Measuring and Improving Locally Administered Projects’ Performance

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Measuring and Improving Locally Administered Projects’ Performance

Discussion Topics

• Locally Administered Projects Contribution to the Program
• Performance – Areas of Concern
• VDOT Initiatives to Improve Performance
• FHWA Perspectives and Initiatives to Improve Performance
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36 Month AD-SCH CN $$
July 1, 2012 thru June 30, 2015
LAP's = $568,381,094

LAP 17%

36 Month AD-SCH CN PROJECTS
July 1, 2012 thru June 30, 2015
LAP's = 267 Projects

LAP 31%
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Projects -36 Month Ad-Schedule District Totals without LAP’s
(July 1, 2012 - June 30, 2015)

Projects-36 Month Ad-Schedule Construction Estimate $$
(July 1, 2012 - June 30, 2012)
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Two Aspects of Performance

Project Delivery

Compliance
Compliance
Performance Audits and Reviews

- LAPs Process Review (VA) - 2003
- LPA Project Oversight & Program Stewardship – FY 2008 Status Report
- Local Government Aid Internal Audit – 2009
- USDOT OIG ARRA Review – Feb 2010
- Performance Audit of Significant Operations of VDOT – August 2010
- FHWA ARRA National Review Team Visits (VA) – 2010/11
- GAO Review – Feb 2011
- DOT-OIG National Audit of ARRA and Federal Aid LAP - 2011
Compliance
Areas of Concern

Quotes from Audits
“No one area identified as a nationwide problem but there were findings of non-compliance in almost all project delivery areas.”

“We found that localities were not always familiar with the federal requirements governing their projects”

“Standard specifications and special provisions were not always approved by the State”

“Most states and LPAs have billing issues”

“Most local agencies are totally dependent on consultants to do environmental documents …”
<table>
<thead>
<tr>
<th>Compliance Common Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change orders &amp; claims</strong> – <em>(failure to independently price or validate the proposal)</em></td>
</tr>
<tr>
<td>*<em>Compliance with R/W requirements - Uniform Act (unsubstantiated payments, lack of fair negotiations)</em></td>
</tr>
<tr>
<td>*<em>CN pay items / progress payments (lack of supporting documentation)</em></td>
</tr>
<tr>
<td>*<em>QA procedures – Mat’ls (failure to perform qualify assurance)</em></td>
</tr>
<tr>
<td>*<em>Materials Certifications (Buy America steel certifications and other materials certifications)</em></td>
</tr>
</tbody>
</table>
Virginia’s Action Plan

• **Awareness** –
  – Ensure that localities are aware of the identified high risk areas and their responsibility to address them.

• **Provide Training** –
  – Provide localities with additional training opportunities that specifically target the audit findings.
  – Developing new training tools/approaches
  – Partnering with others TTA/FHWA – bring in more NHI

• **Assessments** –
  – Evaluate localities’ conformance with VDOT LAP guidelines and requirements regarding the identified high risk areas as part of the compliance program.
  – Proactive reviews of Right of Way process in localities
  – Partner with FHWA on LAP Process Reviews
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VDOT’s Compliance Assessment Program

Diagram:
- LAP Compliance
  - LAP Program Wide Review (3-5 years)
  - Project Review (Annually)
  - Functional Reviews (Random, Specific, Functions)

Focus vs. Frequency
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Project Delivery Performance Dashboard (PE/RW) Performance

<table>
<thead>
<tr>
<th></th>
<th>VDOT Managed</th>
<th>Non-VDOT Managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Time</td>
<td>78%</td>
<td>69%</td>
</tr>
<tr>
<td>On-Budget</td>
<td>61%</td>
<td>62%</td>
</tr>
</tbody>
</table>

• Interim Milestones are just as important!

• Effective Use of Available Funds
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Project Delivery Milestones:
- Federal Phase Authorizations (PE, RW, CN)
- Important to meet federal strategy
- Projects Dropped from strategy hinder strategy

Effective Use of Allocations:
- Delayed expenditures can cause de-allocations
- Perceptions of Poor Project Management

Good Project Scheduling Resolves all these Issues!
### Measuring and Improving Locally Administered Projects’ Performance

#### 3-Year On-Time Dashboard Advertisement Locality Trend

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accomack County</td>
<td>2</td>
<td>50%</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>Cape Charles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chesapeake</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtland</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hampton</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Isle of Wight County</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James City County</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

