



U.S. Department
of Transportation
**Federal Highway
Administration**

New Jersey Division

June 21, 2017

840 Bear Tavern Road
Suite 202
West Trenton, New Jersey 08628
609 637-4200

In Reply Refer To:
HDA-NJ

Mr. Joseph Bertoni
Deputy Commissioner
New Jersey Department of Transportation
PO 600, Trenton NJ 08625

Dear Deputy Commissioner Bertoni,

Risk Based Stewardship and Oversight (RBSO) is an evolving process. Thus, during our annual risk assessment for the upcoming performance year (PY18), we have reformed some of the ways my office is providing project oversight. We have coordinated all modifications of the existing process with the New Jersey Department of Transportation (NJDOT) Program Management Office (PMO). Enclosed you will find a copy of the updated process. Along with some new procedures, the process continues to rely significantly on the Capital Program Screening Committee (CPSC) meetings to screen the project pool for risks that would qualify the project as a Project of Division Interest (PoDI). We find this to be a viable process and look forward to continuing project identification in that manner.

We recommend the PMO share this information with all affected units at the Department, including those outside of Capital Program Management. One additional note, Projects of Corporate Interest (POCIs) is a project classification that no longer exists within FHWA.

Over the last few years, we have worked closely with your staff to implement the new RBSO processes. We feel these modifications will not only enhance the Federal Aid Highway Program but also enhance our partnership. Thank you and your staff for your patience and cooperation with implementing Risk Based Stewardship and Oversight. If you have any questions or concerns, please let me know.

Respectfully,

Robert Clark
Division Administrator

- c: Mr. Gary Brune, Chief Financial Officer (NJDOT)
Mr. David Kuhn, Assistant Commissioner for Capital Investment, Planning and Grant Administration
Mr. Dave Lambert, Assistant Commissioner for Capital Program Management
Mr. William Kingsland, Assistant Commissioner for Transportation Systems Management
Mr. Andrew Tunnard, Assistant Commissioner for Operations

Projects of Division Interest (PoDI's)

FHWA New Jersey Division Process for Identification and Oversight

A Project of Division Interest (PoDI) evaluation process will be conducted by FHWA as part of New Jersey's Risk Assessment process to assist in the identification, determination and oversight of projects. Utilizing the PoDI Identification Matrix (see Appendix A), projects that contain one or more of the identified risks may then be identified as a PoDI. Projects will be chosen based on how each projects risk contribute to the overall State risks for that given year. When many of the same risks are identified among various projects, the Division may use this information as a basis for a program level process review. FHWA will continue to be involved with all projects during Concept Development to ensure adequate project communication at early project development stages and appropriate mitigation of division interest criteria. To administer the Concept Development phase of projects NJDOT will submit all Concept Development reports to the respective FHWA Area Engineer for review and concurrence.

The process and coordination required between the FHWA-NJ Division and the NJDOT to determine which preconstruction phases of work and construction projects will be a PoDI are outlined as follows:

Pre-Construction phases of work

Pre-construction phases of work will utilize NJDOT's Capital Program Screening Committee (CPSC) Process to identify a Project of Division Interest. The FHWA New Jersey Division will obtain a copy of the CPSC agenda prior to each scheduled meeting. During the CPSC, the NJDOT makes the determination to recommend advancement of the project from the current phase to the next phase (Screening to Concept Development, Concept Development to PE, PE to FD, etc.). It is the FHWA-NJ Divisions understanding that all departments within NJDOT advance projects through the CPSC. As part of this determination at each CPSC meeting a FHWA representative will coordinate with the Committee in determining the designation of each project (i.e. PoDI or Non-PoDI). To make this designation, the risk categories identified for that PY (Division Interest Criteria – Appendix A) will be used to assess the projects. Some sample risk areas include multiple contract projects, EA's, EIS's, regionally significant projects, complex bridge projects, division-identified dollar thresholds on the Interstate and/or NHS, high political or community interests, innovative financing, criteria to balance the overall program (e.g., geographic coverage), etc.

Once agreed that a specific project will be categorized as a PoDI, it will be noted within the minutes of that specific CPSC meeting and the subsequent CPC meeting. The New Jersey Division will then begin to develop the Individual Project Plan (IPP) in coordination with NJDOT's assigned Project Manager. The IPP (see Appendix B) for each specific project will define the oversight role of the FHWA.

