order 12898](#)
- [Affirmative Action and State Internal EEO Program: 23 U.S.C. 140\(a\)-\(d\) Nondiscrimination; Federal-aid Highway Act of 1968; Federal-aid Highway Act of 1970; 23 CFR 230 Subpart C—State Highway Agency Equal Employment Opportunity Programs; 23 CFR 1.9 Limitation on Federal participation; 23 CFR 1.36 Compliance with Federal laws and regulations](#)
- [Construction Contract Equal Opportunity Compliance Procedures: 23 CFR 230 Subpart D—Construction Contract Equal Opportunity Compliance Procedures; 23 U.S.C. 140 Nondiscrimination; FHWA Order 4710.8 Clarification Of Federal Highway Administration \(FHWA\) And State Responsibilities Under Executive Order 11246 And Department Of Labor \(DOL\) Regulations In 41 CFR Chapter 60](#)
- [DBE Program: 49 CFR Part 26—Participation By Disadvantaged Business Enterprises In Department Of Transportation Financial Assistance Programs](#)
- [DBE Supportive Services; 23 CFR 230 Subpart A—Equal Employment Opportunity on Federal and Federal-Aid Construction Contracts \(Including Supportive Services\)](#)
- [On the Job Training \(OJT\) Program: 23 CFR 230 Subpart A—Equal Employment Opportunity on Federal and Federal-Aid Construction Contracts \(Including Supportive Services\)](#)
- [Americans with Disabilities Act \(ADA\) Compliance; Section 504 – Rehabilitation Act of 1973 and Americans with Disabilities Act](#)
- [Indian Outreach Program: 23 U.S.C. 140\(c\); 23 CFR 230.201-207](#)
- [Minority Institutions of Higher Education \(MIHE\): Presidential Executive Orders 12667; 13021; 12900](#)
- [AASHTO/Transportation and Civil Engineering \(TRAC\) Program: 23 U.S.C. 140\(b\); FHWA Notice N 4720.9A](#)
- [Dwight David Eisenhower Transportation Fellowship Program \(DDETFP\) Established by Public Law 102-240, Section 6001 \(ISTEA\) & reauthorized in TEA-21; Executive Orders 12667; 13021; 12900](#)
- [Garrett Morgan Transportation Futures Program](#): Educational initiative of the U.S. Department of Transportation under the authority of the Secretary
- [Youth Conservation or Service Corps: TEA-21 Section 1108\(g\); 42 U.S.C. 12572; 42 U.S.C. 12656](#)
- [Summer Transportation Institute: 23 U.S.C. 140\(b\)](#)

**CIVIL RIGHTS PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
DBE Quarterly Report Awards/Commitment	Prepare and Submit (Quarterly by the 15 th day of the month following the end of the quarter in FFY).	Review and Approve. Submit to FHWA HQ (14 days)	DBE reports are accurate, complete and timely; DBE commitment is based on complete data and accurate data assessment.
Annual Contractor Employment Report – PR 1392	Prepare and Submit (no later than September 30)	Review and File. Submit to FHWA HQ (when requested)	Annual report is accurate, complete and timely.
State Internal AA/EEO and Contract Compliance Program Reports (Title VII)	Prepare and Submit (no later than October 30. External reports based on FFY. Internal reports based on SFY)	Review and Approve. (14 days)	Plan is accurate, complete and timely.
State Internal Employment Practice EEO-4 Report	Prepare and Submit (no later than October 30. Mn/DOT HR Office prepares based on SFY)	Review and File. Submit to FHWA HQ (14 days)	Report is accurate, complete and timely.
Title VI Program Update	Prepare and Submit (no later than November 30)	Review and Approve. (14 days)	Updates accurately reflect Mn/DOT’s Title VI Program.
DBE Program Plan Update	Prepare and Submit (no later than August 1)	Review and Approve. Submit to FHWA HQ (30 days)	Updates accurately reflect appropriate program changes.
DBE Program Goals and Methodology	Prepare and Submit (no later than August 1)	Review and Approve. Submit to FHWA HQ (30 days)	Goals and methodology incorporate appropriate statistical analysis and are based on complete, accurate data.
Historically Black College/Minority Institution of Higher Education Plan/Report	Collaborate with FHWA. Prepare and Submit (No later than November)	Review, Augment, and Submit to FHWA HQ (14 days)	Report reflects positive relationships with Indian educational institutions.
Contractor Compliance Review Schedule and Reports	Prepare and Submit (upon completion)	Review, Tacit Approval, Respond as necessary, and File	Schedule is timely; Reports are accurately completed and timely.
DBE and OJT Supportive Service Work Requests/Reports	Prepare and Submit (in response to request from FHWA)	Review and Approve. Submit to FHWA HQ for funding approval. Advise Mn/DOT of funding decision.	Requests are adequately supported by back-ground research and data and are appropriately submitted.
On-the Job Training Goals	Prepare and Submit (no later than March 1 for upcoming construction season)	Review and Approve (14 days)	OJT goal is based on appropriate projection of construction program and is timely submitted.

FINANCIAL MANAGEMENT PROGRAM

BACKGROUND

While [ISTEA](#), [TEA-21](#), and [SAFETEA-LU](#) changed FHWA's stewardship of certain Federal-aid highway projects, it has had little effect on the overall financial management and responsibilities of the Federal-aid program except those associated with "Major" projects. Previous legislation such as the Chief Financial Officers Act and Cash Management Act has impacted the State's financial management systems and controls. Thus improvements implemented by Mn/DOT and FHWA to aid in the delivery of the Federal-aid highway program include electronic data sharing and electronic signature processes.

OPERATING PROCEDURES

Mn/DOT recognizes that the correctness and propriety of all Federal-aid claims are its primary responsibility whether the primary cost documentation originates within Mn/DOT or with some third party. This responsibility is fulfilled by Mn/DOT maintaining adequate and tested operating policies and procedures and a sound accounting system with proper internal controls, together with suitable audit activities. FHWA recognizes a need for a complete understanding of all pertinent financial and operating policies and procedures of Mn/DOT. It is FHWA's responsibility to provide technical assistance and advice in funding and financial areas. FHWA provides assistance and maintenance to Mn/DOT for the electronic data sharing and electronic signature environment.

OVERSIGHT ACTIVITIES

The overall financial management responsibilities of the Federal-aid program by FHWA Minnesota Division Finance Team are as follows:

Financial Integrity Review and Evaluation (FIRE) Program – [FHWA Order 4560.1A](#)

This directive establishes a review and oversight program that each Federal-aid division office is required to perform in support of FHWA's annual certification of internal and financial controls to support the financial statements. The following are the components of the program:

- Annual risk assessment **
- An annual grant financial management review activity in response to the risk assessment, **
- Improper payments review of randomly selected billing transactions provided by FHWA Washington Headquarters **
- Inactive Federal-aid Project Review in accordance with 23 CFR 630, Subpart A, Project Authorizations and Agreements
- An internal administrative review

- Ensure the Single Audit reports of the State DOT are provided to the Federal Audit Clearing House within 9 months following the end of the State's FY and issue a management decision addressing each FHWA program related finding **
- Follow-up with any Federal Audit Findings requiring resolution.

*** It is the responsibility of FHWA to perform these functions; however, Mn/DOT provides input and documentation as required.*

Audit

[Office of Management and Budget \(OMB\) Circular A-133](#) was issued pursuant to the Single Audit Act of 1984 (P.L. 98-502), and [Amendments of 1996 \(P.L. 104-156\)](#), and revisions published in the Federal Register dated 06/22/03 for the purpose of setting forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards. The U.S. DOT Office of Inspector General is the cognizant agency for audit responsibilities of the Minnesota Department of Transportation. Since FHWA is the Federal awarding agency to Mn/DOT, FHWA Minnesota Division is administratively cognizant and has certain responsibilities in this area.

In Minnesota, the Office of the Legislative Auditor is responsible for the Single Audit. The Minnesota Department of Transportation (Mn/DOT) Internal Audit Section has been contracted to perform the audit of Mn/DOT and they are responsible for ensuring that its operations are audited. FHWA is responsible for ensuring that audits are completed and reports are received in a timely manner, assure that findings are resolved, and corrective actions are taken in a timely manner. Further FHWA has a responsibility to provide technical advice and assistance to Mn/DOT and auditors as appropriate and advise Mn/DOT of requirements imposed by Federal laws, regulations or provisions of contracts.

Audits of project related costs for third party contracts that are eligible for Federal participation (see Mn/DOT Policy Guideline 84-3-G-1A for exceptions) are subject to this requirement. Mn/DOT External Audit Unit will conduct the audits. Pre-award audits will be conducted by Mn/DOT External Audit as outlined in 82-3-P-1 of Mn/DOT Policy Manual and in accordance with [23 CFR Part 172 Administration Of Engineering And Design Related Service Contracts](#).

FHWA will be furnished with copies of all final audit reports. Responses to audit recommendations will be incorporated into final internal audit reports. They will also be furnished with copies of audit follow-up action.

Reimbursement

Federal-aid reimbursement to Mn/DOT for costs incurred is found in [23 U.S.C. 121 Payment to States for construction](#). In accordance with [23 CFR 1.9\(a\) Limitation on Federal participation](#), Federal-aid funds shall not participate in any cost which is not incurred in conformity with applicable Federal and State Law, the regulations in 23 CFR, and policies and procedures prescribed by FHWA. FHWA Minnesota Division provides oversight of Cost Reimbursable Contracts, pursuant to [23 CFR Part 140 Reimbursement](#), [49 CFR Part 18 Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments](#), and [OMB Circular A-87](#) (Cost Principles for State, Local, and Indian Tribal

Governments). Likewise, FHWA must comply with the requirements of the [Federal Managers' Financial Integrity Act of 1982](#) (FMFIA). Reimbursement to Mn/DOT is made through an electronic signature Federal-aid Rapid Approval and State Payment System (RASPS). The Single Audit Act does not preclude FHWA from performing program reviews and these activities are undertaken by FHWA to facilitate oversight of the current billing process. These routine financial management reviews may be conducted on Mn/DOT's accounting systems and records to assure conformance with applicable laws, regulations, and government-wide accounting principles and standards. Also, to maintain an adequate system of management control and to promote effective program delivery and efficiency, FHWA promotes the conduct of joint FHWA-Mn/DOT Quality Financial Management Initiatives (QFMI). The employment of these mechanisms will provide reasonable assurance that only allowable costs are reimbursed, thus ensuring the integrity of the Federal-aid program. Further these joint cooperative efforts between FHWA and Mn/DOT will help to establish opportunities for continuous improvements specifically in areas with any potential compliance weaknesses.