#### Locally Administered Project Advertisements for Calendar Year 2012 - Thru August 2012

<table>
<thead>
<tr>
<th>District</th>
<th>Project Count</th>
<th>Recommended CN Estimate</th>
<th>Project Count</th>
<th>Recommended CN Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>13</td>
<td>$9,151,441</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Culpeper</td>
<td>19</td>
<td>$42,154,240</td>
<td>1</td>
<td>$1,534,088</td>
</tr>
<tr>
<td>Fredericksburg</td>
<td>6</td>
<td>$7,096,518</td>
<td>1</td>
<td>$1,743,032</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>45</td>
<td>$373,618,592</td>
<td>22</td>
<td>$333,652,890</td>
</tr>
<tr>
<td>Lynchburg</td>
<td>24</td>
<td>$14,097,160</td>
<td>15</td>
<td>$5,973,456</td>
</tr>
<tr>
<td>NOVA</td>
<td>58</td>
<td>$104,624,991</td>
<td>26</td>
<td>$53,128,284</td>
</tr>
<tr>
<td>Richmond</td>
<td>54</td>
<td>$64,681,392</td>
<td>32</td>
<td>$24,191,517</td>
</tr>
<tr>
<td>Salem</td>
<td>20</td>
<td>$12,360,004</td>
<td>13</td>
<td>$5,988,333</td>
</tr>
<tr>
<td>Staunton</td>
<td>12</td>
<td>$9,735,502</td>
<td>4</td>
<td>$3,731,326</td>
</tr>
<tr>
<td>Total</td>
<td>251</td>
<td>$637,519,840</td>
<td>114</td>
<td>$429,942,897</td>
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</table>

<table>
<thead>
<tr>
<th>Strategy Obligation Performance</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
<td>Recommended Phase Obligation Count</td>
<td>Actual Phase Obligation Count</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Bristol</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Culpeper</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Fredericksburg</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Richmond</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>Salem</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Staunton</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>114</td>
<td>12</td>
</tr>
</tbody>
</table>
How do we Measure Up? 
Improving LAP Project Performance

Project-Specific Practices to Improve Performance

• Combined Scoping – VDOT and Locality
• Establish a preliminary schedule with VDOT staff (see next slide)
• VDOT Project Coordinators working a day out of locality office
• Routine Coordination Meetings during PE/RW– Monthly or Quarterly
• Locality Project Manager is primary contact with VDOT
• Pre-advertisement Coordination Meeting to include VDOT staff and CEI to ensure roles are understood

Good Communication is the Key!
How do we Measure Up?
Improving LAP Project Performance

<table>
<thead>
<tr>
<th>Anticipated Activity Completion Date</th>
<th>Project Development Activity (w/ potential timeframes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>/ /</td>
<td>Hold kick-off meeting with VDOT</td>
</tr>
<tr>
<td>/ /</td>
<td>Procure consultant (0-4 months)</td>
</tr>
<tr>
<td>/ /</td>
<td>Hold scoping meeting</td>
</tr>
<tr>
<td>/ /</td>
<td>Submit 50% plans to VDOT for review &amp; comment (0-6 months; 2 weeks for VDOT review)</td>
</tr>
<tr>
<td>/ /</td>
<td>Complete environmental document (0-9 months)</td>
</tr>
<tr>
<td>/ /</td>
<td>Submit 90% plans &amp; bid document/technical specs to VDOT for review (0-3 months; 4 weeks for VDOT review)</td>
</tr>
<tr>
<td>/ /</td>
<td>Obtain R-O-W Certification (include 2 weeks for VDOT review and issuance)</td>
</tr>
<tr>
<td>/ /</td>
<td>Submit final plans &amp; bid document/technical specs to VDOT (0-4 months; 2-4 weeks for VDOT review)</td>
</tr>
<tr>
<td>/ /</td>
<td>Request &amp; obtain Advertisement Authorization (n/a to State-funded Revenue sharing projects) (0-2 months)</td>
</tr>
<tr>
<td>/ /</td>
<td>Advertise for bids</td>
</tr>
<tr>
<td>/ /</td>
<td>Award contract/begin construction (0-3 months; VDOT must approve contract award before NTP)</td>
</tr>
<tr>
<td>/ /</td>
<td>Construction complete</td>
</tr>
<tr>
<td>/ /</td>
<td>Final reimbursement request [ensure funds expended by deadline on Proj. Admin. Agreement]</td>
</tr>
</tbody>
</table>

Note that this schedule must be received by District staff before Project Administration Agreement & Appendix A will be forwarded to Central Office for execution and processing.
Programmatic Initiatives to Improve Project Delivery

• Business Plan – LAPs (continue for next FY)

Evaluate local government ability to effectively manage and deliver projects ... make changes to agreements, programs, policies, and procedures ... so that locally administered projects and project phases are completed within agreed time frames.

