



Division of Local Assistance Quarterly Report on Construction Oversight of Local Agency ARRA Projects

**2010 Federal Fiscal Year
2nd Quarter**



Office of Policy Development & Quality Assurance

April 2010

Federal Fiscal Year 2010 2nd Quarter Information

Background:

As a result of a budget change proposal, seven construction oversight engineer positions were created within the division of local assistance to assist local agencies with construction administration of ARRA funded transportation projects. These position were filled in early 2010 and consist of six senior engineers located across the state performing project reviews and one senior engineer located in Sacramento serving as program coordinator. Currently, construction oversight engineers are performing both Caltrans reviews and joint reviews with FHWA on local agency ARRA projects. The joint review projects are selected by FHWA and utilize a checklist developed by FHWA that covers a wide range of items from project development through construction contract closeout. Caltrans reviews and related checklists are focused on contract administration and are performed at three milestones (preconstruction, mid-project and after-acceptance) during the life of the selected projects. At preconstruction reviews, expectations for contract administration are discussed with the local agency's contract administration personnel. During the mid-project reviews, feedback is provided to the local agency on how contract administration is being performed thereby allowing corrections in procedures to be made in a more timely manner. After-acceptance reviews provide a detailed view of the project's contract administration and allow local agencies a final opportunity to correct any noted shortcomings. At the completion of joint reviews and each Caltrans review, results are shared with the local agency and transmitted to the program coordinator for compilation in a quarterly report to FHWA. Common problem areas will be noted in the report and a recommendation section will propose how to address areas of significant concern through issuance of Construction oversight information notices (COINS) for direction to existing policy or procedures, development of office bulletins for new policy or procedures, modification of training modules, or performance of process reviews to further analyze areas of concern. The quarterly reports will be issued to FHWA and posted on division of local assistance's website for local agencies use. COINS and office bulletins will be issued directly to the holders of the local assistance procedure manual (LAPM). Any significant project issues or deficiencies will be discussed and resolved with the project's district local assistance engineer (DLAE).

Performance/Narrative:

- As of the end of the second quarter, the following ARRA project reviews have been performed:
 - 70 joint reviews with 43 different local agencies involving \$99.7 million in ARRA dollars
 - 40 Caltrans reviews with 33 different local agencies involving \$51.0 million in ARRA dollars
 - Caltrans reviews were comprised of 34 preconstruction reviews, 3 mid-project reviews and 3 after-acceptance reviews
- As of April 15, 2010 a total of 845 local agency ARRA projects have been authorized.
- A comparison of the number of reviews and agencies involved in the joint reviews and Caltrans reviews indicates that Caltrans reviews are more widely distributed amongst agencies, as a percentage, than joint reviews to date.
- The top ten frequently observed problems noted from the joint reviews have been tabulated and are included within this report.
- Eighty-four percent of the Caltrans reviews performed this quarter were preconstruction type reviews. The preconstruction reviews are proactive reviews that are aimed at minimizing contract administration issues as construction progresses. Given limited resources, Caltrans has elected to focus on these reviews as they offer the most benefit to local agencies. Future reports will show this percentage decrease as both the number and percentage of ARRA projects available for preconstruction reviews decreases.
- The three mid-project and three after-acceptance project Caltrans reviews were not preceded by any other type of Caltrans reviews, meaning individual project improvements due to the reviews themselves can not be reported at this time. In addition, the limited data sample from these six reviews does not offer an opportunity to identify programmatic issues. Nevertheless, the top five frequently observed problems from these reviews have been included. Future quarters with more data should provide opportunities to better evaluate programmatic issues.
- Reception of the project reviews by local agencies has been overwhelmingly positive. Local agencies have consistently welcomed the opportunity to have their project records reviewed and hear where improvements are needed. Local agencies understand the importance of meeting federal-aid requirements, but many lack familiarity with said requirements or related policies and procedures from the LAPM.

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Trends:

As this is the first quarterly report being issued there are no trends to report. It is anticipated that future quarterly reports will offer a better opportunity to report on trends observed both on a project and programmatic basis.