Mn/DOT may be reimbursed for the Federal-aid share of eligible project costs. The Federal-aid share shall be established at the time the project agreement is executed in one of the following manners: Pro rata share, with the agreement stating the Federal share as a specified percentage; or Lump sum, with the agreement stating that Federal funds are limited to a specified dollar amount not to exceed the legal pro rata share. This pro rata share or lump sum may be adjusted before or shortly after contract award to reflect any substantive change in the bids received. After this point, the pro rata share or lump sum is set for the life of the project.

FHWA policy on in-kind match states that the matching funds/donations must meet the same standards as any other project cost. This means the matching item must be on the same project (i.e. approved within the scope of the project), be an eligible cost, be provided during the period of the grant (i.e. after project approval and before project closing – except land may be donated anytime during project development), and subject to applicable Federal requirements. See [23 U.S.C. 323 Donations and credits](#) and [Transportation Enhancement Guidance](#) for the types of donations eligible for credit against the match. The project authorization must indicate what the in-kind match is and provide documentation of how the value was determined.

To minimize the amount to be claimed on the Final Voucher, an Expenditure Correction or Federal Apportionment Transfer from one GFS project to another with the same federal fund (provided the costs incurred qualify for that type of federal fund) will be requested or a project modification will be processed to claim all justifiable federal funds.

Occasionally, there are exceptions to the processing claims via the electronic current billing process and in these instances hand vouchers are prepared and sent to FHWA Division for processing the payment. FHWA reviews and forwards claims to Washington for payment. These are projects with special funding from Washington that cannot be added to the current billing system. Also, these would include reopened projects that have been removed from the current billing system.

The following is the prime accounting control to be exercised by Mn/DOT: Reconciliation of the Federal Billing (FBIL) to FHWA M25A Project Status Report. One third of the apportionment codes will be reconciled monthly.

Cash Management Improvement Act

The [Cash Management Improvement Act of 1990 \(31 CFR Part 205\)](#) prescribes rules and procedures for the transfer of funds between the federal government and the states for federal grant and other programs. The U.S. Treasury and the State of Minnesota have entered into an agreement to describe its funds transfer procedures. FHWA's involvement is to provide assistance and guidance to Mn/DOT to facilitate compliance and to assist in the implementation of cash management improvements.

FHWA and Mn/DOT have implemented electronic signature processes for the current billings and project authorization/agreements. Responsibilities and activities of FHWA Minnesota Division to meet the intent of the Cash Management Improvement Act include review, evaluation, and guidance on implementation of enhancements and maintenance of the following programs:

- ! Electronic Signature for the Federal-aid billing system (Rapid Approval and State Payment System (RASPS)), which includes electronic uploading of data via a Web-based system and electronic signature approvals. This program allows Mn/DOT up to same day reimbursement.
- ! Electronic Signature for project Authorization/agreements via FMIS. This process is for authorizations/agreements and amendments/modifications. This process allows faster approvals and permits better control of funds on Federal-aid projects.
- ! As partners, both FHWA and Mn/DOT are committed to meeting customer requirements within the appropriate time frames, to the maximum extent possible.
- ! Fiscal Management Information System (FMIS), FHWA's major financial information system. It contains data related to all highway projects financed with Federal-aid highway funds. FHWA uses this information for planning and executing program activities, evaluating program performance, and depicting financial trends and requirements related to current and future funding. Electronic data sharing allows Mn/DOT to transact FMIS data electronically and FHWA to review and approve the data. This process provides faster approvals and better control of funds. Both Mn/DOT and FHWA have the ability to access FMIS information to obtain current funding and project related reports.

Federal-aid Funding

The Federal-aid Highway Program is made up of a series of separately funded categories, each having its own specific and separate funding as described in [Title 23 U.S.C.](#) Each of the programs has certain activities for which that funding may be used and is described in law. When an Authorization Act establishes a program, it sets certain ground rules under which the program operates. These rules include the amounts of funds available to the program for each fiscal year; period of availability; Federal participation ratio; fund source; type of authority; and a listing of eligibility activities. In order to be more responsive to Federal budget policy, a limit is placed on total obligations that can be incurred during the fiscal year (called obligation limitation). FHWA Minnesota Division, in their role of administering and delivering the Federal-aid highway program, has a responsibility to provide information, guidance, and assistance to Mn/DOT.

Although this oversight is ongoing, when a new Authorization Act modifies existing programs, or adds or eliminates programs, FHWA then has a responsibility to assure that significant changes in financing procedures are implemented by Mn/DOT.

Advance construction ([Title 23 U.S.C. 115](#); [23 CFR Part 620-669](#)) has been an effective tool in innovative financing to advance a project's construction time line. These projects must meet the same requirements and proceed in the same manner as a regular Federal-Aid project, except for the following: FHWA authorization does not constitute any commitment of Federal funds and Mn/DOT will not be reimbursed until the project has been converted.

Mn/DOT is responsible for funds management, which includes monitoring un-obligated balances of the various funds to ensure funds are being used effectively and lapsable funds are limited. This would also include a review of older projects that have had no activity for possible release of funds and obligation authority for use on other eligible federal projects.

Large and Major Projects

The definitions of a large project and major project are projects over \$100M and \$500M respectively. Financial Plans are now required by [SAFETEA-LU](#) for projects greater than \$100M in total cost. Financial Plans serve as communication tools that set objectives, define parameters for success, and forecast expenditures and financial resources needed throughout the project continuum. Financial Plans for Major Projects (greater than \$500M) must identify authorized funding resources to support the cost estimate. The cost estimate should cover all elements of a Project, including design, risk event contingencies, inflation, right-of-way, and construction and mitigation costs. The Financial Plan for Major Projects also needs to include a schedule for the project, expected obligations and expenditures for the schedule (cash flow), and potential risks and risk response strategies. As this is a living document, annual updates are required to reflect changes to the project ([FHWA Financial Plan Guidance](#)). Although no special guidance exists for large projects between \$100M-\$500M, Mn/DOT should follow the original Financial Plan guidance for Major projects. The FHWA Minnesota Division's expectations for the funding plan should be realistic in accordance with national standards.

State Infrastructure Bank

The State Infrastructure Bank (SIB) program was originally enacted by Congress under [Section 350 of the National Highway System Designation Act of 1995 \(NHS Act\)](#) as part of the U.S. Department of Transportation's continuing effort to increase infrastructure investment in the transportation sector. SAFETEA-LU eliminated the "pilot" program by allowing all states to participate in this program and allowing the states to use authorized funds from 2005 – 2009 to be capitalized in the SIB. A SIB is an investment fund of the State with the ability to make loans and provide other forms of credit assistance to public entities to carry out highway construction and transit capital projects. Minnesota's SIB is referred to as the Transportation Revolving Loan Fund (TRLF). The bank is administered by the Public Facilities Authority (PFA). The responsibilities for Mn/DOT, FHWA, and other responsible parties have been specified in the cooperative agreement between all the agencies.

Record Retention

Mn/DOT's Project Accounting within Financial Operations maintains the official records for Federal projects. Supporting documentation will be retained by Mn/DOT for seven years after the final voucher and will include (but not be limited to): the final contractor pay estimate, material certification, projects' agreement/modification, statement of overruns and underruns, PR-47 and final Right of Way certificate in accordance with current requirements. Supporting documentation retained by Mn/DOT will be available upon request to FHWA.

REFERENCES

- [23 U.S.C. 106 Project approval and oversight](#)
- [23 U.S.C. 110 Revenue aligned budget authority](#)
- [23 U.S.C. 118 Availability of funds](#)
- [23 U.S.C. 120 Federal share payable](#)
- [23 U.S.C. 121 Payment to States for construction](#)
- [23 U.S.C. 122 Payments to States for bond and other debt instrument](#)
- [23 U.S.C. 190 Report to Congress](#)
- [23 U.S.C. 302 State transportation department](#)
- [23 CFR 1 GENERAL](#)
- [23 CFR 140 REIMBURSEMENT](#)
- [23 CFR 630 PRECONSTRUCTION PROCEDURES](#)
- [31 CFR 205 RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS](#)
- [49 CFR 18 UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS](#)
- [OMB Circular A-87, Cost principles – State, Local or Indian Tribal Government](#)
- [OMB Circular A-133, Audits of State, Local governments and Non-Profit Orgn.](#)
- FMFIA Act of 1982, FHWA Internal Control Review
- NHS Designation Act of 1995 State Infrastructure Bank
- Minnesota State Statutes, Policies and Procedures

**FINANCIAL MANAGEMENT PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Current Billing	Submits electronically to FHWA as often as desired.	Financial Manager approves electronically within 4 hours of receipt	Electronic Financial Transfer (EFT) payment posted to Mn/DOT's account on the requested day
Amended Project Authorization	Submits approved request using electronic signature.	Amended authorization approved by FHWA engineers (14 days)	Electronic signed project amended authorization
Amended Project Agreement	Submits approved request using electronic signature.	Amended agreements approved by Financial Manager. (7 days)	Electronic signed project amended agreement
Transfer of Funds between categories and between agencies. (For example: FTA/FHWA or between apportionments or to TRLF)	Submits fund transfer request.	FHWA review/approves funds transfers, prepares worksheet and sends to Headquarters Finance to adjust funding records.	Funds transferred as requested
Reconciliation of FBIL to FHWA M25A	See procedures noted in Minnesota Accounting and Procurement System (MAPS) Manual #0405-07	Review during Current Billing Review	Documentation of Review and any corrections
SIB Annual Report	Prepare annual report within 90 days from the end of the Federal FY	Review and forward to Finance Office in Washington D.C.	Annual Report
Project Funds Management	Review inactive projects for potential release of funds	Review and incorporate findings in FIRE work papers	FIRE work papers show releasable funds and process modifications generated to release funds
Financial Plans on Specific Projects (Large and Major Projects)	Prepare financial plans for projects with total cost over \$100,000,000	Review financial plans for projects with total cost over \$100 M and approve financial plans for projects with total cost over \$500 M	Financial Plan submitted with project authorization
August Redistribution	Review ability to use formula obligation authority (OA)– release any unneeded authority. Review allocated funds that are required to be obligated by FY end – return funds and OA for projects that will not be obligated by September 30 th . Document plan how to use remaining OA and any additional OA requested.	Review submitted plan and inform FHWA HQ of any releases and/or request for additional OA.	Worksheet summarizing needs and releases

MAINTENANCE MONITORING PROGRAM

BACKGROUND

Legislation: [23 U.S.C. 116 Maintenance](#) (applies to all Federal-aid highways).