Construction Projects

For a construction phase of work, the FHWA New Jersey Division will obtain a copy of NJDOT's monthly construction advertising schedule, a quarterly PRS report and an annual list of construction projects provided by the PMO office for all NJDOT Divisions. These submittals will be the mechanism to assist in PoDI identification and determinations for the construction phase of a project. As with preconstruction phases of work, the risks noted within the PoDI Identification Matrix will be utilized (see Appendix A) for determining the designation of each construction project (i.e. PoDI or Non-PoDI). Once agreed that a specific project will be categorized as a PoDI, the New Jersey Division will then begin to develop the Individual Project Plan (IPP) in coordination with NJDOT's assigned Project Manager and Resident Engineer. The IPP for each specific project will define the oversight role of the FHWA.

Project of Division Interest (PoDI)

Once a phase of work is identified as a PoDI, it will be incorporated into a list for that specific Performance Year (PY) and then compiled into an all-inclusive list. For each phase of work identified as a PoDI, an IPP will be created. This plan will further discuss project involvement and identify specific elements in each project phase which FHWA will expend its resources. It will include the type of oversight that will be conducted on each project, specific elements for review and the risk justification for oversight. This will be coordinated amongst FHWA Senior Staff and New Jersey Department of Transportation (NJDOT) and will correspond to the main Stewardship Agreement oversight categories (noted below).

Quality Assurance / Quality Control

If a project for any phase of work is identified by the NJDOT without utilizing the CPSC process as noted above, the NJDOT will notify FHWA and the project will be reviewed by the appropriate FHWA and NJDOT staff to identify its risks and whether it needs to be appended as a PoDI or non-PODI. The only exceptions to the CPSC PoDI identification process and QA/QC assurance are the projects that fall under the following three Limited Scope processes: Pavement Resurfacing (mill 'x', pave 'x' plus one), Thin Surface Treatment and Concrete Pavement Repair.

Stewardship Agreement Oversight Categories will include:

Preconstruction (Design) – This may include oversight of the following design elements that apply:

- Design Standards
- Design Exceptions
- Structural Design
- Consultant Management
- Context Sensitive Solutions (CSS)
- Environmental Mitigation and Commitments
- ITS Project development Standards & Systems Engineering
- Interstate Access Requests/Interstate Justification Reports
- Pavement Design
- Other project elements as applicable

The Reviews during this phase may include (but not limited to) the following:

- Constructability
- Preliminary Design Submission
- Final Design Submission
- Road Safety Audits
- Roadside Hardware
- Traffic Analysis,
- Traffic Control Plan / Work Zone Traffic Mgmt
- Value Engineering (VE)
- PIF – Airspace clearance FAA (23 CFR 620.104)
- PIF– Proprietary items
- PIF – Publicly furnished materials
- Project Management and/or Financial Plans
- ROW encroachments
- Experimental Features
- Other project reviews as applicable

Preconstruction (PS&E Approval, Advertising, & Award) – This may include oversight of the following preconstruction elements that apply:

- Plans, Specifications, and Estimates (PS&E)
- DBE
- OJT
- Contract Provisions (FHWA1273, Buy America), Changed conditions clauses, Incentive/Disincentives
- Partnering
- Warranties
- ROW Clearances
- Project Authorization and Project Agreements
- Advertisement
- Addenda
- Pre-bid meetings
- Bid Analysis and Award Concurrence
- Innovative contracting
- State contracting procedures
- Utility agreements
- Railroad agreements
- Other project elements as applicable

Project Construction & Contract Administration – This may include oversight of the following construction elements as they apply:

- Preconstruction Meetings
- Initial Inspections
- Intermediate Inspections
- In-Depth Inspections, Final Inspections
- Work Zone Inspections
- Project Meetings
- Buy America
- Materials testing / certifications
- Change orders
- Contractor claims
- Pay Estimate Reviews
- Time extensions
- Value Engineering Change Proposals
- Liquidated damages
- DBE commercial useful functions
- Final Acceptance
- Other project elements and reviews as applicable

Appendix A

FHWA New Jersey Division - Projects of Division Interest (PoDI)

Division Interest Criteria

PODI Selection - (based on Programmatic, Significant Projects, Environmental / Legal, Complex Projects, Other)