Recommendations:

- It is recommended that Caltrans reviews continue to focus primarily on those projects that are early in their construction life where significant opportunities exist to avoid problems prior to their formation by providing contract administration expectations and guidance. As new authorizations diminish and on-going projects age, a natural migration will occur to higher percentages of mid-project and after-acceptance review types.
- It is also suggested, that where practical, Caltrans preconstruction project reviews include other local agency personnel to broaden the effectiveness of project performance and future projects administered by the local agencies involving federal funds.
- A COIN will be issued to highlight the top ten deficiencies observed during the joint reviews. The COIN will provide guidance for local agencies to address these common problems. Where appropriate the COIN may offer best practices that have been observed to prevent these same problems.
- The Office of Policy Development and Quality Assurance intends to utilize the Caltrans checklist to perform a process review on non-ARRA federal-aid projects. Any potential shortcomings in the checklist that are identified as a result of the process review will be considered for correction at the next opportunity.
- A more sophisticated database needs to be developed to handle the joint and Caltrans review information. A feature of this future database must allow for users to input, monitor, track and report on significant deficiencies and their resolution outcome. The Caltrans checklists will be modified to capture this information.
- It is recommended that this quarterly report and subsequent reports be distributed widely. While the primary audience of this report is FHWA, local agencies and other entities may benefit from its distribution. At a minimum, it is suggested that the report be posted to the Division of Local Assistance website.

Most Frequently Observed Deficiencies on Joint Project Reviews

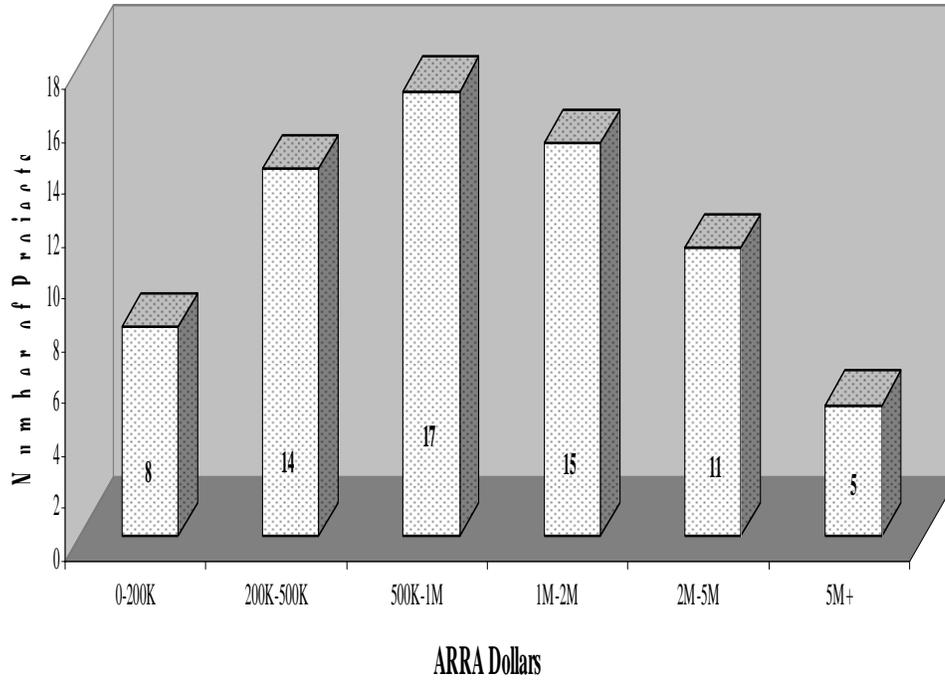
Description	Observed Frequency	Ranking
Diaries are deficient	50%	1
Employee interview frequency is deficient	34%	2
Contract time administration/WSWDs is deficient	33%	3
Monitoring of sampling and testing frequency is deficient	31%	4
Visibility of job posters is deficient	31%	4
Documentation of posting job posters is deficient	29%	6
Checking of certified payroll is deficient	24%	7
Deficient documentation of certifications for material samplers, testers or laboratories	21%	8
Support for progress payments is deficient	21%	8
Deficient documentation of material sampling or testing results	20%	10
Consultant selection documentation is deficient	20%	10

Most Frequently Observed Deficiencies on Caltrans Reviews (Mid-Project and After Acceptance)