Routine Maintenance: States are required to maintain, or cause to be maintained, any project constructed as part of a Federal-aid system. FHWA is responsible for maintenance monitoring of all Federal-aid projects. *(Note that CFR 635, Subpart E, requiring State's annual certification that Interstate was being maintained in accordance with Interstate maintenance guidelines was eliminated under TEA-21 Section 1306(a))*

Preventive Maintenance (PM): A PM activity shall be eligible for Federal assistance if the State demonstrates to FHWA that the activity is a cost-effective means of extending the useful life of a Federal-aid highway.

OPERATING PROCEDURES

In the Routine Maintenance area, FHWA staff will observe highway conditions during their routine travel activities. They may also perform in-depth maintenance reviews, as appropriate. Any significant findings will be discussed with appropriate Mn/DOT officials. In the PM area, FHWA staff will assist Mn/DOT in developing PM programs, identify and approve eligible activities, and provide information on best practices, procedures, and technologies.

OVERSIGHT ACTIVITIES

Routine Maintenance

The oversight activities of the State's routine maintenance program will apply to NHS and non-NHS routes. FHWA maintenance monitoring activities will be a continuous process. Maintenance deficiencies observed during official travel will be reported to the appropriate Mn/DOT personnel. Follow-up activities, if necessary, will be performed by FHWA representatives.

FHWA may occasionally participate in post construction reviews with Mn/DOT personnel. These reviews will focus on identifying and correcting any design deficiencies that would require abnormally heavy maintenance. Mn/DOT will provide FHWA an opportunity to participate in post construction reviews.

FHWA's Bridge Engineer will monitor the State's NBIS program (please see Bridge Program section).

Preventive Maintenance

The Preventive Maintenance (PM) program may include all eligible maintenance activities within Federal-aid Highway Right of Way. If Federal funds are planned on being used statewide for maintenance activities, the State will develop statewide PM programs for eligible activities for FHWA approval. In the absence of a statewide program, Mn/DOT will seek FHWA approval on a project or by activity basis when Federal funding is proposed. FHWA would review the activities and provide its determination on effectiveness.

The oversight activities of Mn/DOT's PM program will apply equally to NHS and non-NHS routes. FHWA's engineer assigned for PM activities will review and monitor Mn/DOT's PM program and projects for Federal-eligibility. Please see the "Bridge Program" section for additional information about bridge preservation type projects.

FHWA Preventive Maintenance monitoring activities will be done mostly on a programmatic bases. Process reviews may be developed and conducted, as warranted. The items for process reviews will be influenced by either FHWA or Mn/DOT's observations of perceived strengths and/or weaknesses in Mn/DOT's PM program or activities. Deficiencies observed will be reported to the appropriate Mn/DOT personnel. Follow-up activities, if necessary, will be performed by FHWA.

REFERENCES

- [23 U.S.C. 116 Maintenance](#)

**MAINTENANCE MONITORING PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Routine Maintenance Of Federal-aid highways	Adequately maintain highways. Prepare Performance Indicator report.	Conduct windshield and in-depth inspections. Review Performance Indicator report.	Division will provide all findings to appropriate Mn/DOT personnel
Federally funded PM (individual activities)	Identify individual PM activities or projects for Federal eligibility	Review and Approve (14 days)	List of Approved Activities
Federally funded PM (program) ¹	Develop annual PM program of eligible projects.	Review and Approve Program as needed. Assist Mn/DOT in developing and implementing PM	Approved and Implemented Annual PM Program
Monitor actual Federally funded PM accomplishments against funding plan from an Asset Management System	Prepare Accomplishment Report	Review and Recommend changes to Plan, Information	Annual Report and Improved Program
PM Technology Transfer	Identify and Propose technology transfer activities	Assist Mn/DOT in identification, marketing, and implementation	Improved PM program

¹ For Bridges, this program will be consistent with Bridge Improvement Guidelines

MATERIALS QUALITY ASSURANCE PROGRAM

BACKGROUND

The Quality Assurance Program (QAP) for construction materials is structured around [23 CFR 637 Subpart B—Quality Assurance Procedures for Construction](#). The overall purpose of the QAP is to assure the quality of materials and construction in all Federal-aid highway projects on the National Highway System. The QAP is comprised of a quality control program for the supplier and contractor and the associated quality review program for the agency.

For Federal-aid projects on the NHS, the primary objectives of the QAP are as follows:

- ! To maintain a close working relationship with Mn/DOT materials and construction staff.
- ! To promote improvements when new approaches or technologies are developed and where deficiencies are identified.
- ! To assure that the materials incorporated in the construction work, and the construction operations controlled by sampling and testing are in conformity with the approved plans and specifications.
- ! To provide oversight of construction materials, and compliance with federal requirements on a statewide basis.
- ! To assure adequate and qualified staff to maintain Mn/DOT's quality review responsibility as part of its Quality Assurance Program.

OPERATING PROCEDURES

FHWA will monitor Mn/DOT's QAP for construction of full federal oversight projects. Details of oversight provided for monitoring Mn/DOT's QAP for construction is included in the construction monitoring program. For state administered projects, Mn/DOT will monitor the QAP for construction as if FHWA were fully involved, except Mn/DOT does not need to send materials certification to FHWA.

OVERSIGHT ACTIVITIES

FHWA will review and approve Mn/DOT's QAP on an ongoing basis. The QAP includes the Supplier and Contractor Quality Control (QC) program, the Quality Review program, the Independent Assurance Sampling and Testing Program, Materials Certification, the Qualified Laboratory Program, the Technical Certification Program, and the Schedule of Materials Control. Additionally, by being a member of the individual task forces, teams, and committees, FHWA will have an ongoing involvement in the development and implementation of the QAP.

In general, FHWA will monitor the implementation and effectiveness of the QAP through process reviews. Individual process reviews will be identified in the FHWA Division Office's annual Performance Plan.

REFERENCES

- [23 CFR 637 Subpart B—Quality Assurance Procedures for Construction](#)
- [Mn/DOT's Schedule of Materials Control](#)

**MATERIALS QUALITY ASSURANCE PROGRAM
Summary Table**

WORK ACTIVITY	PROJECTS ON NHS		PROJECTS OFF NHS	
	Mn/DOT ACTION	FHWA ACTION	Mn/DOT ACTION	FHWA ACTION
Schedule of Materials Control	Prepare	Approve	Prepare and Approve	None
Qualified Technician Program	Develop and Implement	Review, Comment, and Make recommendations for consideration	Prepare and Approve	None
Qualified Laboratory Program	Develop and Implement	Review, Comment, and Make recommendations for consideration	Prepare and Approve	None
AASHTO accreditation, accreditation reports, use of outside testing facility	Maintain accreditation, Submit inspection report, Approve outside testing facility	Review, Comment, and Make recommendations for consideration	Prepare and Approve	None
Independent Assurance Program	Prepare annual report	Review, Comment, and Make recommendations for consideration	Prepare and Approve	None
QA Program	Prepare	Review, Comment, and Make recommendations for consideration	Prepare and Approve	None

PAVEMENT MANAGEMENT AND DESIGN PROGRAM

BACKGROUND

Pavement Management

[23 U.S.C. 303\(a\) Management systems](#) directs the Secretary of Transportation to issue regulations for State development, establishment and implementation of a Pavement Management System (PMS), Bridge Management System (BMS), Safety Management System (SMS), Congestion Management System (CMS), Intermodal Facilities and Systems Management System (IMS), Traffic Monitoring System for Highways (TMS), and Public Transportation Facilities and Equipment Management System (PTMS). If a State elects to implement one or more of the systems, the State shall cooperate with the Metropolitan Planning Organization (MPO) for urbanized areas of the state in implementing and developing a management system.

Pavement Design

[23 CFR PART 626—PAVEMENT POLICY](#) requires that pavement shall be designed in accordance with current and predicted traffic needs in a safe, durable and cost effective manner. The regulations do not specify the procedures to be followed to meet this requirement. Each State is expected to use a design procedure that is appropriate for their conditions. Mn/DOT may use the design procedure that is outlined in the AASHTO Guide for Design of Pavement Structures or they may use other pavement design procedures that, based on past performance or research, are expected to produce satisfactory pavement design.

OPERATING PROCEDURES

Mn/DOT elected to establish and implement an operational PMS for the Trunk Highway System. Operation of the PMS is performed by the Pavement Management Unit in the Office of Materials and Road Research. Mn/DOT design pavements in accordance with Mn/DOT's Geotechnical and Pavement Manual.

OVERSIGHT ACTIVITIES

FHWA provides ongoing support in development and implementation of the PMS. FHWA participates in various meetings to ensure that pavement related activities, including new and rehabilitated pavement design and construction, pavement management, research, technology transfer, HPMS, vehicle weight enforcement program, etc., are well coordinated among the functional administrative areas of the division office.

