



Florida Department of Transportation

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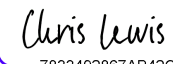
JARED W. PERDUE, P.E.
SECRETARY

FORECASTING AND PERFORMANCE BULLETIN 26-02 **(FHWA Approval: N/A)**

DATE: June 22, 2026

TO: District Directors of Transportation Operations, District Directors of Transportation Development, District Design Engineers, District Construction Engineers, District Maintenance Engineers, District Program Management Engineers, District Specifications Engineers, District Estimates Engineers, District PLEMO

FROM: Chris Lewis, P.E., Director, Forecasting and Performance Office

Signed by:

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SUBJECT: **Contingency Amount for LAP Construction Projects**

REQUIRMENTS

This bulletin outlines updates to FDOT's Local Agency Program (LAP) procedures related to contingency funding requirements for construction projects, in accordance with Section 339.28201, Florida Statutes (F.S.).

BACKGROUND

Historically, unforeseen construction costs are managed at the local agency level between the agency and its contractors. Pursuant to section 339.28201, F.S.:

- The Department must update the project cost estimate in the year the project is let.
- The project cost estimates must include a locally funded contingency amount.
- Local agencies are required at a minimum to:
 - Use LAP Division One Specifications, and
 - Include a Local Funds Construction Contingency (LFCC) amount in the construction phases of project costs estimates and their schedules of funding to account for unforeseen conditions.

SUMMARY OF REVISIONS

Key Changes

The following updates will be implemented:

- Contingency Amount Requirement:
 - A Local Funds Construction Contingency (LFCC) amount must be included in all LAP construction phase project estimates and schedule of funding.
 - Contingency Amount: The greater of 0.5% of the contract amount or \$10,000.
 - This applies in the year the project is to be let.
- Funding Designation:
 - The LFCC amount shall be programmed as non-budgeted local funds by district Work Program offices.
 - LAP Agreements with construction phases shall include language on the requirement of inclusion of funds on the project in “Exhibit A” and shall capture the amount of the funds in “Exhibit B” under Phase of Work By Fiscal Year-Construction - Phase 58, column (2) Local Funds.
 - These funds are held and managed by the local agency and not by the Department.
 - Use of funds is at the discretion of the local agency and its contractor(s).
 - Local agencies must include the LFCC amount in their schedule of funding and provide proof of contingency funds depletion before a request seeking funding for shortfalls can be made to the Department.

Documents Affected

The following documents are revised to reflect this requirement and ensure uniform application and clarify for all LAP participants:

1. FDOT LAP Manual (525-010-300)
2. LAP Agreement (525-010-040)
3. Work Program Instructions (WPI)

To Comply:

- Local agencies must include the appropriate LFCC amount in all applicable LAP Agreements
- Local agencies must have funds available to cover the required contingency amount, which is:
 - The greater of 0.5% of the original contract amount or \$10,000.
- Acknowledgement of this requirement will be included in the following updated documents:
 - Local Agency Program Manual (525-010-300), Acronyms: LFCC, Chapter 5: Grant Agreements by Funding Program, Grant Agreement Content & Exhibits (Table 1), Resources, Chapter 6: Identification of Eligible and Ineligible Costs.
 - Local Agency Program Agreement (525-010-40), Section 5(j): Requisitions and Payments and Section 7(i): General Requirements.

- Work Program Instructions (WPI), Part III, Chapter 15:*LAP (Programming Guidelines)*.

COMMENTARY

All LAP projects with construction phases must include the LFCC amount in their cost estimates for the year they are to be let and included in the schedule of funding for LAP agreement execution. Local agencies should coordinate with their district Local Programs office to ensure compliance.

IMPLEMENTATION

All LAP agreements with construction phases executed on or after 7/1/2026 must comply with the statutory local fund construction contingency requirements.

CONTACTS

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