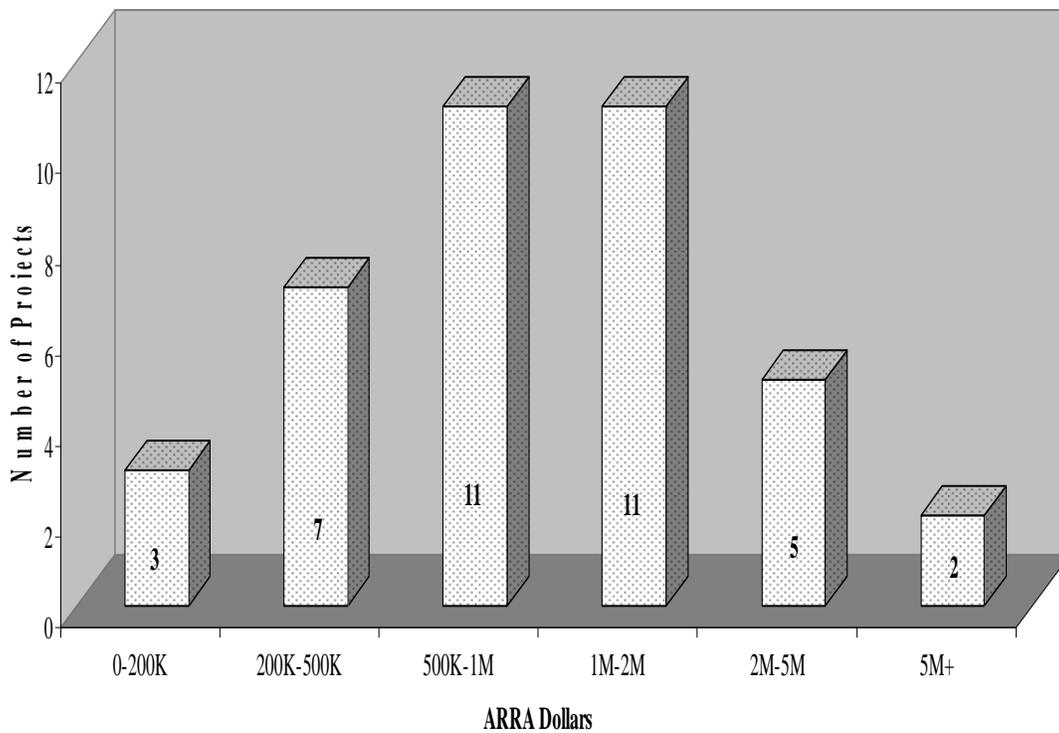
Description	Observed Frequency	Ranking
CCO support documentation for time adjustments is deficient	75%	1
Support documentation for progress payments is deficient	67%	2
Material sampling or testing frequency monitoring is deficient	58%	3
Material sampling or testing documentation is deficient	58%	3
CCO issuance is not timely or documentation is deficient	50%	5