FHWA will review and approve Mn/DOT's pavement design/rehabilitation procedures, policy and guidelines on an ongoing basis. Additionally, by being a member of the individual task forces, teams, and committees, FHWA will have an ongoing involvement in the development, update and implementation of pavement design procedures.

In general, FHWA will monitor the implementation, operation and effectiveness of the PMS and Mn/DOT's pavement design through process reviews. The FHWA Division Office Pavement and Materials Engineer will conduct oversight of the PMS and Design of pavements.

REFERENCES

- [23 U.S.C. 303 \(a\) Management systems](#)
- [23 CFR 500.106 PMS](#)
- [23 CFRPART 626—PAVEMENT POLICY](#)
- AASHTO Guide for Design of Pavement Structures
- Mn/DOT Geotechnical and Pavement Manual

**PAVEMENT MANAGEMENT AND DESIGN PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Pavement Management System (PMS)	Develop and Implement	Review, Comment, and Make recommendations for consideration	PMS Approval and Implementation of the PMS
Develop Budget Allocation Plan for System Preservation	Develop Plan	Review, Comment, and Make recommendations for consideration	Rehabilitation Plan Implementation
Project Selection for Annual System Preservation Program	Select Projects	Participate, Make recommendations for consideration	List of Projects
Selection of Preferred Rehabilitation Alternatives	Prepare Alternatives and Make Selection	Review, Assist, and Make recommendations for consideration	Report
Annual Audits of District Paving Projects. Conduct joint review of design and recommendations	Prepare Report	Review, Comment, and Make recommendations for consideration. Conduct process reviews.	Report
Pavement Design Guide, Policy and Procedures	Develop	Review, Comment, Make recommendations for consideration, and Approve. Conduct process reviews.	Pavement Manual

PLANNING PROGRAM

BACKGROUND

[SAFETEA-LU 6001](#) requires a coordinated, cooperative, and comprehensive transportation planning process at the statewide level and also within the state's metropolitan areas. The statewide planning process is undertaken in cooperation with metropolitan planning efforts and in consultation with non-metropolitan transportation officials, tribal governments, resource management agencies, economic development and other planning bodies. Opportunities for this stakeholder consultation and for public involvement are provided throughout the development of the required multi-modal statewide transportation plan. Minnesota's Statewide Transportation Plan provides policy and performance direction for transportation system investment priorities. District-level roadway implementation plans and system-specific modal and specialty plans, like the Strategic Highway Safety Plan, identify performance-based needs along with fiscally constrained investment priorities.

The annually developed Statewide Transportation Improvement Program (STIP) documents commitments to specific federal- or state-funded surface transportation and transit projects for a prospective 4-year period.

Transportation planning includes related data development, monitoring, and sharing, including assignment and maintenance of a statewide functional classification system, the designated National Highway System, National Truck Network, metropolitan planning area boundary delineation, etc.

OPERATING PROCEDURES

FHWA provides technical expertise and assistance through participation in committees and teams set up by Mn/DOT and the MPOs that address plan development, data collection and analysis issues, as well as coordination on individual topics of interest such as a) Congestion Management, b) Environmental Justice, c) Air quality Conformity, d) Freight Issues, e) Multi-modal and Intermodal Coordination, etc. In addition, FHWA conducts reviews of planning processes and products such as Highway Performance Monitoring System (HPMS) data, and, among other matters, transportation management agency certification jointly with FTA.

OVERSIGHT ACTIVITIES

FHWA participates in statewide and MPO planning activities as necessary to ensure a positive planning finding as part of STIP approval. FHWA and Mn/DOT work together to provide guidance to metropolitan planning activities and for review of MPO TIPs, work programs, and plans. (See also separate sections of this document regarding programming and project authorization, NEPA, and research.)

REFERENCES

- 23 CFR 420, 450, 460, 470, 500
- 23 U.S.C. 135, 402(c)
- Guide to Reporting Highway Statistics
- Links to applicable legislation, regulation, and guidance can be found at <http://www.fhwa.dot.gov/planning>

**PLANNING PROGRAM
Summary Table**

Work Activity	Mn/DOT Action	FHWA Action	Outcome
<p>Statewide 20 Year Long Range Transportation Plan</p> <ul style="list-style-type: none"> • Update as required (MN Ch. 174) 	<p>OIM prepares consistent with 23 CFR 450.214 and forwards to FHWA as updated</p>	<p>Accept plan, review and make joint planning finding with FTA as delegated through FHWA/FTA agreement. Use as basis for STIP approval per 23 CFR 450.224</p>	<p>Identify statewide performance-based needs, strategies, revenues and priorities. STIP development is based on this official plan</p>
<p>Metropolitan 20 Year Long Range Transportation Plans (cycle in # years)</p> <ul style="list-style-type: none"> • Twin Cities (4) • St. Cloud (4) • Duluth/Superior (4) • Rochester (5) • LaCrosse/ LaCrescent (5) • Fargo/Moorhead (5) • Grand Forks/E. Grand Forks (5) 	<p>Districts and OIM review MPO- approved plans for consistency with 23 CFR 450:</p> <ul style="list-style-type: none"> • Plans reviewed by Mn/DOT within 45 days of receipt of MPO- adopted plans <p>OIM forwards plans and Mn/DOT comments to FHWA and FTA per 23 CFR 450.322</p>	<p>Accept plan, review and make joint planning finding with FTA as delegated through FHWA/FTA agreement. Use as basis for STIP approval per 23 CFR 450.224</p> <p>For designated non-attainment or maintenance areas, FHWA forwards plan and conformity analysis to US EPA and coordinates joint EPA/FHWA/FTA review, FHWA makes conformity determination. FHWA sends letter to Mn/DOT (60 days)</p>	<p>Positive joint planning finding for all plans. Positive conformity determination for all 4-year plans. Plans identify MPO area goals, needs, strategies, revenues and fiscally constrained priorities.</p>
<p>Metropolitan Unified Planning Work Program (annual)</p> <ul style="list-style-type: none"> • Twin Cities • Other MPOs 	<p>Districts and OIM cooperate with MPO in preparation of annual UPWP. MPOs submit UPWP to Mn/DOT by October. OIM forwards review comments and recommendation to FHWA by Nov. 1, if possible</p>	<p>Review and approve Twin Cities UPWP. Accept other MPO UPWPs per 23 CFR 450.308.</p> <ul style="list-style-type: none"> • Written response (30 days) 	<p>FHWA sends approval letter and implements transfer of PL funds</p>

RESEARCH, DEVELOPMENT, AND TECHNOLOGY PROGRAM

BACKGROUND

The purpose of the program is to implement the provisions of [23 CFR 420 PLANNING AND RESEARCH PROGRAM ADMINISTRATION](#) for research, development, technology transfer, programs, and studies undertaken with FHWA planning and research funds.

State Planning And Research (SPR) Program

The main requirements under 23 CFR 420 are to create an SPR Work Program, monitor planning and research activities, submit performance and expenditure reports, conduct peer reviews, develop and maintain an FHWA approved research and development manual, and maintain program certification.

Local Technical Assistance Program (LTAP)

LTAP was created to provide training and technical assistance to rural, small urban, tribal governments, and contractors that do work for local agencies on roads, bridges, and public transportation. The LTAP program is regulated under [23 U.S.C. 504\(b\) Training and education](#). The Center for Transportation Studies (CTS) of the University of Minnesota was established as a University Transportation Center (UTC). CTS is the local entity that works with Mn/DOT and FHWA to administer LTAP.

OPERATING PROCEDURES

- ! SPR. The SPR Work Program consists of two parts: Part I, Planning and Part II, Research. Both are prepared by Mn/DOT's Office of Investment Management (OIM) Research Services Section (RSS). Mn/DOT is responsible for preparation and overall coordination of the Work Program in accordance with 23 CFR 420. The SPR program operates on a calendar year basis.
- ! LTAP. The T² (Technology Transfer) Steering Committee determines the direction for the Minnesota LTAP. The Committee, consisting of CTS personnel, federal, state, and local government representatives, typically meets twice per year. The Spring Committee meeting reviews, modifies, and approves the content of Minnesota's two-year local training and assistance plan. The Fall Committee meeting reviews the following year's work plan, budget needs, and funding request. Minnesota's LTAP training schedule consistently consists of more than ten courses.

CTS coordinates with Mn/DOT and the FHWA to draft an LTAP Work Plan based on a calendar year. Mn/DOT and FHWA review a draft LTAP Work Plan. Comments from both parties are incorporated into the draft and the final version is approved by FHWA.

- ! Experimental Features. Procedures for implementing experimental features are outlined in the Programming and Project Authorization/Agreement process section of this document. OIM's Research Services Section acts as a clearinghouse to disseminate the information learned from the use of experimental features. FHWA will work with Mn/DOT, as appropriate, to disseminate information and encourage the implementation of successfully used experimental features.

OVERSIGHT ACTIVITIES

- ! SPR. FHWA exercises its oversight responsibilities through review of the annual program prior to approval actions, annual program certification, review of SPR Work Program amendments prior to approval, and ongoing participation of its technical specialists in pooled fund study technical panels. As appropriate, FHWA personnel participate in peer exchanges.

The FHWA Division Research and Technology Engineer oversees the administrative aspects and coordinates with the Division Office specialists for technical aspects.

FHWA reviews and approves an updated version of the manual when there are significant changes in the management process or new Federal regulation/policy are enacted.

- ! LTAP. FHWA exercises its oversight responsibilities through review of the annual work plan prior to approval actions, review of work plan amendments prior to approval, participation in the LTAP Steering Committee, and participation or planning of various LTAP-related activities.

CTS and FHWA coordinate to process amendments to LTAP. FHWA also coordinates with CTS for program development, eligibility and fiscal issues.

- ! Experimental Features. Oversight for experimental features is handled through the approval process as outlined in the Programming and Project Authorization/Agreement Process.

