

## **Mn/DOT's Approach to the Economic Recovery Program – Highway Infrastructure**

Jan. 29, 2009

The U.S. Congress is developing an Economic Recovery Program that could provide several hundred million dollars to Minnesota. Although the details of this funding remain fluid, Mn/DOT has made some assumptions based on FHWA guidance about information for highway infrastructure to begin project preparations. The department continues to track the prospective transit, aviation and rail components of the program, but preparation in these areas is being addressed separately because it is not clear if funding will be distributed through Mn/DOT.

In all likelihood, the majority of Economic Recovery Program funds would need to be committed to highway projects in 90 to 120 days. Current information suggests that highway infrastructure projects will need to be Title 23 Eligible and will have to meet all federal requirements. Minnesota is preparing to fully use these funds and is committed to using these funds to make lasting improvements in the state's highway infrastructure. As a result, the department has moved forward on the basis of identifying the "right fix" for projects rather than the "quick fix."

In order to fully use these funds, Mn/DOT has begun identifying projects that can be ready for project letting under even the shortest timeframes being discussed by Congress. However, delivering a program of this magnitude will also require Mn/DOT to use innovative contracting, project development, program management and communication practices.

### **Federal Funds Distribution: State/Local Split**

Approximately 30 percent of Economic Recovery Funds are expected to be made available to local units of government as their typical share of federal funds. Mn/DOT's State Aid Division will develop and manage the local program of Economic Recovery Funds. Project costs are expected to be covered 100% by the federal funds, with no match required.

### **Program Development Criteria:**

The goal of the Economic Recovery Program is to create jobs and improve the nation's infrastructure. Mn/DOT is preparing to achieve this goal by selecting projects for delivery based on the following criteria:

- **Project readiness:** Mn/DOT's top priority is to use available funds, thus project readiness will be the top priority for project selection. Project readiness will be assessed based on status of environmental review, percent of right of way purchased, etc.
- **Consistency with performance based plans:** To meet its commitment to use funds to make a lasting transportation improvement, Mn/DOT will give priority to projects advanced within the State Transportation Improvement Program or from the Long Range District Plans.
- **Statewide coverage:** Because the intent of the program is to create jobs statewide, Mn/DOT will work to ensure that the projects selected provide statewide coverage, job and transportation impact.

- **Work type balance:** Selecting a variety of project types, such as concrete and bituminous or preservation and safety will best use the entire capacity of Minnesota's highway construction industry to ensure the best possible project prices, efficient program delivery and job creation.
- **Project advancement:** Projects already funded in FY2009 will not be included in the Economic Recovery Program. The planned construction schedule for a project must be advanced to be included in the Economic Recovery Program. In addition, work must start on projects immediately after letting and contract award. This will ensure that the projects represent new or increased work and, therefore, result in job creation.

### **Program Delivery Approaches:**

Once a program is developed, project delivery in the allowable timeframe will be a challenge. Mn/DOT has already begun some project delivery activities to prepare projects for letting. Some of Mn/DOT's current approaches to program delivery are identified below.

#### Environmental Considerations

To ensure timely project delivery, Mn/DOT will attempt to identify projects with completed environmental documents or that require only project memorandums or categorical exclusions. Nevertheless, many projects will require permits and some limited review.

- We have begun discussions with permitting agencies and identified possible challenges.
- Mn/DOT will establish a sense of urgency and expectation that projects will be expedited at the very top of the organization and with our partner agencies.

#### Right of Way

To ensure timely project delivery, Mn/DOT will attempt to identify projects with little or no remaining ROW needs.

#### Letting Schedule

In order to get the most competitive prices, the lettings for Economic Recovery projects will be spread out over the time available. In addition, Mn/DOT will coordinate with cities, counties and other entities to develop a diverse program for Minnesota.

#### Consultants

Use of consultants will be necessary to successfully deliver this program. It is Mn/DOT's goal to have executed initial consultant contracts by the last week in January. Mn/DOT will work with the Department of Administration to establish protocols and expedited contract execution procedures.

- The limit for direct select of consultants has been raised to \$400k for state funded projects through Dec. 31, 2009.
- Electronic signature or on-site services from DOA are being examined.