- FHWA Project of Corporate Interest (PoCI)
- Multiple Contract Projects
- Multi-Modal
- TIGER
- Innovative Contracting or Construction
- Innovative Financing
- Regionally Significant Project
- Interstate Construction greater than \$10M
- NHS Total Project Cost Greater than \$40M
- High Freight Traffic Volume
- Interstate Designation Project
- Major ROW / Utility Impacts
- Major Access Impact Interstate / NHS
- Multi-State
- Multiple Federal Agencies
- Complex Bridge/Tunnel (i.e., precast segmental, cable-stay, tunnels, suspension, movable)
- Major Traffic Impacts
- Constructability
- NEPA Classification EA or EIS
- Other Significant Environmental Mitigation
- Significant Natural/Cultural Resource Involvement
- Pending or Anticipated Legal Issues
- Direct Recipient of Federal Funding
- Elevated Risk Recipient
- Contract Administration
- ADA Compliance
- Area of Specific Interest
- Preventive Maintenance
- ITS project (as determined by criteria defined in the Stewardship and Oversight Agreement) Projects
- High Community Interests
- High Political Involvement
- Civil Rights
- Adequate Region Balance

Discretionary – projects selected on an individual basis due to inherent risk or other interests of the Division Office. The Division will identify these projects every April based on NJDOT’s Program for the upcoming State fiscal year. The Division will review changes to the planned program on a quarterly basis.

- a. Locally Administered Project that does not trigger any of the categories listed above
- b. Project that involve use of innovative financing and/or project delivery techniques (TIFIA, P3s, SEP-14, SEP-15, etc.)
- c. Project contains certain scope or work elements identified by the Division Office as being an area of specific interest (Describe _____)
- d. Ensuring adequate Regional balance

Appendix B



<Insert Project Name> NJ Division PODI Project Oversight Plan

PURPOSE

The purpose of this FHWA document is to establish the parameters for the New Jersey Division Office to provide oversight with the establishment of a management strategy based on the risks associated with the successful delivery of the <Insert Project Name> Project. This is a living document and will be modified as needed as the project is progressed.

PROJECT BACKGROUND

- **Project Scope (Project Cost Estimate, Project Complexity)**
 - <The list below are potential areas that add complexity as seen on past major projects, which should be modified (add or delete) to include specific complexities for the project.>
 - Project Location
 - Contract Delivery Method
 - Environmental Classification
 - Unique Structure Type(s)
 - Other
- **Primary PoDI Type (Select One)**
 - Major Project (>\$500M); 23 USC 106(h)
 - Appalachian Development Highway Project
 - TIGER Discretionary Grant Project
 - NHS Projects with Retained FHWA Project Approval; 23 USC 106(c)(1)
 - Non-NHS with Retained Actions; 23 USC 106(c)(2)(as requested by State)
 - Projects Selected for Risk-Based Stewardship & Oversight; 23 USC 106(g)
- **Federal Investment**
 - <Provide Federal-aid project financial details – apportioned funds, TIFIA, GARVEE, etc. Also, this information may need to be reflected in the Project Risk Section>
- **Project Management Organization Structure**
- **Schedule**
 - PE
 - FD
 - PS&E
 - Construction Start
 - Construction Substantial Completion
 - Construction Final Completion
 - FMIS Project End Date

PROJECT RISKS

<This section of the document identifies the risks associated with the project and what are the critical activities to the successful completion of the project. For each risk that was previously identified for this project, provide a synopsis of that risk element and how it applies to this project>

- **Division Interest Criteria (Risks)**
 - Multiple Contract Projects
 - Multi-Modal
 - TIGER
 - Innovative Contracting or Construction
 - Innovative Financing
 - Regionally Significant Project
 - Interstate Construction greater than \$10M
 - NHS Total Project Cost Greater than \$40M
 - High Freight Traffic Volume
 - Interstate Designation Project
 - Major ROW / Utility Impacts
 - Major Access Impact Interstate / NHS
 - Multi-State
 - Multiple Federal Agencies
 - Complex Bridge/Tunnel (i.e., precast segmental, cable-stay, tunnels, suspension, movable)
 - Major Traffic Impacts
 - Constructability
 - NEPA Classification EA or EIS
 - Other Significant Environmental Mitigation
 - Significant Natural/Cultural Resource Involvement
 - Pending or Anticipated Legal Issues
 - Direct Recipient of Federal Funding
 - Elevated Risk Recipient
 - Contract Administration
 - ADA Compliance
 - Area of Specific Interest
 - Preventive Maintenance
 - ITS project (as determined by criteria defined in the Stewardship and Oversight Agreement)
Projects
 - High Community Interests
 - High Political Involvement
 - Civil Rights
 - Adequate Region Balance

