

South Carolina Department of Transportation Administrative Cost Billing Process

Program: Local Public Agency Administration Program

In accordance with the Code of Federal Regulations, 23CFR 1.11 and 635.105, the South Carolina Department of Transportation (SCDOT) may delegate the management of certain Federal-aid projects to a Local Public Agency (LPA); however, this delegation does not relieve SCDOT of its responsibility of administering those funds.

The LPA would manage any phase of the project development process or construction activities through a contractual agreement with SCDOT in accordance with state and federal requirements. The cost associated with SCDOT administration and oversight is outlined in the participation agreement.

Subsequent to an award of state or federal-aid funding, an LPA must determine if it will request to manage the awarded funds or it will request SCDOT to manage the funds on its behalf. Awarded funds can be applied to preconstruction (i.e., design, environmental, and right of way); utility relocation; and construction activities (i.e., construction engineering and inspection, contractor payments, independent assurance testing). Policies have been implemented in order for applicable SCDOT administration charges to be applied to the projects. These policies are as follows:

1. **SCDOT Administered Projects:** Should SCDOT assume management responsibilities for the project; the project is programmed in the P2S system following established procedures for programming SCDOT projects to establish Project Identification Numbers (Project ID) for SCDOT tracking and monitoring. SCDOT staff charges are accounted for in accordance with SCDOT cost accounting guidelines, thus allowing SCDOT staff to charge directly to the project. The LPA is notified of the estimated cost for SCDOT administration, design, and construction services. This administration cost is estimated at approximately 10% of the estimated project cost and is set aside out of the federal award. Design and construction engineering and inspection (CE&I) cost are also estimated and included in this set aside. Cost for these services are estimated at a percentage of the construction cost as follows:

- Design by SCDOT: 15%
- Design by Consultant: 30%
- CE&I: 15%

The Financial Participation agreement details this set aside along with the applicable match associated with the federal award. The LPA is invoiced the applicable matching funds and payment is requested to be received prior to beginning work on the project. The estimated administration cost for each phase of work is programmed in P2S. The LPA is notified if additional funds are needed to complete that project, prior to exceeding the amount that has been set aside for administrative use.

Prior to advertising the project to construction bids, SCDOT will review project funds to determine if additional funds are needed to complete the project. Any surplus of funds programmed for preconstruction activities will be transferred to the construction phase. Should there be a funding deficit, the LPA may elect to request to reduce the scope of the project to stay within the project budget or provide the additional funding to complete the project in accordance with the engineers estimate. Should the LPA elect not to advance the project due to a funding shortfall, the LPA will be invoiced in the amount of all cost expended for the development of the project. At project closeout, any unused matching funds will be refunded back to the LPA.

2. **Locally Administered Projects:** Initial activities that must be completed prior to programming project funds and establishing applicable Project IDs are applied to the home allotment code. Upon qualifying to manage a project, the LPA must contact SCDOT and submit documentation of the proposed project funding and project estimates. SCDOT reviews the proposed funding and proposed project estimates submitted by the LPA to determine if sufficient funds are available to proceed to the development of a participation agreement. Upon verification of sufficient funding, SCDOT will estimate the cost associated with administrative oversight for the project including preconstruction and construction activities. This cost is typically estimated to be 10% of the estimated project cost and is set aside out of the federal award. This amount is programmed in P2S for the project with a portion programmed for preconstruction, right of way (as applicable), utilities (as applicable), and construction administration. Once Project IDs are generated, SCDOT staff can charge directly to the project.

Each LPA project has a participation agreement executed by SCDOT outlining funding requirements applicable to the project. The agreement also specifies the required matching funds applicable to the administrative cost. The LPA is invoiced the applicable matching funds and payment is requested within 30 days of receiving the executed participation agreement and Notice to Proceed for the project. The LPA is not allowed to advance the project to construction until the application matching funds are received by SCDOT. Prior to advertising the project to construction, SCDOT will review project funds to determine if there are sufficient funds to advertise the project for construction bids in accordance with the engineer's estimate. Any surplus of funds programmed for preconstruction activities will be transferred to the construction phase. Should there be a funding deficit, the LPA may elect to request to reduce the scope of the project to stay within the project budget or provide the additional funding to complete the project in accordance with the engineers estimate. At project closeout, any unused matching funds will be refunded back to the LPA.