- Enhanced RtA process for federal aid projects
- Require a scoping completion date in the Project Administration Agreement
- Require a firm project schedule in scoping package
- Update Locality Dashboard so that individual locality on-time performance can be tracked
- Delegation of Request to Administer process for Tier 1 projects
- Obtain Stakeholder Input – Local Gov’t Advisory Group?
- Continued Emphasis on District use of risk-based approach to project oversight
Project Delivery Performance
Implementing a Risk-Based Oversight Approach

State-Aid Project Certification*
- No requirement to provide oversight / review
- Poses no or minimal risk to VDOT

Locality certifies proper administration of:
- Design (VDOT review for VDOT-maintained)
- State procurement
- Right of Way Acquisition / Relocations
- Public Involvement
- Environmental (SERP > $500,000 exception)

*Not applicable to projects developed as federal eligible
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LPA Risks and Mitigations
Fed-Aid Essentials for LPAs
EDC-2 Initiatives
Demographics:
More than 28,000 Cities, Towns, and Counties
More 6,600 LPAs administering Federal-aid projects
In 2009 -> 2,028 LPAs ARRA projects
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Demographics:
> 28,000 Cities, Towns, and Counties | VA:(Cities & Towns – 231, Counties -95)
6,600 LPAs administering Federal-aid projects
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Risks Nation-Wide:

Internal Controls
- Weak knowledge of federal requirements
- Poor policy/procedural guidance for LPAs
- Lack of statewide policy and/or procedural consistency
- Poor project documentation

Financial Management
- Financial controls and billing issues

Procurement
- Consultant selection issues

Oversight
- Inadequate staffing and resources
- Lack of proper project inspection
- Poor quality control
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Risks-VA:

Diversity of localities

• Urban vs. Rural
• Large vs. Small
• Lack of association

Diverse geography and climate

• Unique materials and environment
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Managing Risks:

• LAP manual
• Certification Track
• Regular meetings with UCI
• Increase Communication
• Project/Process reviews
• Education (LTAP and other venues)
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Managing Risks…cont.:

- Federal-aid Essentials for Local Public Agencies
  www fhwa dot gov federal aid essentials
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Why create Federal-aid Essentials?

- Complex system
- Diverse users
- Funding responsibilities
- Regulations

http://www.fhwa.dot.gov/federal-aidessentials/
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FHWA’s Guiding Philosophy

- Easily accessible
- Easy to understand
- Self paced
- Available anytime

http://www.fhwa.dot.gov/federal-aidessentials/
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The Web site: Federal-aid Essentials

Three main components of the Web site:
- Vast library of videos
- Printable takeaways
- Additional resources/contacts

Other features
- Feedback mechanism

http://www.fhwa.dot.gov/federal-aidessentials/
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Library of Video Modules

• Modules cover 7 main categories
• Categories reflect key activities of the Fed-aid Hwy Prgrm
• Videos are about 4 – 7 minutes long
• Concise content provided in plain language

http://www.fhwa.dot.gov/federal-aidessentials/
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Topics in Library of Video Modules - Main Categories

- Federal-aid Program Overview
- Project Construction and Contract Administration
- Project Development
- Right-of-Way
- Finance
- Environment
- Civil Rights

http://www.fhwa.dot.gov/federal-aidessentials/
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Sample Topic in Library of Video Modules

Federal-aid Program Overview

- Stewardship and Oversight
- A Process from “Cradle to Grave”
- Funding Basics and Eligibility
- Project Requirements
- National Bridge Inspection Standards
- Procuring Consultant Services

http://www.fhwa.dot.gov/federal-aidessentials/
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Companion Resources

• Takeaways – printable resources and extra information, includes text of video content

• Additional web links are posted for other resources, such as:
  - The main FHWA program page
  - The applicable CFR section
  - Existing FAQs and more

http://www fhwa dot gov/federal-aidessentials/
What is EDC? (Every Day Counts Initiative)

- Designed to identify and deploy innovation aimed at:
  - Shorten project delivery,
  - Enhance the safety of our roadways, and
  - Protect the environment.

http://www.fhwa.dot.gov/everydaycounts/
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EDC 2 – New Wave of Initiatives

- Locally Administered Federal-Aid Projects
  - Aids LPAs through the complexities of the Federal-aid Highway Program’s requirements and processes for establishing and administering Federal-aid projects.

http://www fhwa dot gov/everydaycounts/edctwo/index cfm
EDC 2 - New Wave of Initiatives…cont.

- Promotes and encourages…
  - Use of certification/qualification programs
  - Establishment of an Indefinite-Delivery/Indefinite-Quantity (IDIQ) Consultant Contract
    - Pool of qualified consultants
    - Through task orders
  - Communication, coordination and cooperation
    - “Stakeholder Committee” (FHWA, VDOT and LPA)

http://www.fhwa.dot.gov/everydaycounts/edctwo/index.cfm
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Questions?

THE END