Distribution of Reviews by Dollars

Distribution of Joint Reviews Based on ARRA Dollars

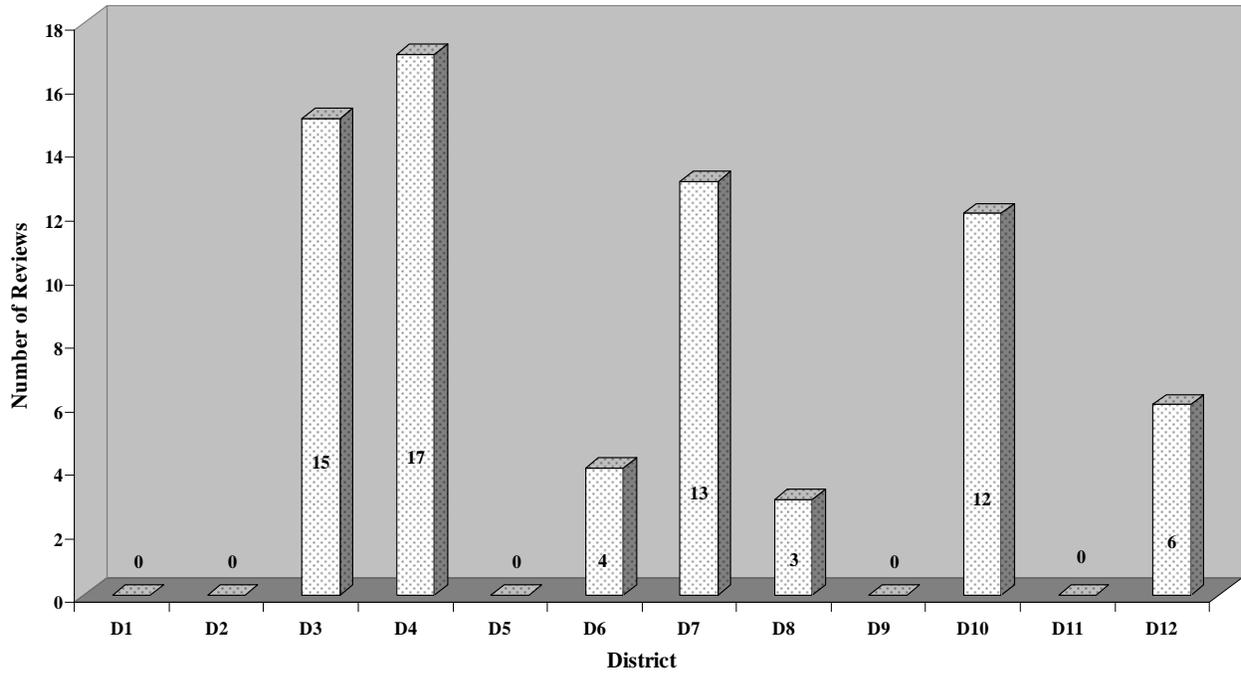


Distribution of Caltrans Reviews Based on ARRA Dollars

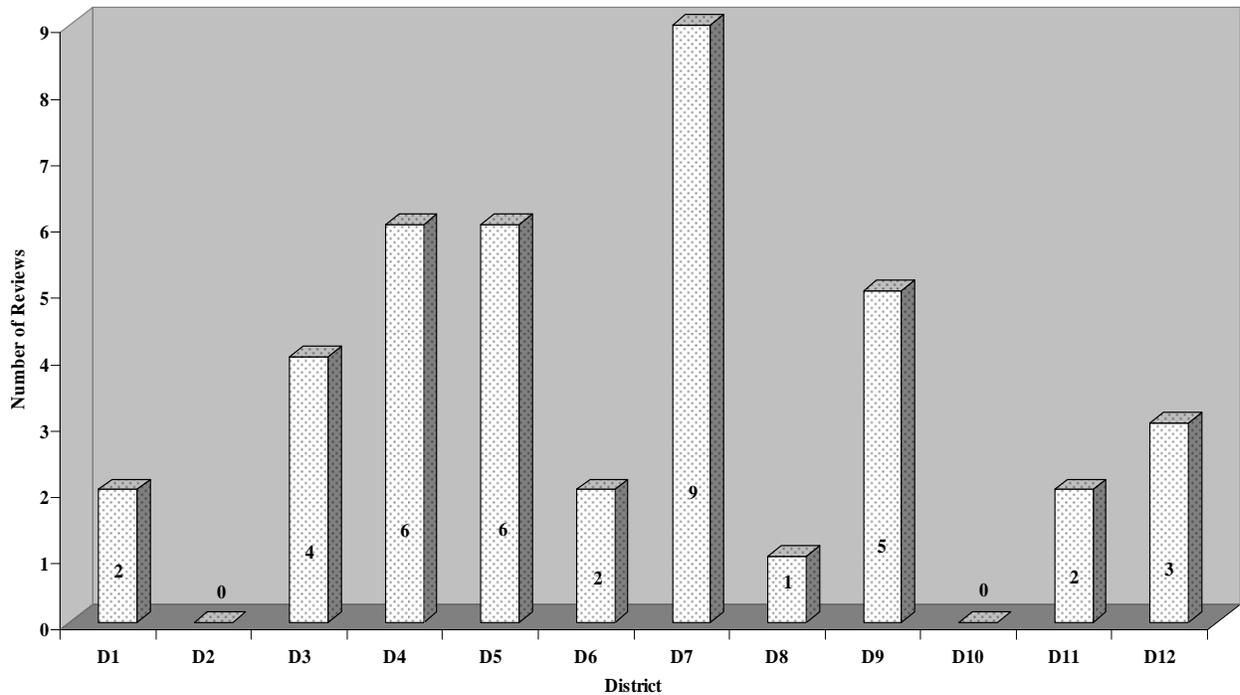