REFERENCES

- [23 U.S.C. Sections 501-508, Research and Technology](#)
- [23 CFR 420, Planning and Research Program Administration](#)
- [Transportation Pooled Fund Program — Steps in the Procedures](#)
- FHWA Policy Memo of 11/3/1994 – [“State Planning and Research Administration: Guidelines”](#)
- FHWA Policy Memo of 1/16/1997 – [“Use of State Planning and Research \(SPR\) Funds for Tech Certification Program Course Development”](#)
- [FHWA Order 6000.3A – FHWA Development and Coordination of the Research and Technology Program](#)
- Mn/DOT Research Manual
- [FHWA Guidelines for Construction Projects Incorporating Experimental Features](#)
- [A Guide to Federal-Aid Programs and Projects](#)
- LTAP Manual
- [State Planning and Research \(SP&R\) Guide](#)
- [Local Technical Assistance Program](#)
- [49 CFR 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments](#)
- Mn/DOT Contract Administration Manual
- RSS Research Manual
- Mn/DOT Professional/Technical Consultant Acquisition Procedures for Federally Aided Contracts
- FHWA Guidance Memo of March 11, 2004, - [FHWA, State DOT, and MPO Rights to Copyrighted and Patented Items Developed with FHWA Planning and Research Funds](#)

RESEARCH, DEVELOPMENT, AND TECHNOLOGY PROGRAM

Summary Table

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Peer Exchange	OIM sponsors event or participates in other States' peer exchanges	Participate and support	Shared knowledge, improved processes, report
Draft SPR Work Program	OIM prepares and submits draft to FHWA (no later than Nov 1)	Participate in preparation. Review and Comment (30 days)	Annual SPR Work Program, list of research projects for CY, planning activities
Final SPR Work Program	Submit (no later than December 1)	Review and Approve (30 days)	Annual SPR Work Program, list of research projects for CY, planning activities
SPR Work Program Amendments	OIM prepares and processes amendments. Submits to FHWA on quarterly basis.	Review, Comment (if appropriate), and Approve (30 days)	Addition/reduction of contributions to existing projects and participation in new projects
Mn/DOT Research Manual	OIM prepares in coordination with FHWA	Review, Comment (if appropriate), and Approve (30 days)	Documentation that describes the management, process, and procedures for selecting and implementing RD&T activities
Maintain Certification of SPR Program	Prepare certification statement	Review, Comment, and Approve (30 days)	Certified compliance with 23 CFR 420.
LTAP Base Work Plan	Coordinates with CTS (CTS submits to FHWA no later than December 1)	Review, Comment (if appropriate), and Approve by January 1	Annual LTAP Base Work Plan, technology transfer activities
LTAP Work Plan	CTS submits to FHWA by January 1	Review, Comment (if appropriate), and Approve (14 days)	Final version of LTAP Work Plan
Projects Using Experimental Features	OIM collects and disseminates information about projects	Disseminates information and encourages implementation of successful features	Evaluation and implementation of new technologies
Projects Using In-Kind Matches	OIM consult with FHWA about eligibility. Prepare proposal per 23 CFR 420.119. Submit proposal to FHWA	Determines eligibility. Review, comment, approve proposal prior to project authorization(14 days)	Leveraging Federal funds with in-kind matches.
Minnesota-only Research with SPR funds	Early coordination with FHWA and OIM submit draft work plan to FHWA .	Determine eligibility. Review, comment, and approve work plan.	Approved in-state research project.

SAFETY AND TRAFFIC PROGRAM

BACKGROUND

With the passage of SAFETEA-LU, the importance of highway safety has been elevated. States were required to have a Strategic Highway Safety Plan (SHSP) in place by October 2007. SAFETEA-LU also raised the Highway Safety Improvement Program (HSIP) to a core program. The provisions of this legislation are incorporated into 23 U.S.C. and the most pertinent sections are included in the references below.

OPERATING PROCEDURES

Highway Safety Improvement Program

The Highway Safety Improvement Program (HSIP) has been raised to a core program in [Section 1401 of SAFETEA-LU](#), necessitating a new level of activity. Planning, implementation, evaluation and reporting will be critical components to the success of the program.

MnDOT will manage the overall HSIP with assistance from the FHWA Division. Quality improvement reviews will be conducted by the FHWA Division on regular basis as well. MnDOT Districts, MPOs and ATPs will select and develop safety projects as part of the annual transportation improvement program. Program and project priorities supported with HSIP funding will reflect priority elements identified within the SHSP. The State may request flexibility in the use of the funds, as allowed by [SAFETEA-LU section 1401\(a\)\(1\)\(e\)](#), through written request to the FHWA Division. The Division will review the request, and if the State meets the flexibility requirements, approve the flexibility provision, up to 10%, on an annual basis.

The State will submit required reports to the FHWA Division on the effectiveness of the HSIP program, including the HSIP report and the requirements of the 5% report, annually, on or before August 31.

Strategic Highway Safety Plan

Minnesota must have an approved Strategic Highway Safety Plan (SHSP) in order to exercise flexibility and eligibility options allowed through SAFETEA-LU. The State and Division recognize the importance of the SHSP and will support the Plan and its implementation at the highest leadership levels. Implementation will be advanced through programming actions of HSIP and other funding sources, as needed.

MnDOT will lead the development of the SHSP in conjunction with key partners and stakeholders. The FHWA Division will review the process by which the plan was developed and provide its determination that the process meets the requirements of SAFETEA-LU. If Minnesota did not have an approved Plan prior to October 1, 2007, HSIP apportionments would have remained at the 2007-year level in subsequent years.

Once approved, the SHSP must be periodically updated to include current crash data and to ensure that the prioritized strategies remain relevant. MnDOT will lead this effort while involving key partners and stakeholders when necessary. The website with the most current information regarding the Minnesota's plan can be found at <http://www.dot.state.mn.us/trafficeng/safety/chsp/index.html>.

High Risk Rural Roads

The Highway Safety Improvement Program (HSIP) includes a new set-aside provision known as the High Risk Rural Roads (HRRR) Program. This program is a component of the HSIP and is a set-aside after HSIP funds have been apportioned to the states. Approximately 60% of fatalities occur on rural roads, and the purpose of this program is to achieve a significant reduction in traffic fatalities and incapacitating injuries on rural major or minor collectors, and/or rural local roads.

Mn/DOT will lead the development of criteria to identify eligible roadways based on FHWA guidance. Each ATP will select and develop HRRR safety projects as part of the annual transportation improvement program. This criteria and listing of eligible roadways can be found at http://www.dot.state.mn.us/stateaid/SALT_Traffic_Safety.html.

OVERSIGHT ACTIVITIES

FHWA has oversight responsibility for the following Highway Safety-related activities.

159 Certification (Drug Offender's Driver's License Suspension)

States must comply with [23 U.S.C. 159 Revocation or suspension of drivers' licenses of drug offenses](#) in order to avoid the withholding of Federal-aid highway funds. This Section encourages States to enact and enforce drug offender's driver's license suspensions. By January 1 of each year, the Governor shall submit written notification to FHWA Division Administrator whether the State has enacted and is enforcing a law OR whether the State opposes such a law as per 23 U.S.C. 159. The certification is obtained from the Governor by MnDOT's Office of Government Affairs.

Work Zone Safety and Mobility Final Rule

In September 2004, FHWA published updates to the regulation in [23 CFR 630 Subpart J Traffic Safety in Highway and Street Work Zones](#), referred to as the Work Zone Safety and Mobility Rule. The new Rule provides a framework that facilitates comprehensive consideration of the broader safety and mobility impacts of work zones during the project development stages. In addition, it encourages the adoption of additional strategies that help manage these impacts during construction. Transportation agencies must be in compliance with the Rule by October 12, 2007. MnDOT is in the process of developing an agency-level work zone safety and mobility policy which meets the requirements of the new Rule. MnDOT will continue to annually review randomly selected construction projects for the purpose of assessing the effectiveness of its current procedures. An FHWA representative will participate in this review as necessary and as time permits. Information on the Work Zone Safety and Mobility Rule can be found at the following website http://www.ops.fhwa.dot.gov/wz/resources/final_rule.htm

NCHRP 350 (Standards, Policies, and Standard Specifications)

[The National Cooperative Highway Research Program \(NCHRP\) Report 350](#) established crash testing requirements for highway hardware in both permanent and in work zone applications. States must comply with NCHRP Report 350 criteria and the subsequent [AASHTO/FHWA agreements dated July 1, 1998](#). Minnesota's compliance date for high-speed roadways (45 mph and above) was extended to July 1, 2006 for Category I and II traffic control devices and low speed (less than 45 mph) to January 17, 2010.

MUTCD (Manual on Uniform Traffic Control Devices)

The MUTCD, approved by FHWA, is the national standard for all traffic control devices installed on any street, highway, or bicycle trail open to public travel in accordance with [23 U.S.C. 109\(d\) Standards](#) and [23 CFR 1200 UNIFORM PROCEDURES FOR STATE HIGHWAY SAFETY PROGRAMS](#). Where State or other Federal agency MUTCD's or supplements are required, they shall be in substantial conformance with the national MUTCD. Minnesota publishes the Minnesota Manual on Uniform Traffic Control Devices (MNMUTCD), which shall be in substantial conformance with the national MUTCD.

Safe Routes to School

The Safe Routes to Schools Program was created by [Section 1404](#) of the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Act* (SAFETEA-LU). The Program provides funds to the States to substantially improve the ability of primary and middle school students to walk and bicycle to school safely. The purposes of the program are:

1. to enable and encourage children, including those with disabilities, to walk and bicycle to school;
2. to make bicycling and walking to school a safer and more appealing transportation alternative, thereby encouraging a healthy and active lifestyle from an early age; and
3. to facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity (approximately 2 miles) of primary and middle schools (Grades K-8).

Each State administers its own program and develops its own procedures to solicit and select projects for funding. The program establishes two distinct types of funding opportunities: infrastructure projects (engineering improvements) and non-infrastructure related activities (such as education, enforcement and encouragement programs).