#### Project Design

Mn/DOT will establish Standard Plan sets and Standard Provisions documents to streamline design and plan approval.

### Construction Contracting

Mn/DOT will use all available construction techniques, including Design Build, Design Build Low Bid, Construction Sequencing, etc. In addition, Mn/DOT will package projects into a single letting where this would improve bids or streamline delivery.

### Disadvantaged Business Enterprises and Equal Employment Opportunities

Mn/DOT will follow DBE and EEO direction provided by the legislation and federal rules, and the department will strive to fully meet established goals.

### Cost Estimating and Management

Cost estimating and management present unique challenges with an accelerated program since issues like material availability can significantly impact costs. Mn/DOT will use recently developed scoping and cost estimating tools to address these challenges.

### Utility Management

Extensive utility relocation could introduce significant time delays to a project. Mn/DOT is exploring the use of master utility agreements and options for revoking utility owner responsibility for costs if agreements to accelerate relocation can be reached.

### Risk Management

The speed and complexity of this program introduces a number of risks. The department is identifying risks and mitigation strategies for them. Some of the strategies being discussed include lump sum contracting, flexible start/completion dates, project packaging, sequenced design, early material acquisition and escalation clauses.

## **Coordination and Communication:**

Close coordination and communication with key partners is essential for the successful development and delivery of the Economic Recovery Program. Following are several key audiences that are and will continue to be the focus of communication efforts.

**Federal Highway Administration** – FHWA involvement is essential to success. To date, all indications are that FHWA will follow standard procedures for approving and authorizing projects. FHWA will be involved throughout process to ensure clear lines of communication and expedited decisions regarding authorization, oversight of program and projects. Mn/DOT has begun meeting with FHWA to discuss streamlining and development of expedited procedures.

**Metropolitan Planning Organizations** – Projects proposed for MPOs will require approval to be amended into the STIP. Mn/DOT has already begun working with the Metropolitan Council to development project selection principles and expedited approval processes.

**Legislature and Congress** – Both state and national legislative leaders will want to closely follow Economic Recovery Program activities. Mn/DOT has already begun discussions with state legislative leaders about budget authority and other legislative needs.

**Cities and Counties** – The State Aid Division is leading coordination with local units of government.

**Permitting Agencies** – As described under environmental considerations, the timely cooperation for permits and approvals is critical. Work to coordinate has already begun.

**Private Industry** – Communication with consultants and contractors, including the DBE communities, will allow them to efficiently and effectively contribute to delivering this program. Meetings with these groups are underway.

**Unions** – Demonstrating the role and importance of state employees in the delivery of this program will be important to address union interests. Mn/DOT has meetings planned with these groups.

A communications plan is being developed for the overall program. It will aim to demonstrate Minnesota's ability to engage stakeholders, build consensus, maintain transparency and deliver the program. The plan will use a variety of tactics and tools to communicate timely, relevant information. Tools already being developed include this document, an Economic Recovery Program website and ongoing meetings with key audiences. Key meetings that have occurred or are planned to-date are as follows:

- ACEC Meeting – Jan. 8, 2009
- AGC Executive Meeting – Jan. 15, 2009
- AFSCME Meeting – Jan. 16, 2009
- Economic Recovery Program Forum – Mid February, 2009 (tentative)

**Anticipated Next Steps for Program Delivery:**

- Continue contacts with legislators and partners
- Develop preliminary pool of projects (for program development)
- Begin project delivery on high potential projects within the STIP
- ***Congressional bill draft(s) available***
- Finalize criteria for program development
- Develop preliminary program
- Prepare draft budget authority and language for program delivery provisions for review by Governor's Office and Legislature
- ***Congressional bill enacted***
- Finalized program of selected and approved projects
- Submit budget authority and provisions to Governor's Office and Legislature
- Submit STIP amendments to MPOs/FHWA
- ***Let initial projects within 31 days after enactment***

The details of this program will continue to evolve rapidly and the magnitude of its impact will be great. Mn/DOT will continue to maintain contact with the wide variety of people and organizations who will participate in successfully delivering transportation projects for Minnesota.

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