Distribution of Reviews by Districts

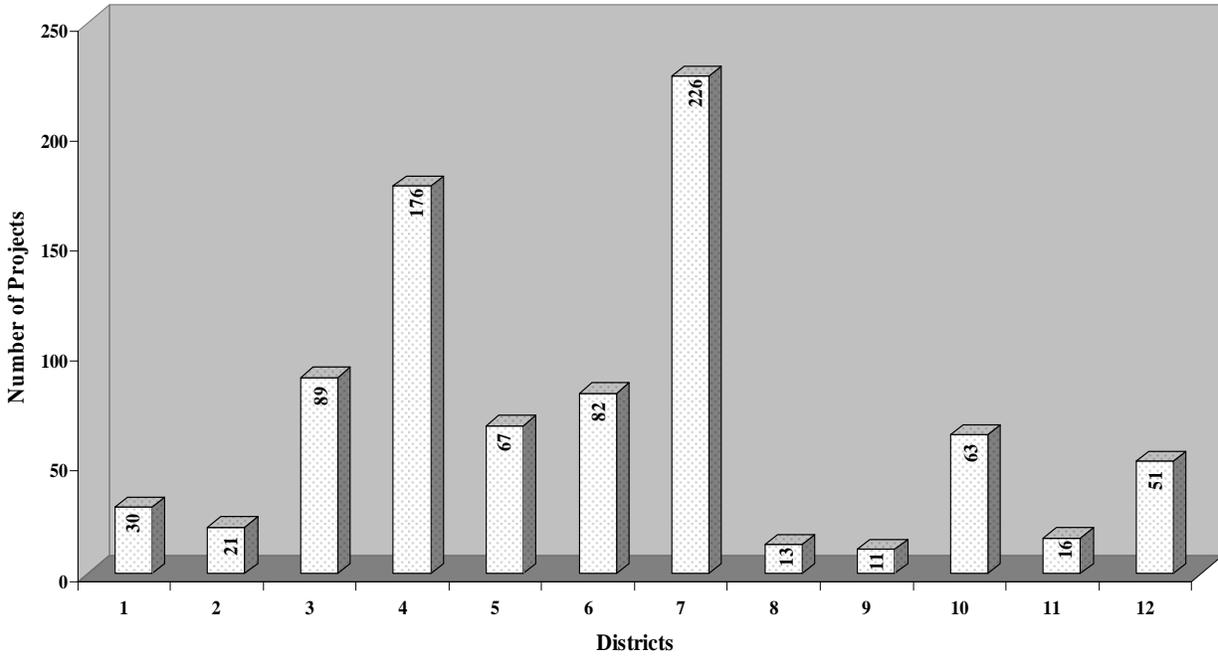
Joint Reviews by District



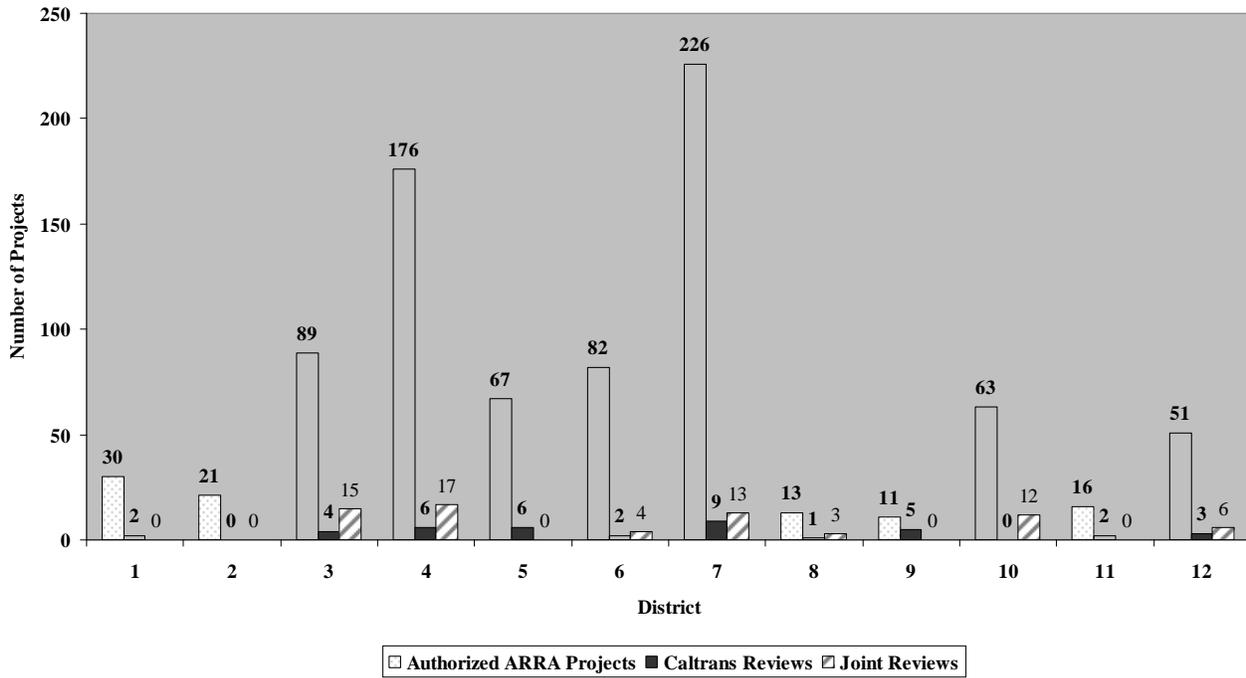
Caltrans Reviews by District



Authorized ARRA Projects by District (as of 4/15/10)