The State is responsible for developing and administering the program in accordance with Federal-aid requirements. Subsequently, the State is required to establish a full-time position of coordinator of the State's safe routes to school program. The Division office is required to work with the State in development of the program, authorizes projects and provides guidance when requested.

The following activities do not involve an FHWA oversight role with the State. Rather, this is a specific list of activities that FHWA Minnesota Division needs to be aware of, either for funding purposes or for general information.

Section 164 Certification (Repeat Intoxicated Driver Laws) States must comply with 23 U.S.C. 164 in order to avoid transfer of Federal-aid highway funds. Reporting requirement is to NHTSA. In cooperation with the Minnesota Department of Public Safety (Mn/DPS), Mn/DOT reports to NHTSA to satisfy requirements. Minnesota law does not meet the requirements of Section 164. Consequently, MnDOT is subject to a transfer penalty equal to 3% of the total Federal-aid apportionments from the NHS, STP and IM apportionments in each fiscal year. The transfer funds will be administered by NHTSA and must be used on HSIP projects or alcohol impaired driving countermeasures.

Section 163: 0.08 Blood Alcohol Concentration (BAC) Incentives/Penalties TEA-21 instituted an incentive program to encourage States to establish 0.08 percent BAC as the legal limit for drunk driving offenses. FHWA and Mn/DOT act in a supporting role with NHTSA and DPS. States may use these grant funds for any project eligible under Title 23. Beginning in FY 2004, States not having passed a 0.08 BAC law will be subject to a penalty equal to 2.0% of their Federal-aid apportionments. The penalty increases by an additional 2.0% in each subsequent year to a maximum of 8.0%. In Minnesota, .08 BAC became effective on Sept 1, 2005.

Section 406: Safety Belt Performance Grants [Section 2005 of SAFETEA-LU](#) created performance grants for States who have a conforming primary safety belt use law in place. States can also receive performance grants if they achieve a safety belt use rate of 85 percent or more for each of the calendar years immediately preceding the fiscal year of the grant. Funds may be used for any safety purpose under Title 23, however a minimum of \$1 million must be spent on Title 23 Chapter 4 activities which are generally behavioral and administered by NHTSA.

Application for Highway Safety Funds (Includes Highway Safety Plan) Mn/DPS reports to NHTSA to satisfy requirements under 23 USC 402 and forwards a copy to Mn/DOT for information only.

OTHER ACTIVITIES

FHWA currently participates with the State on the following committees and teams: Minnesota Towards Zero Death Initiative, Minnesota Traffic Records Coordinating Committee, Road Safety Audit Team, Minnesota Manual of Uniform Traffic Control Devices (MNMUTCD) Committee, TZD Stakeholder Forums, Traffic Engineering Safety Committee, and the Statewide Work Zone Safety Committee. Many of these committees/task forces incorporate elements of the Strategic Highway Safety Plan. In addition, FHWA and the State work together on safety issues related to geometric design, roadside safety and appurtenances, the highway safety improvement program, work zone safety, traffic operations and control, pedestrian safety, and bicycle safety. In each instance, sharing of knowledge occurs through discussions, meeting/committee/task force participation, and by performing periodic reviews.

Although the FMCSA is the State's primary Federal partner for motor carrier issues, FHWA provides assistance as necessary. FHWA also assists the State and NHTSA with driver behavior issues such as impaired drivers, aggressive drivers, older drivers, and occupant protection.

REFERENCES

- [23 U.S.C. 106 Project approval and oversight](#)
- [23 U.S.C. 109 Standards](#)
- [23 U.S.C. 148 Highway safety improvement program](#)
- [23 U.S.C. 152 Hazard elimination program](#)
- [23 U.S.C. 159 Revocation or suspension of drivers' licenses of individuals convicted of drug offenses](#)
- [23 U.S.C. 163 Safety incentives to prevent operation of motor vehicles by intoxicated persons](#)
- [23 U.S.C. 164 Minimum penalties for repeat offenders while intoxicated or driving under the influence](#)
- [23 U.S.C. 402 Highway safety programs](#)
- [23 U.S.C. 406 Safety Belt Performance Grants](#)

**SAFETY AND TRAFFIC PROGRAM
Summary Table**

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
HSIP (Highway Safety Improvement Program) projects programmed in the STIP	Work with ATPs to solicit safety projects which reflect the priorities in the SHSP.	Conduct HSIP quality improvement reviews.	HSIP Quality Improvement Report.
HSIP Annual Report	Prepare annual program and report, and Submit to FHWA (no later than by August 31)	Review and comment on the program and annual report (14 days)	HSIP Program Approval and Report
SHSP (Strategic Highway Safety Plan)	Mn/DOT will take the lead in developing and updating the SHSP. Mn/DOT will formally request that their SHSP be approved by FHWA.	FHWA will review the SHSP to ensure that the process meets the requirements of 23 USC 148.	SHSP approval which allows increased HSIP funding beyond FY2007
159 Certification (Drug Offender's License Suspension Certification)	Mn/DOT's Office of Government Affairs prepares annual certification and Send to FHWA (no later than 1/1)	Review certification, and Forward to FHWA HQ. Take appropriate action	Law enacted, opposition stated, or funds withheld
Work Zone Review (Traffic Safety in Highway and Street Work Zones)	Conduct annual review and Submit results to FHWA	Review and Approve (14 days)	Assessment of work zone procedures
NCHRP 350 (NCHRP 350 Testing Criteria)	Comply with NCHRP 350 and AASHTO/FHWA agreement	Actions and Process reviews ongoing	Crashworthy devices
MUTCD (Traffic Control Devices on all public roads)	MNMUTCD conforms to national MUTCD Practices comply with MNMUTCD	Actions and Review of MNMUTCD ongoing	Uniformity of Traffic Control Devices

CONGRESSIONALLY DELEGATED PROJECTS

BACKGROUND

There are several programs identified in Federal legislation that administer Federal funds either via designated funding (i.e., Congressional earmark) or via discretionary program. In the case of a Congressional earmark, the designated funding can only be used for the project as described in the law. Discretionary programs represent special funding categories where the FHWA solicits for candidates and selects projects for funding based on applications received.

These projects may not follow a traditional path through Mn/DOT or State-Aid project development, and thus, require coordination at a different level than typical highway projects. Below is a summary of several of the programs that have been created through legislation and currently exist under the SAFETEA-LU authorization. These programs are most likely to identify projects through earmarks or an application process and will require additional or non-traditional coordination to ensure that the projects are delivered in a timely fashion and in accordance with all other laws and regulations. Fact sheets for each of these programs may be found at <http://www.fhwa.dot.gov/safetealu/factsheets.htm>

High Priority Projects Program (HPP). The High Priority Project Program, designated as Section 1702 in the SAFETEA-LU legislation, provides designated funding for specific projects identified in SAFETEA-LU. A total of 5,091 projects were identified nationally in SAFETEA-LU (134 in Minnesota), each with a specified amount of funding over the five years of SAFETEA-LU subject to obligation authority.

Transportation Improvements (TIMP). The Transportation Improvements provision provides designated funding for specific projects as identified in Section 1934 of SAFETEA-LU. A total of 466 projects were identified nationally (three in Minnesota), each with a specified amount of funding over the five years of SAFETEA-LU subject to obligation authority.

Transportation, Community, and System Preservation Program (TCSP). The TCSP Program is intended to address the relationships among transportation, community, and system preservations plans and practices and identify private sector-based initiatives to improve those relationships. The specific legislation for this discretionary program may be found in Section 1117 of SAFETEA-LU.

Project of National and Regional Significance (PNRS). The Projects of National and Regional Significance program provides designated funding for high cost projects of national or regional importance. An eligible project is any surface transportation project eligible for assistance under 23 USC, including a freight railroad project eligible under that title, that has a total eligible cost greater than or equal to the lesser of (1) \$500 Million, or (2) 75 percent of the amount of Federal highway funds apportioned to the State in which the project is located for the most recently completed fiscal year. The specific legislation for this program may be found in Section 1301 of SAFETEA-LU. Currently only one Minnesota project was earmarked for these funds (Union Depot Multimodal Transit Facility).

National Corridor Infrastructure Improvements. This discretionary program, found in Section 1302 of the SAFETEA-LU Act, provides funding for construction of highway projects in corridors of national significance to promote economic growth and international or interregional trade. This program replaced TEA-21 Section 1118, the National Corridor Planning and Development program. One project was designated in SAFETEA-LU under this program (Falls-to-Falls Corridor).

OPERATING PROCEDURES

Coordination will be required between the FHWA and the respective Mn/DOT and/or State-Aid office depending upon where the project is located. Refer back to the flowchart on Basic Framework for Project Oversight Responsibilities to determine whether the project is Full Federal Oversight or State Administered to determine the appropriate level of coordination.

If the project has designated funding, there is a joint responsibility between the FHWA and Mn/DOT in assisting the project applicant to obligate and spend the funds in a timely manner.

OVERSIGHT ACTIVITIES

Oversight of specific projects will depend upon the type of project and where it is located (Interstate, other NHS, non-NHS, or local public agency). Refer back to the flowchart on Basic Framework for Project Oversight Responsibilities to determine whether the project is Full Federal Oversight or State Administered. FHWA, Mn/DOT and State-Aid work together in the project planning phase to ensure funding eligibility and compliance with NEPA and other applicable laws before location approval. Project coordination is facilitated by frequent consultation and meetings.

Occasionally, there may be a specific program solicitation from the FHWA Washington Office for projects where an application needs to be submitted. In such cases, coordination will occur between the FHWA and the responsible Mn/DOT personnel (OIM, District personnel) or State-Aid (DSAE's, Central Office) as needed to ensure that applications contain all required information and that deadlines are met.

Additionally, projects identified through these programs may have to go through an annual vetting process at the FHWA Division Office level where information on funding eligibility; "red flags" (i.e., environmental, political, or legal problems or any opposition); whether the project is at a stage that would permit obligation in the current fiscal year; and if there are any other issues. In such cases, coordination will again occur between the FHWA and appropriate MN/DOT and State-Aid staff to ensure a timely response.

