

**Federal Highway Administration  
Central Federal Lands Highway Division (CFLHD)**

**Policy on Managing SHELF Projects and Escalation of Engineer's Estimate**

**Policy.** Effectively manage completed projects where the Plans, Specifications, & Estimates (PS&E) are placed on hold (SHELF status) until the means for advertisement are in place.

**Objective.** The objective of this policy is to establish standardized procedures for the management of shelf projects and for periodically escalating the Engineer's Estimates for those projects. The Engineer's Estimate escalation procedures provide the Planning and Programming (P&P) Managers and our Partner Agencies a more realistic estimate of required project funding for their fiscal year programming needs. The policy further identifies those critical elements of the PS&E that may need updating to advance them from shelf status to advertisement. Through implementation of this policy, our expectations for timely adjustments to project programming amounts and fully updated projects ready for advertisement are clear.

**Placing projects in "SHELF" status.** The steps described below are necessary to ensure that projects placed on shelf status are complete and the status is readily available.

1. Only the PM may place a project on "SHELF" status.
2. Two categories of SHELF projects are used to account for the variability in programming and completion schedules for projects. These categories are:
  - a. **Category 1 – Shelf project, Ready for Advertisement.**

A project may be placed in a "Category 1" shelf status only when all P3 work activities (e.g., environmental clearance, PS&E complete, right of way acquisition, all agreements and approvals in-hand, permits acquired) and it cannot be advertised at the present time due to lack of funding or has been advertised and all bids were rejected. P3 activities excepted from this requirement are those activities that relate to advertisement of the PS&E or support of construction (A1; A3; D5; D6; E4, mitigation during construction; PMC; and R4, federal lands transfer). Obtain the Project Delivery Director's and programming agency's signature, as appropriate, recommending/approving the PS&E before placing it in a Category 1 shelf status. Obtaining the Program Administration Director's signature on the Procurement Request (PR) will occur after removing from SHELF and updates to the PS&E are complete.
  - b. **Category 2 – Shelf project, Unresolved Activities**

A project may be placed in a "Category 2" shelf status only when the PS&E design activities (D1 – D4) have been completed. Outstanding issues may need to be resolved prior to obtaining PS&E approval (e.g., right of way acquisition, utility agreements, permits). Resolution of the outstanding activities should be obtainable within 6 months of removal from shelf status. All PS&E client agency approvals are in-hand. The

- approving agency's signature, as appropriate, will be shown on the PS&E title sheet to coincide with the date of the approval letter. Obtain the Project Delivery and Program Administration Director's signature on the PS&E title sheet and Procurement Request (PR) after removing from SHELF and completing all updates and resolving outstanding activities.
3. The PM documents the date and category that a project is placed on "SHELF" status on the multi-year list. In addition, the multi-year list is to identify the fiscal year quarter or calendar month(s) when it would be best to advertise the project.
  4. For Category 1 shelf projects, a completed PS&E Advertisement Checklist, signed by the PM, is submitted with the PS&E and for Category 2 shelf projects, the PM submits a completed checklist when all P3 activities are complete.
  5. The PM notifies cooperating agencies that the project has been placed on hold.
  6. The PM retains PS&E documents prepared by A/Es, while CFLHD Project Development retains in-house prepared PS&E documents until the PS&E is readied for advertisement.

**Issues to Consider.** Issues that may affect the length of time that a project should remain in SHELF status.

1. Project Condition and Scope Change
  - a. Pavement Condition
    - i. A light 3R project (e.g., crack sealing followed by overlay, pavement repairs followed by surface treatment) may require significant scope change or a need for additional quantities depending upon degradation of the road during the shelf time. 4R and heavy 3R projects would usually require little if any re-scoping or quantity adjustments.
2. Right of Way
  - a. If agreements are made as a condition of the right of way purchase, is there any liability when we don't construct the promised improvement for an extended period of time (e.g., several years)?
3. Utilities
  - a. A situation may exist where the Utility Company or County was pressured to expedite utility relocations, only to have the project sit for an extended period of time prior to construction.
  - b. Relocation of utilities may have included installation of temporary utility facilities. Delays in construction may necessitate the need for a more permanent solution.

**Escalating the Engineer's Estimate for "SHELF" projects.** The process described below assumes that the Engineer's Estimate was current at the time the project was placed on "SHELF" status.

1. Every six months, beginning June 2005, Project Managers (PMs) are responsible for completing a Estimate Escalation Computation Form for each schedule and option for all projects on "SHELF" status, for both A/E and in-house projects.

