



## CHAPTER 2

# PROJECT FUNDING / CONTRACT ADMINISTRATION RESPONSIBILITY

The funding for a Project may come from sources other than ODOT, including FHWA or other federal sources, other state governments, local governments, Utilities, or other private organizations. The sources of funding will be specified in the Project agreement and will be provided to the Resident Engineer (RE) at the start of the Contract period.

### **2-1 Program and Funding Services Unit of the Active Transportation Section**

At the start of each Project, the Program and Funding Services Unit of the Active Transportation Section issues a letter that identifies the funding source(s) for all parts of the Project and identifies the Participation Indicators (subjobs) that must be used to charge costs to the proper funding source. The RE must enter the proper Participation Indicator (subjob) on all payments and on all Change Orders. If Work is added to the Contract, and that Work is to be funded by a different source or at a different rate than shown in the letter, contact the Contract Administration Unit (CAU) to establish a new Participation Indicator (sub-job) and activate it in the Contract Payment System (CPS).

## **2-2 State Administered Projects (Delegated)**

For Projects involving Federal-Aid funds, FHWA has declared some Projects as “delegated”, which means that oversight will be performed in the same manner as if it is done by FHWA. ODOT will assume responsibility for project-level activities associated with section 106 of 23 U.S.C. (*Per the ODOT Federal-Aid Highway Program Stewardship and Oversight Agreement, April 2010.*)

These Projects were referred to as “exempt” by the Agency, and had “X” as the first letter in the Federal-Aid Project number. They are now referred to as “State Administered Projects” by FHWA.

Even for State Administered Projects, certain major changes to the Contract require FHWA approval. [Refer to Chapter 3 - Delegation of Authority.]

## **2-3 Risk-based Project Involvement**

For Federal-Aid Projects that are identified as needing risk-based project involvement, FHWA retains the oversight to assure proper administration. These projects were previously referred to as “Full Federal Oversight” by the Agency. As such, the RE must involve the FHWA Area Engineer in major changes or other changes or developments on the project. [Refer to Chapter 3 - Delegation of Authority.]

## **2-4 Contract Administration Responsibility**

For Projects involving Federal-Aid funding, ODOT, as the State Highway Agency, has the responsibilities for construction as specified in 23CFR 635.105. ODOT is responsible for ensuring Projects receive adequate supervision and inspection to assure that Projects are completed in conformance with approved Plans and Specifications.

ODOT must affirm required documentation, as well as the Contract Work and Contract administration, is performed in accordance with the Plans and Specifications. ODOT is responsible for assuring that payments are accurately charged to the proper sources of funding.

ODOT will not request FHWA funding participation unless Contract administration requirements have been performed in accordance with the Plans and Specifications. .

ODOT has these responsibilities even though it may have authorized another agency or Consultant to administer the Project. ODOT also retains these same responsibilities on Projects that may not include Federal-Aid funding.

The representatives of other entities that have funds in the Project have the authority to inspect the Project and the Work, and shall communicate

with the RE or the Project representative about issues of concern regarding the Work. Other entities include City, County, and US Forest Service agencies, among others.

For Projects where an entity acting as Program Manager with responsibility for administering the Contract is a Local Agency or its Consultant, ODOT will assign a Transportation Project Manager (TPM) to work with the Project Manager to ensure that the Local Agency or the Consultant is administering its Federal-Aid Projects in accordance with the Plans and Specifications. ODOT may enlist other ODOT persons or Consultants to assist in fulfilling that responsibility.

Certain responsibilities may not be delegated to a Local Agency or Consultant acting as the RE, including, but not limited to the following:

- Approval of Contract Change Orders, Adjustments of Contract Time, Orders for Extra Work to be done on Force Account Basis, and Force Orders.
- Approval of overruns or increases in Project Authorizations.
- Approval of price adjustments for non-specification Materials.
- Approval of quality and quantity documentation.
- Payments to the Contractor for Work completed.
- Final acceptance of the Project.

Responsibility for these tasks, within the delegated authority limits, will remain with the ODOT Representative (TPM or ODOT RE) assigned to the Project. For Projects administered by a fully Certified Local Agency, most of the above actions can be completed (Approved) with copies sent to the TPM. Refer to the [LAG Manual](#) for more information.