REFERENCES

- [23 USC](#)
- [SAFETEA-LU Authorization](#)
- [SAFETEA-LU Minnesota Project Earmark List](#)

**CONGRESSIONALLY DELEGATED PROJECTS
Summary Table**

WORK ACTIVITY (PROGRAM IN LEGISLATION)	Mn/DOT AND/OR STATE-AID ACTION	FHWA ACTION	OUTCOME	REFERENCE
HPP	Administer funds. Consult with FHWA MN Division, LGU as appropriate	Administer and authorize projects; obligate funds	Project is constructed.	SAFETEA-LU Sections1702
TIMP	Administer funds. Consult with FHWA MN Division, LGU as appropriate	Administer and authorize projects; obligate funds	Project is constructed.	SAFETEA-LU Section 1934
TCSP	Assist in application process when solicited. Administer funds. Consult with FHWA MN Division, LGU as appropriate.	Review and approve grant applications. Vet projects as requested by Washington office. Submit identified lists of funded projects to Mn/DOT. Administer and authorize projects; obligate funds.	Selected projects receive funding. Project is constructed.	SAFETEA-LU Section 1117
PNRS	Administer funds. Consult with FHWA MN Division, LGU as appropriate	Administer and authorize projects; obligate funds	Project is constructed.	SAFETEA-LU Section 1301
National Corridor Infrastructure Improvement Program	Apply for and Administer funds. Consult/transmit proposal to FHWA MN Division	Review and approve grant applications. Vet projects as requested by Washington office. Submit identified lists of funded projects to Mn/DOT. Administer and authorize projects; obligate funds.	Selected projects receive funding. Project is constructed.	SAFETEA-LU Section 1302

MISCELLANEOUS PROGRAMS AND ACTIVITIES

This section summarizes miscellaneous programs that may not be covered under other sections.

MISCELLANEOUS PROGRAMS AND ACTIVITIES

Summary Table

WORK ACTIVITY	Mn/DOT ACTION	FHWA ACTION	OUTCOME
Engineering and Design Related Service Contracts	Formal request including written procedures	Approval	Alternate Procedures
Buy America waiver	Prepare	Approve (14 days)	Waiver
Design/build SEP-14 (Still experimental)	Prepare proposal	Review and Approve experimental feature (FHWA HQ)	Specification/work plan for design/build project
Warranty Projects (NHS projects only)	Prepare request on case by case or program basis	Review and Approve specifications	Warranty specifications
New/revised standard drawings	Prepare (approve for Non-NHS projects)	Approve (for NHS projects)	New/revised drawings
New/revised specifications	Prepare	Approve	New/revised specifications
Process for development of contract time	Prepare	Approve	Written procedures for the determination of contract time
Process for development of engineer's estimate	Prepare	Review	Written procedures for the developing an engineer's estimate
Manuals, Updates, and Directives	Prepare and Approve	Review and Comment (21 days)	Manuals, Updates and Directives
Revisions to Bridge Design Manual	Prepare	Approve ¹ (5 days)	Revised design policies and procedures
New/revised bridge standard drawings (standard plan, Detail I and Detail II manual)	Prepare	Approve ¹ (5 days)	New/revised drawings
New/revised bridge construction specifications	Prepare	Approve ¹ (5 days)	New/revised construction specifications
3R (Resurfacing, Restoration, and Rehabilitation) Standards for NHS	Prepare	Approve (14 days)	Approved 3R Standards
Emergency Preparedness	Prepare program/plans	Review and Concur	EP program/plan
Emergency Relief (ER) Program	Conduct site review on non-Trunk Highway projects. Prepare & submit application for ER funds within 6 weeks of ER event.	Conduct site review on Trunk Highway projects and major non-Trunk Highway projects & review applications (14 days)	Site approval and ER fund allocation

¹ Approval is not required for changes that are only editorial. Mn/DOT, if necessary, will hold a meeting to discuss and approve changes on the spot. Formal approval is not required when FHWA is part of decision making process.

APPENDICES

APPENDIX A

Federal Highway Administration (FHWA) and Minnesota Department of Transportation (Mn/DOT) Stewardship Plan Committee Members

STEERING COMMITTEE	FHWA	Mn/DOT
		Bill Lohr Susan Moe Robin Schroeder Tom Sorel
WORK GROUPS	FHWA	Mn/DOT
Environmental Process	Cheryl Martin	Gerry Larson Frank Pafko
Right-of-Way Process	Bill Lohr	Steve Mackenthun, Bob Brown
Design Monitoring Process	Dave Kopacz	Timothy Quinn
Local Public Agency Delegation Process	Kevin Kliethermes	Mark Gieseke Jim Koivisto
Programming and Project Authorization/ Agreement Process	Susan Moe	Pat Bursaw Mark Gieseke Shawn Chambers John Lindemer
Intelligent Transportation Systems (ITS) Process	Jim McCarthy	James Kranig Planner T.B.D.
Construction and Contract Administration Process	Kevin Kliethermes	Tom Ravn Jennifer Carlson Mike Leegard Joel Williams
Bridge Program	Romeo Garcia	Daniel Dorgan Jeff Southward Val Svensson
Civil Rights Program	Phil Barnes	Hope Jensen
Financial Management Program	Sheri Koch	Mike Hagerty Duane Leurquin Scott Peterson
Maintenance Monitoring Program	Kevin Kliethermes, Chris Cromwell	Curt Gobeli
Materials Quality Assurance Program	Bill Lohr	Jim Kochsiek Keith Shannon
Pavement Management and Design Program	Bill Lohr	David Janisch Keith Shannon Curt Turgeon
Planning Program	Susan Moe	Lynne Bly Pat Bursaw Peggy Reichert
Research, Development, and Technology Program	Phil Forst	Sue Lodahl Cory Johnson
Safety and Traffic Program	Dave Kopacz	Sue Groth Loren Hill
Congressionally Designated Projects	Jean Wallace	Bob Hofstad Brad Larsen Lynnette Roshell
Miscellaneous Programs and Activities	Robin Schroeder, Bill Lohr	

APPENDIX B

Five Main Questions Regarding Mn/DOT and FHWA's Risk Management Partnering Initiative

1. What is a Risk?

A Risk is a future event that may occur with a direct impact to a project or program area. Risks can be a benefit or detriment to a project or program.

2. What is Risk Management?

Risk management involves the identification and analysis of opportunities and threats in Minnesota's Federal-aid Program. Risk Management is not an audit, but a partnering opportunity to jointly identify Risk events and assess Minnesota's Federal-aid highway program. Risk Management provides structure and mutual understanding of high-risk program areas. Additionally, the formal structure supplements program managers' ability to identify, assess, manage, and communicate opportunities and threats involved in the FHWA and Mn/DOT mission. The Risk Management Process and the identification of potential Risk events should happen in a cyclical fashion (Every Year) to ensure response strategy performance. It is envisioned that Risk Management will garner more information about the health and future of Minnesota's Federal-aid program areas than an audit ever could!

3. What is the Vision for Risk Management in Minnesota?

The Risk Management is a partnering initiative that will complement program manager's ability to communicate effectively and confidently about the future of their program. Risk identification and analysis meetings will help clarify the links between Risks and program impacts. Program Managers will be empowered to contribute their expertise and to determine program area priorities. Following the Risk identification and analysis step within your program area, Division leadership will challenge program managers to identify effective response strategies to the identified Risks. Division leadership will focus and communicate State-wide risk areas and promote confident allocation of FHWA resources to effective risk response strategies.

4. How Will Risk Management Benefit Me?

In the past, Program managers assessed programs informally. Risk management is a formal process for program managers. The formal process helps in identifying, prioritizing, communicating, and responding to Risks inherent in a program. Risk Management will help organize discretionary time and focus risk response strategies to high risk areas. The Risk Management process will result in tangible, certifiable results that illustrate effectiveness and accomplishments. This is not only a change in the way we plan our offices work plans, but highlights the way our office effectively evaluates and implements strategies and solutions for Minnesota's Federal-aid program.

5. What Steps do Program Managers need to take to get started?

Program Managers will be responsible for:

- Establishing Risk Assessment Meetings with Risk Facilitator (At least 2)
- Identifying valuable participants in their Risk Assessment Meetings
- Identifying and documenting Risk Events prior and during Mn/DOT partnering meetings
- Identify and propose strategies with Mn/DOT and others to "High Risk Events"

At this point, your program-area assessment could take up to 4 hours work time. Based on the program manager's discretion and our partners' values, future steps implementing Risk Response strategies will require future meetings and time.

FHWA PROGRAM ASSESSMENT WORKSHEET #1

Standard Criteria for Performing Program Assessments

STAFFING

An assessment of the size and competence (training, experience) of State/local staff.

COMPLEXITY

An assessment of the complexity of regulations, procedures and processes in terms of the number of interrelated tasks, the number of individuals who influence outcomes and the degree of specialized knowledge required.

FHWA INVOLVEMENT

An assessment of FHWA's day-to-day involvement and influence on program operations at the State and local levels.

OPERATING PROCEDURES AND OVERSIGHT

An assessment of the adequacy of State/local procedures for operations, accountability and management oversight.

PAST REVIEWS

An assessment of the frequency and coverage of past reviews, and status of recommendations.

HISTORY OF PROBLEMS

An assessment of the recurrence of significant problems and errors.

SPECIAL INTEREST

An assessment of unusual concerns or attention by others (Congress, media, special interests, etc.)