2. A formal call for escalating Engineer's Estimates will be made by the PM Branch Chief to coincide with the six-month cycle. This formal call will include the required inflation rates to be used and an Estimate Escalation Computation Form in Excel for easy escalation. (The updated engineer's estimates should NOT be put into the Engineer's Estimate System (EES) program for these periodic escalations). The Estimate Escalation Computation Form is available from the CFLHD website at: [www.cflhd.gov/Project\\_Management/policies.cfm](http://www.cflhd.gov/Project_Management/policies.cfm).
  - a. Inflation rates will be developed by the CFLHD Highway Design discipline. The rates will be reviewed by the P&P, Project Development (PD), and PM branches prior to issuance. These rates will be used for both A/E and in-house projects.
  - b. Inflation rates will be determined by reviewing the latest ENR Construction Economics data and the American Road and Transportation Builders Association's (ARBITA) Producers Price Index data.
3. The PMs will submit the Escalated Estimates to the appropriate P&P NPS/FH/FWS Program Managers (Bridget, Curt, & xxxx) with a carbon copy (cc) to the PM and P&P Branch Chiefs, noting which project estimates are no longer within the current programmed amount.
4. The Program Managers will adjust the project program amounts and/or re-program project fiscal years accordingly to reflect a program of projects that is within the available program funding.
5. The P&P Program Managers will notify the PM's and the P3 Team and (cc) the PM and P&P Branch Chiefs of the revised program information.
6. The P3 Team will update the multi-year list, based on the revised program information received.

**Advancing projects from "SHELF" status to advertisement.** The process described below outlines the steps taken to advance a project to advertisements.

1. When funding becomes available, the P&P Program Manager will notify the PM. The PM will further notify the P3 Scheduler and the project team.
2. As soon as the project has been removed from "SHELF" status, the PM will escalate the Engineer's Estimate to the anticipated award date, using the most recent inflation rate distributed for use.
3. As soon as available, the PM will submit the Escalated Estimates to the P&P Program Manager, with a (cc) to the PM and P&P Branch Chiefs, noting which schedules and options are no longer within the current programmed amount.
4. In the EES program, re-allocate the total escalated cost amongst the pay item unit prices, using the *80-20 rule* (review and re-allocate the escalated costs among the top 20% pay items that account for approximately 80% of the cost). It is not necessary to update every pay item unit price in equal percentages; use estimating judgment.
  - a. For A/E projects, the A/E will update the engineer's estimate in the EES program.
  - b. For in-house projects, the Lead Designer will update the engineer's estimate in the EES program.

5. Based on the revised estimates, the PM, in consultation with the P&P Program Manager will develop a funding strategy using one of the following options:
  - a. Option 1 – When the revised estimates for a shelf project results in a lower construction estimate, the P&P Program Manager has the option to reduce the program amount.
  - b. Option 2 – When the revised engineer’s estimate for the middle (at programmed amount) and lowest estimate schedules are within the programmed amount, no changes are necessary to address funding.
  - c. Option 3 – When the lowest estimate schedule is within the programmed amount and the middle estimate schedule is above the programmed amount, the P&P Program Manager has the option of requesting additional funding from the programming agency to increase funding obligation to match the middle estimate. Several factors affect the use of this option, including: fiscal year timing of anticipated award date and priorities of programming agency.
  - d. Option 4 – When all revised estimate schedules exceed the programmed amount, the P&P Program Manager will contact the programming agency and attempt to have the programming agency obligate additional funds, in order that as a minimum, the lowest schedule is within the revised programmed amount.
  - e. Option 5 – The least desirable of the options is to repackage the PS&E to obtain a schedule within the programmed amount. Repackaging should only occur when all other attempts to procure additional funding has failed and only if the remaining work would be considered a viable construction project at some future time.
6. When a project is removed from “SHELF” status, the PM originally assigned to the project or a newly delegated PM determines the applicable updates necessary to ready the project for advertisement.
7. The PM notifies the Contracting Officer and Construction Branch Chief immediately of any project being removed from "SHELF" status.
8. After determining the update status of the project, the PM submits a revised project schedule to the P3 Scheduler for input into P3 that considers any required updates of previous work. A separate P3 activity code (e.g., UU Unshelf and Update PS&E) will be used to track hours spent updating the PS&E. Using a separate P3 code will allow tracking of hours without reopening completed activities. See the “Review and updating of project documents” section of this policy for minimum time frames necessary to complete updates.
  - a. For in-house developed projects, the PM coordinates with the affected CFLHD technical branches to ensure that resources are in place to complete the revisions and prepare the PS&E for advertisement.
  - b. For out-sourced projects, the PM develops a Task Order (TO), as appropriate, with the originating firm to complete revisions. The TO should be issued at the time of removal from SHELF status. There are to many uncertainties that can arise between the time of placement and removal from shelf to allow issuance of a TO any earlier. When a shelf project has exceeded the termination date of the Indefinite Delivery

Indefinite Quantity (IDIQ) contract and the A/E firm is not accessible through another IDIQ contract, modify the current TO to extend the period of performance. The length of extension is dependent on advertisement status. It may be necessary to have subsequent TO modifications to keep the contract open. The expectation for A/E developed projects is that the originating firm performs revisions.

