VIRGINIA DEPARTMENT OF TRANSPORTATION

LOCATION AND DESIGN DIVISION

INSTRUCTIONAL AND INFORMATIONAL MEMORANDUM

GENERAL SUBJECT: 2-Tiered Approach to Project Oversight	NUMBER: IIM-LD-249.7
SPECIFIC SUBJECT: Tier 1 / Tier 2 Approval Process	DATE: February 11, 2019
	SUPERSEDES: IIM-LD-249.6
APPROVED:	Susan H. Keen, P.E. State Location and Design Engineer Approved February 11, 2019

Changes are shaded.

CURRENT REVISION

- Remove the following language under Tier 1 projects; Value Engineering (VE) is required on all projects with a total construction cost >$5M and added All Tier 2 projects, except those procured as Design Build, with a total construction cost greater than $15M shall be Value Engineered.

EFFECTIVE DATE

- This memorandum is effective immediately for projects meeting the $10 million cost criteria. The project manager, with input from the District L&D Engineer and/or District Structure and Bridge Engineer, has the discretion to switch a project from the Tier 2 process to the Tier 1 process, regardless of activity or milestone reached.

- Beginning September 1, 2017, any Tier 2 project that has NOT completed Field Inspection in the plan development process, is below the new Tier 1 construction cost criteria of $10 million, and adheres to other Tier 1 criteria set forth below, shall be changed to Tier 1.

RISK, PROCESS AND CONTROLS OF THE 2-TIERED APPROACH TO PROJECT OVERSIGHT IN VDOT

Appropriate FHWA oversight authority and Tier 1 or Tier 2 project oversight will be determined at Project Scoping.
Using the 2-tiered approach, where:

1. Tier 1 = No Central Office Reviews or Approvals Required.

a. Non-Federal Oversight (NFO)*

Routine Maintenance and Operations Projects** (regardless of dollar amount);

b. All SAAP projects;
c. All NFO Construction Projects < $10M Construction Cost, and
d. All NFO Preventative Maintenance Projects < $10M.

* The (NFO) identifier applies to projects with No Federal Oversight.

**Routine Maintenance and Operations projects include:

A. PM – Preventive Maintenance
- Latex Overlay, Slurry Seal, Surface Treatment, Crack Seal

B. CM1 – Corrective Maintenance with no elevation change
- Plant Mix, < 2" mill and fill, partial depth patching
- No change in elevation, no shoulder widening

C. CM2 - Corrective Maintenance with elevation change
- Plant Mix, < 2" mill & fill, partial depth patching
- Change in elevation or shoulder widening

D. RM - Restorative Maintenance
- Full depth patching
- < 4" overlay

E. Bridge Maintenance
- see IIM-S&B-19,which can be accessed at http://www.virginiadot.org/business/bridge-ii-memoranda-index.asp

F. Traffic Engineering Division Regional On-Call Projects
- Maintenance
- Operations

2. Tier 2 = Central Office Reviews and Approvals Required.

a. All Federal Oversight (FO)* Construction, Routine Maintenance and Operations Projects;
b. All NFO Construction Projects > $10M Construction Cost, and
c. All Projects procured as Design Build.

*The (FO) identifier applies to projects with Federal Oversight that are Projects of Corporate Interest (PoCI) or Projects of Division Interest (PoDI) as described in the latest FHWA-VDOT Stewardship and Oversight Agreement.

Note: All Routine Maintenance and Operations Projects defined under Tier 1 which are FO shall use the Tier 1 Title Sheet, but shall be submitted in accordance with the Tier 2 Advertisement Cut-Off Schedule and Submittal.

<u>Tier 1 (No Central Office Reviews or Approvals Required)</u> – These projects are considered to be the smaller, less complicated projects that have fewer risks, fewer right of way impacts and fewer construction impacts than the tier 2 projects. They would typically mirror the Category M (Maintenance), I and II and some Category III projects, and also including, but not limited to:

- Very low to medium complexity and schedule risk
- Short duration, straightforward operations, typical single season and schedule type work
- Simple repairs, multiple locations, flexible schedule
- Familiar work, favorable conditions
- Limited number of concurrent operations
- Simple low risk rehab projects
- Drainage improvements
- Trench Widening projects
- Maintenance project schedule work (Pavement, Bridge and Guardrail)
- Intersection improvements, including signals
- Signal improvements or installation
- Minor reconstruction projects
- Turning lane addition
- Bridge/Culvert projects
- Pavement Markings and Markers

<u>Risks</u> –

- Potential for inconsistencies in Statewide application of policies, procedures and standards –
    - On-time and accurate project Scope
    - Types of Public Involvement
    - Omission of Design Waivers and Design Exceptions requests and approvals
    - Request and approval of Complete and accurate advertisement packages
- Potential for inconsistent contract clauses and/or SPCN's, including contradictions between bid items, provisions and plan notes, creating claims and/or work order situations.