Preparer: _____

Date: _____

Review Official: _____

FHWA PROGRAM ASSESSMENT WORKSHEET #1 (continued)

Critical Program Element: _____

CRITERIA		RISK LEVEL	WEIGHT	FINAL SCORE
Staffing	*High	Lack of experience - minimal training.	3	15
	*Medium	Adequate training & experience	2	
	*Low	Well trained, significant experience	1	
Complexity	*High	Numerous interrelated tasks & individuals involved	3	15
	*Medium	Some complexity, but limited	2	
	*Low	Relatively simple processes	1	
FHWA Involvement	*High	Minimal FHWA involvement & influence	3	15
	*Medium	Some involvement by FHWA	2	
	*Low	FHWA very involved and influential	1	
Operating Procedures & Oversight	*High	Lack of procedures and minimal oversight	3	15
	*Medium	Adequate procedures and oversight	2	
	*Low	Excellent procedures, accountability & oversight	1	
Past Reviews	*High	Minimal reviews, recommendations not implemented	3	15
	*Medium	Adequate reviews & some recommendations implemented	2	
	*Low	Excellent review coverage & timely implementation	1	
History of Problems	*High	Considerable recurrence of problems/errors	3	15
	*Medium	Some problems, but not serious	2	
	*Low	Limited number of problems/errors	1	
Special Interest	*High	Considerable special interest groups involved	3	10
	*Medium	Some concern/attention by special interests	2	
	*Low	No concern/attention by special interests	1	
Risk Total			100	

Comments: _____

TOTAL OVERALL PROGRAM RATING

(Final Score Divided by 100)

High Risk = 2.0 – 3.0

Medium Risk = 1.6 – 1.9

Low Risk = 1.0 – 1.5

NOTE: A column for weighting has been provided. The preparer may revise these weights based on the relative relationship of the evaluation criteria to the element being assessed.

FHWA PROGRAM ASSESSMENT WORKSHEET #2

Assessment for _____

The purpose of this risk assessment is to evaluate if this activity should be selected for a comprehensive review to determine its compliance with Federal regulations and FHWA policies.

For each of the following items provide a concise narrative supporting your conclusions.

Reviewer's Knowledge/Involvement With Activity

Briefly describe your level of familiarity and involvement with this program activity including such items as: oversight responsibilities, participation in prior reviews or evaluations, level of coordination with State staff, and period of time involved with this activity.

1. Staffing High Risk Medium Risk Low Risk
Is the staff directly responsible for this activity sufficiently experienced and adequately trained to knowledgeable administer the activity in accordance with State policies and procedures and Federal regulations and FHWA policies?
Are there adequate staff resources available to effectively perform necessary activities and resolve problems in a timely basis?
2. Complexity High Risk Medium Risk Low Risk
How complex are the regulations, procedures and processes? In order to properly apply regulations and follow procedures, is specialized knowledge necessary? Are there numerous interrelated tasks and staff members involved to carry out regulations and procedures? Is the staff satisfactorily following the procedures?
3. FHWA Involvement High Risk Medium Risk Low Risk
Does the Division staff review and approve individual program actions and annual program submittals, or have review and approval actions been delegated to the State? Is there a review cycle required by Federal regulations or FHWA policy? Does FHWA have any influence on program operations at the State and local levels?
4. Operating Procedures and Oversight High Risk Medium Risk Low Risk
Are there approved written operating procedures, which provide adequate control to administer the program in accordance with Federal regulations and FHWA policies? Is management oversight and accountability adequate?
5. Past Reviews High Risk Medium Risk Low Risk
Is this a new activity, which should receive an initial review? Has the frequency and coverage of past reviews been adequate? Have recommendations been implemented to satisfactorily correct problems in a timely manner?
6. History of Problems High Risk Medium Risk Low Risk
Have there been past compliance problems or are there current issues, which could involve non-compliance with Federal regulations or FHWA policies? Is there a pattern of recurring problems and errors?
7. Special Interest High Risk Medium Risk Low Risk
Does this activity generate a high level of public interest or controversy because of its effect on sensitive areas such as environment, safety, political or public issues? Have any unusual concerns been expressed by members of Congress, the media or special interest groups.

Summary Assessment Review Recommended: Yes No

This recommendation is made for the following reasons:

Preparer: _____

Date: _____

APPENDIX C

This Table outlines the applicability of federal contracting requirements and provides references.

FEDERAL CONTRACTING REQUIREMENTS

SUBJECT	U.S.C.	CFR	OTHER LAWS	APPLICABILITY			REMARKS
				Construction Contracts		Non-Highway Construction or "Service Contracts"*	
				NHS	Non-NHS		
Prohibition Against Use of Local Hiring Preferences (FHWA-1273-Sec I-6)		635.117(b)		Yes	Yes	No	
Prohibition Against the Use of Convict Labor (FHWA-1273-Sec I-6)	23 U.S.C. 114(b)	23 CFR 635.117 (a)		Yes	Yes**	No	**Prohibition only applies to project on Federal-aid highways
Nondiscrimination (FHWA-1273-Sec II)	23 U.S.C. 140, 23 U.S.C. 324, 49 U.S.C. 322, 42 U.S.C. 12101-12213, 42 U.S.C. 3601-3619	23 CFR 200, 23 CFR 230D, 23 CFR 635.17 28 CFR 35 29 CFR 1630 41 CFR 60 49 CFR 21, 23 28 CFR 50.3 49 CFR 25	*The Civil Rights Act of 1964, Title VI *The Age Discrimination and Employment Act of 1967 *The Age Discrimination Act of 1975 *the American Disabilities Act of 1990	Yes	Yes	Yes	All contracts and subcontracts of \$10,000 or more
Non-segregated Facilities (FHWA-1273-Sec III)		23 CFR 633A 41 CFR 60.1.8	Title VI	Yes	Yes	Yes	All contracts and subcontracts of \$10,000 or more
Payment of Predetermined Minimum Wage (FHWA-1273-Sec IV)	23 U.S.C. 113, 40 U.S.C. 276 (a) & (c)	23 CFR 635, 309(f), 29 CFR 1, 3, 5	Davis-Bacon Act Copeland Anti-Kickback Act	Yes	**	**	**All Construction contracts on a Federal-aid Highway exceeding \$2,000
Statements and Payrolls (FHWA-1273-Sec V)	40 U.S.C. 276 (a) & (c), 18 U.S.C. 874	23 CFR 635.118 29 CFR 3, 5	Davis-Bacon Act Copeland Anti-Kickback Act	Yes	**	**	**Same as above
Record of Material, Supplies and Labor (FHWA 47) (FHWA-1273-Sec VI)		23 CFR 635.126		**Yes	No	No	**Applies to NHS projects > \$ 1M (excl. FA, Beaut, RR, etc.)
Subletting or Assigning the Contract (FHWA-1273-Sec VII)		23 CFR 635.116		Yes	No	No	

This Table outlines the applicability of federal contracting requirements and provides references.

FEDERAL CONTRACTING REQUIREMENTS

SUBJECT	U.S.C.	CFR	OTHER LAWS	APPLICABILITY			REMARKS
				Construction Contracts		Non-Highway Construction or "Service Contracts"*	
				NHS	Non-NHS		
Safety: Accident Prevention (OSHA compliance) (FHWA-1273-Sec VIII)	40 U.S.C. 333	23 CFR 635.108 29 CFR 1926	OSHA	Yes	Yes	Yes	All construction projects
False Statements Concerning Highway Projects (FHWA-1273-Sec IX)	18 U.S.C. 1020	23 CFR 633A, 23 CFR 635.119		Yes	Yes	Yes	All construction projects
Implementation of the Clean Air Act and Federal Water Pollution Control Act (FHWA-1273-Sec X)	33 U.S.C. 1251 42 U.S.C. 1857	23 CFR 633A 40 CFR 15		Yes	Yes	Yes	All contracts and subcontracts of \$100,000 or more
Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion (FHWA-1273-Sec XI)		23 CFR 635.112(g) 49 CFR 29		Yes	Yes	Yes	Contracts and subcontracts of \$100,000 or more
Certification Regarding the Use of Contract Funds for Lobbying (FHWA-1273-Sec XII)	49 U.S.C. 322A	23 CFR 635.112(g) 49 CFR 20 49 CFR 29		Yes	Yes	Yes	Contracts and subcontracts exceeding \$100,000
Appalachian Contract Employment Preference	40 U.S.C. Appendix 201	23 CFR 633B	Appalachian Regional Development Act	**	**	**	**Only APD funded contracts
Buy America	STAA Section 165 ISTEA Section 1041(a) & 1048(b)	23 CFR 635.410		Yes	Yes	**Yes	**All construction projects funded under Title 23
Disadvantaged Business Enterprise	23 U.S.C. 140(b)	23 CFR 200 & 230B, C, D 49 CFR Part 26 (DBE) 49 CFR Part 21 (Title VI)		**Yes	**Yes	**Yes	**Applicable as necessary to meet State DBE program goals

Appendix C

This Table outlines the applicability of federal contracting requirements and provides references.

FEDERAL CONTRACTING REQUIREMENTS

SUBJECT	U.S.C.	CFR	OTHER LAWS	APPLICABILITY			REMARKS
				Construction Contracts		Non-Highway Construction or "Service Contracts"*	
				NHS	Non-NHS		
Indian Preference on Federal-aid Projects (Labor & Employment)	23 U.S.C. 140 42 U.S.C. 2000e-21	23 CFR 635.117		**	**	**	**Any project meeting guidance criteria
Non-Collusion Certification	23 U.S.C. 112	23 CFR 635.112(f)		Yes	Yes	No	
On-the-Job Training	23 U.S.C. 140(a) & (b)	23 CFR 230A		Yes	**	**	**Projects designated by STA in setting State goals
Standardized Changed Conditions Contract Clauses	23 U.S.C. 112(e)	23 CFR 635.109		Yes	Yes	No	
Drug-Free Workplace		49 CFR 29		**	**	**	DFW certification applies to direct recipients (not construction contractors)
Publicly Owned Equipment		23 CFR 635.106	OMB Circular A-87	Yes	Yes	No	
Contractor Purchased Equipment for State Ownership	23 U.S.C. 302	23 CFR 140 49 CFR Part 18 49 CFR Section 18.3		Yes	Yes	No	
Equipment Rental Rates		48 CFR Part 31	OMB Circular A-87 FAPG NS 23 CFR 635.120	Yes	Yes	No	
Foreign Contractor and Supplier Restriction		49 CFR 30		Yes	Yes	No	