- i. Resealing of documents revised by the A/E will be necessary. In cases where the title sheet has been modified, the title sheet will have to be resealed and the Project Delivery Director's signature obtained.
9. The PM contacts cooperating agencies and provides them with an update on project status.
10. For Category 1 shelf projects the PM completes and signs an "Advancement of SHELF Project to Advertisement" checklist certifying that the necessary actions have been completed to advance the project from "SHELF" status to "ADVERTISEMENT" status. The Advance of SHELF Project to Advertisement checklist is available from the CFLHD website at: [www.cflhd.gov/Project\\_Management/policies.cfm](http://www.cflhd.gov/Project_Management/policies.cfm). For Category 2 shelf projects the PM updates the PS&E Advertisement checklist and submits it with the PS&E for approval.
11. Upon completion of the PS&E revisions and checklist obtain the Project Delivery and Program Administration Director's signature, as appropriate, and submit PS&E to the Contracting Branch.

**Review and updating of project documents.** Category 1 shelf projects that have been on the SHELF for a term of 6 months or less require a minimum of one month to advance to advertisement. Category 1 shelf projects that have been on the SHELF greater than 6 months require a minimum of two months to advance to advertisement. Time required to ready Category 2 shelf projects for advertisement is dependent on the work activities remaining to be completed. Advertisement for the purpose of this policy is defined as the point at which the Procurement Request for the PS&E is signed and the project is delivered to the Contracting Branch. Review the following project information to determine the need for updating:

1. Project condition and scope change
  - a. For 3R projects in SHELF status less than six months and 4R projects in SHELF status less than one year, contact the maintaining agency to determine project scope or condition change. Typically, a phone call is all that is necessary to validate project condition.
  - b. For 3R projects in SHELF status more than six months and 4R projects in SHELF status more than one year, contact the maintaining agency to determine project scope or condition change. Following up with a site visit may be justified.
    - i. Project condition and scope change may be due to expansion of distressed areas, superseded design and safety features, or

improvements made to the condition of the project since the project went into “SHELF” status.

2. Environmental surveys and studies, e.g.
  - a. Biological Report
  - b. Biological Assessment
3. Permit status
  - a. Corp of Engineers 404
  - b. 401 Certification
  - c. NPDES – projects where the Notice of Intent (NOI) is processed prior to placing project in shelf status require review of expiration dates at least 1 month before advancing from shelf to advertisement to determine need for filing an extension. Depending on the jurisdiction, projects where the NOI has not been processed may require additional time. In addition, the General Permit may expire before the revised construction completion date and may require resubmitting of the NOI.
  - d. Forest Service or other agency “Special Use Permits for material or staging areas
  - e. State DOT encroachment permit
  - f. Individual state required permits
4. Right of Way
  - a. Right of Way Agreements
    - i. Agreements made to landowners to provide improvements during construction. Verify that the agreements are valid and others have not completed the commitments.
  - b. Temporary Easements
    - i. Easements with termination dates or rental compensation per year.
5. Utilities
  - a. Utility Agreements
    - i. Agreements made with utility companies may expire, depending on how they were set up.
6. FLH Standard and CFLHD Detail Drawings
  - a. Update FLH Standard Drawings if needed
    - i. Revisions to Standard drawings can easily be determine by reviewing the “update” date on WFLHD’s website at [www.wfl.fhwa.dot.gov/design/proposed\\_std/](http://www.wfl.fhwa.dot.gov/design/proposed_std/) and determining the drawings that have been revised since the project was finalized.
  - b. Update CFLHD Details if needed
    - ii. Revisions to Standard and Detail drawings can easily be determine by reviewing the “revised” date on CFLHD’s website at [www.cflhd.gov/design/detail\\_drawings.cfm](http://www.cflhd.gov/design/detail_drawings.cfm) and determining the drawings that have been revised since the project was finalized.
7. Estimate
  - a. Comply with Engineers Estimate Escalation procedures as stated in this policy.
8. Special Contract Requirements (SCR)
  - a. Date critical requirements

- b. Agreements
  - c. Updated specifications
    - i. Revisions to specifications can easily be determine by reviewing the SCR index file on CFLHD's website at [www.cflhd.gov/design/scr.cfm](http://www.cflhd.gov/design/scr.cfm) and determining the specifications that have been revised since the project was finalized.
    - ii. Revise SCRs changed as a result of a new version of the FP if needed
9. Construction Schedule
- a. Update the construction schedule to reflect the revised start of construction date. Give attention to interim completion and work restriction dates.

This policy, Estimate Escalation Computation Form, and Advancement of SHELF Project to Advertisement checklist are available from the CFLHD website at: [www.cflhd.gov/Project\\_Management/policies.cfm](http://www.cflhd.gov/Project_Management/policies.cfm).