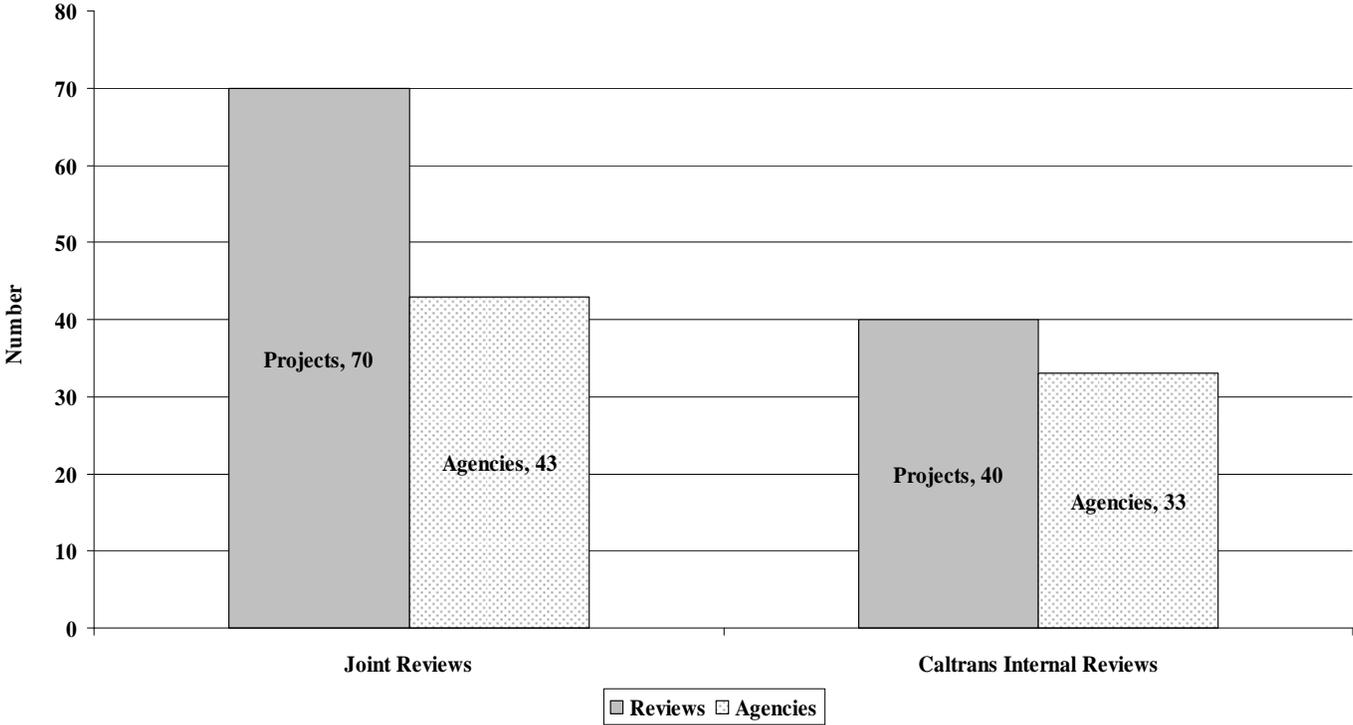


Authorized ARRA Projects and Reviewed ARRA Projects



Review Metrics

Joint Reviews and Caltrans Reviews - Projects and Agencies



Caltrans Review Types