- **Discretionary** – projects selected on an individual basis due to inherent risk or other interests of the Division Office. The Division will identify these projects every April based on NJDOT’s Program for the upcoming State fiscal year. The Division will review changes to the planned program on a quarterly basis.
 - a. Locally Administered Project that does not trigger any of the categories listed above
 - b. Projects that involve use of innovative financing and/or project delivery techniques (TIFIA, P3s, SEP-14, SEP-15, etc.)
 - c. Project contains certain scope or work elements identified by the Division Office as being an area of specific interest (Describe _____)
 - d. Ensuring adequate Regional balance

FHWA OVERSIGHT

Select One:

- a. *Federal Involvement* - FHWA-NJ will review and approve all applicable elements in each phase listed below.
- b. *Detailed Design/Contract Document Review and Approval only* – FHWA-NJ will only review the applicable elements in the Preconstruction Design and Preconstruction-PS&E Approval, Advertising, & Award listed below.
- c. *Spot Check Construction Review* – FHWA-NJ will conduct an initial spot check review during construction and pending findings will conduct subsequent follow up construction reviews on specific elements as necessary.
- d. *Element Specific Review* – FHWA-NJ will review necessary contract documentation and/or conduct construction inspection/review explicit to an identified area of specific interest.

OVERSIGHT ELEMENTS

Preconstruction (Design) – This will include oversight of the following design elements that apply (*delete or add specific oversight elements in the list below as specifically applicable to this PoDI*):

- Design Standards
- Design Exceptions
- Structural Design
- Consultant Management
- Context Sensitive Solutions (CSS)
- Environmental Mitigation and Commitments
- ITS Project development Standards & Systems Engineering
- Interstate Access Requests/Interstate Justification Reports
- Pavement Design
- Other project elements as per coordination between FHWA and NJDOT responsible parties.

The Reviews during this phase will include (but not limited to) the following, (*delete or add specific reviews for the list below as specifically applicable to this PoDI*):

- Constructability
- Preliminary Design Submission
- Final Design Submission
- Road Safety Audits
- Roadside Hardware
- Traffic Analysis,
- Traffic Control Plan / Work Zone Traffic Mgmt
- Value Engineering (VE)
- PIF – Airspace clearance FAA (23 CFR 620.104)

- PIF– Proprietary items
- PIF – Publicly furnished materials
- Project Management and Financial plans
- ROW encroachments
- Experimental Features
- Utility Agreements/Utility Agreement Modifications
- Other project reviews as per coordination between FHWA and NJDOT responsible parties.

Preconstruction (PS&E Approval, Advertising, & Award) – This will include oversight of the following design elements that apply (*delete or add design elements for the list below as specifically applicable to this PoDI*):

- Plans, Specifications, and Estimates (PS&E)
- DBE
- OJT
- Contract Provisions (FHWA1273, Buy America(n), Changed conditions clauses, Incentive/Disincentives
- Partnering
- Warranties
- ROW Clearances
- Project Authorization and Project Agreements
- Advertisement
- Addenda
- Pre-bid meetings
- Bid Analysis and Award Concurrence
- Innovative contracting
- State contracting procedures
- Utility agreements/Utility Agreement Modifications
- Railroad agreements
- Other project elements as per coordination between FHWA and NJDOT responsible parties.

Project Construction & Contract Administration – This will include oversight of the following construction elements as they apply (*delete or add construction elements for the list below as specifically applicable to this PoDI*):

- Preconstruction Meetings
- Initial Inspections
- Intermediate Inspections
- In-Depth Inspections, Final Inspections
- Work Zone Inspections
- Project Meetings
- Buy America
- Materials testing / certifications
- Change orders
- COPs
- Contractor claims
- Pay Estimate Reviews
- Time extensions/Suspensions of Work
- Value Engineering Change Proposals
- Liquidated damages
- DBE commercial useful functions
- Labor Compliance
- Default/Termination of Contract

- Final Acceptance
- Other project elements and reviews as per coordination between FHWA and NJDOT responsible parties.

- **Resource Needs**

<What resources are needed to address the Focus Areas identified? These may include resource support from Headquarters, Resource Center, SMEs, or other specialized expertise.>

- **Additional Project Specific Oversight (if applicable)**

<Based on the Focus Areas identified in Section , what involvement should FHWA have with the project that is not already covered in the NJDOT/FHWA Stewardship Agreement? Are there specific activities needing FHWA direct involvement such as submittal reviews we normally would not see for a typical project or are there any activities we can delegate to NJDOT? Establish project specific milestones and agreed upon submittal review timeframes.>