<u>Process</u> –

- Preliminary Engineering Approval
    - Project will be developed in the district following **all** established VDOT policies, procedures and standards to ensure consistency throughout the state.
    - The districts will have full approval authority for these projects, with the oversight authority being fixed at the project scoping. Federal authorizations will be processed following the current Federal Programs Management Division process. Federal Programs Management Division will review and submit requests for PE authorization based on the project schedule and funding verifications must be obtained in accordance with IIM-IID-1 Funding Verification for Construction Program Projects.
        - There will be no CO involvement in the project approval process except for deviations from AASHTO minimum standards, environmental issues, R/W authorization and submissions to the Commonwealth Transportation Board or Commissioner for award.

- A change in the project oversight responsibility (Tier 1 to Tier 2) from the District to the C.O. will be discussed when:

  - There is a significant change in scope during project development and/or
  - The construction cost of the project increases during development to exceed $10M and/or
  - Both the District and the appropriate Assistant State Location & Design Engineer agree that there is a reason to change oversight. After the change in oversight has been agreed upon, the District Project Development Engineer shall formally request approval of this change via email from the appropriate Assistant State Location & Design Engineer.

- Right of Way and Utility Approval

  - District obtains the Environmental Re-evaluation and completion of RW-301 process
  - ~~o~~ The District is responsible for all necessary steps to complete the funding verification in accordance with IIM-IID-1 Funding Verification for Construction Program Projects.
  - ~~o~~ The District is responsible for obtaining federal authorization for R/W following the current process by sending requests to Federal Programs Management Division.
  - District Project Development Engineer signs the Title Sheet for Engineering Compliance.
  - District Engineer/Administrator signs Title Sheet & LD-96 for R/W approval (Commissioner's delegation). CO L&D gets signed Title Sheet for archiving.
  - R/W plans and plats posted to FALCON
  - Assembly (LD-96, LD-406, LD-368 and IID) to CO R/W for R/W assignment and issuance of Notice to Proceed with R/W acquisitions and Utility relocations.

- Construction Approval

  - The District is responsible for all necessary steps to complete the funding verification in accordance with IIM-IID-1 Funding Verification for Construction Program Projects.
  - District Project Development Engineer signs the Title Sheet for Engineering Compliance
  - District Engineer/Administrator signs Title Sheet and Project Certification Checklist and recommends for Advertisement

- The districts will submit complete plans and estimates to Construction Division for contract assembly to ensure compliance with Virginia Public Procurement Process. No CO L&D involvement is required.

  - Construction contingencies on Tier 1 projects will be 5% maximum.
  - Federal Authorization for advertisement will be obtained following the current process in Construction and Federal Programs Management Divisions.
  - Construction Division will obtain funding verifications for award from Central Office Infrastructure Investment Division.
  - At a future date, the process may include the districts submitting the completed contract assembly directly to Construction Division.

Controls –

- Quality Assurance (QA) will be performed on 10% of the projects after advertisement
- QA will be performed by L&D and/or S&B for the plans and policy compliance and Construction Division for the Specifications, estimates and contractual components
- Develop reporting system to monitor work orders (type, severity, reason, cost, etc.)
- Re-visit format and reporting of DQI (Design Quality Index) process to coincide with new controls.
- Establish parameters for scoring of "non-compliance" and the consequences by which to measure (budget, schedule, safety)
    - Determine what level of schedule and budget variance is acceptable
    - Suspension of ability to use the de-centralized process

Tier 2 (Central Office Reviews and Approvals Required) – Follow all existing policies, procedures and processes, which include CO reviews and approvals in several stages of the project development process. These projects typically have more complicated MOT plans and more complex construction issues. There are typically more right of way impacts. All Tier 2 projects, except those procured as Design Build, with a total construction cost greater than $15M shall be Value Engineered. They typically mirror the Category III, IV and V projects. Typical Tier 2 projects would include, but are not limited to, the following:

- Medium to high complexity & schedule risk
- Special Provisions for special time-related conditions, such as I/D Contract interim milestones, A+B bidding, etc.
- Multi-season projects w/multiple concurrent operations and work paths
- Challenging work and conditions
- Several major subcontractors, multiple crews
- Major reconstruction/realignment
- New roadway/bridge construction not meeting the criteria for Tier 1
- Major intersection improvements
- Large, very complex single-contract projects
- Multiple roadways, bridges, and ramps
- Multiple-contracts program-level projects (Mega-projects)
- Multiple major phases
- Typically combinations of multiple Category II, III, & IV projects
- Multiple General Contractors
- Major traffic impacts (e.g. Springfield Interchange, Woodrow Wilson Bridge)

Risks –

- Potential for inconsistent contract clauses and/or SPCN's, including contradictions between bid items, provisions and plan notes, creating claims and/or work order situations.
- Loss of "track ability" of project once submitted.

Controls –

- A simple system for measuring turnaround time for Central Office reviews.
- A simple system for measuring turnaround time for Contract development.
- A simple system for measuring accuracy for Contract development.
- A simple system for tracking project submissions.

DISTRICT PROJECT CERTIFICATION CHECKLIST FOR TIER 1 PROJECTS ONLY

District Project Certification Checklist has been combined with the District Work Sheet and is now Form C-402A, which can be accessed at:
http://vdotforms.vdot.virginia.gov/SearchResults.aspx?strFormNumber=C-402A

2-TIERED APPROACH TO PROJECT OVERSIGHT FLOW CHART