

State's multi-year Statewide Transportation Improvement Program.

(1) *Project selection.* The program may, at the State's discretion, establish specific criteria and guidelines for selecting other highway projects for VE studies.

(2) *Studies.* Value engineering studies shall follow the widely recognized systematic problem-solving analysis process that is used throughout private industry and governmental agencies. Studies must be performed using multi-disciplined teams of individuals not personally involved in the design of the project. Study teams should consist of a team leader and individuals from different speciality areas, such as design, construction, environment, planning, maintenance, right-of-way, and other areas depending upon the type of project being reviewed. Individuals from the public and other agencies may also be included on the team when their inclusion is found to be in the public interest.

(i) Each team leader should be trained and knowledgeable in VE techniques and be able to serve as the coordinator and facilitator of the team.

(ii) Studies should be employed as early as possible in the project development or design process so that accepted VE recommendations can be implemented without delaying the progress of the project.

(iii) Studies should conclude with a formal report outlining the study team's recommendations for improving the project and reducing its overall cost.

(3) *Recommendations.* The program should include procedures to approve or reject recommendations and ensure the prompt review of VE recommendations by staff offices whose speciality areas are implicated in proposed changes and by offices responsible for implementing accepted recommendations. Reviews by these offices should be performed promptly to minimize delays to the project.

(4) *Incentives.* The program may include a VE or cost reduction incentive clause in an STD's standard specifications or project special provisions that allows construction contractors to submit change proposals and share the resulting cost savings with the STD.

(5) *Monitoring.* The program should include procedures for monitoring the implementation of VE study team recommendations and VE change proposal recommendations submitted by construction contractors.

(b) *State VE coordinators.* Individuals knowledgeable in VE shall be assigned responsibilities to coordinate and monitor the STD's program and be actively involved in all phases of the program.

(c) *Use of consultants.* Consultants or firms with experience in VE may be retained by STDs to conduct the studies of Federal-aid highway projects or elements of Federal-aid highway projects required under §627.1(a) of this part. Consultants or firms should not be retained to conduct studies of their own designs unless they maintain separate and distinct organizational separation of their VE and design sections.

(d) *Funding eligibility.* The cost of performing VE studies is project related and is, therefore, eligible for reimbursement with Federal-aid highway funds at the appropriate pro-rata share for the project studied.

(e) In the case of a Federal-aid design-build project meeting the project criteria in 23 CFR 627.1(a), the STDs shall fulfill the value engineering analysis requirement by performing a value engineering analysis prior to the release of the Request for Proposals document.

[62 FR 6868, Feb. 14, 1997, as amended at 67 FR 75924, Dec. 10, 2002]

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AUTHORITY: 23 U.S.C. 106, 109, 115, 315, 320, and 402(a); 23 CFR 1.32; and 49 CFR 1.48(b).

Subpart A—Project Authorization and Agreements

SOURCE: 66 FR 23847, May 10, 2001, unless otherwise noted.

§ 630.102 Purpose.

The purpose of this subpart is to prescribe policies for authorizing Federal-aid projects through execution of the project agreement required by 23 U.S.C. 106(a)(2).

§ 630.104 Applicability.

(a) This subpart is applicable to all Federal-aid projects unless specifically exempted.

(b) Other projects which involve special procedures are to be approved, or authorized as set out in the implementing instructions or regulations for those projects.

§ 630.106 Authorization to proceed and project monitoring.

(a)(1) The State transportation department (STD) must obtain an authorization to proceed from the FHWA before beginning work on any Federal-aid project. The STD may request an authorization to proceed in writing or by electronic mail for a project or a group of projects.

(2) The FHWA will issue the authorization to proceed either through or after the execution of a formal project agreement with the State. The agreement can be executed only after applicable prerequisite requirements of Federal laws and implementing regulations and directives are satisfied. Except as provided in paragraphs (c)(1) through (c)(4) of this section, the FHWA will obligate Federal funds in the project or group of projects upon execution of the project agreement.

(3) The State's request that Federal funds be obligated shall be supported by a documented cost estimate that is based on the State's best estimate of costs.

(4) The State shall maintain a process to adjust project cost estimates. For example, the process would require a review of the project cost estimate when the bid is approved, a project phase is completed, a design change is approved, etc. Specifically, the State shall revise the Federal funds obligated within 90 days after it has determined that the estimated Federal share of project costs has decreased by \$250,000 or more.

(5) The State shall review, on a quarterly basis, inactive projects (for the purposes of this subpart an "inactive project" means a project for which no expenditures have been charged against Federal funds for the past 12 months) with unexpended Federal obligations and shall revise the Federal funds obligated for a project within 90 days to reflect the current cost estimate, based on the following criteria:

(i) Projects inactive for the past 12 months with unexpended balances more than \$500,000,

(ii) Projects inactive for the past 24 months with unexpended balances of \$50,000 to \$500,000, and