

# Ohio's Research Initiative for Locals (ORIL) Project Fact Sheet



## Streamlining Local-let Federal-aid Transportation Processes in Ohio

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### BACKGROUND

The Federal-aid highway program (FAHP) is a cooperative partnership between the U.S. Federal Highway Administration (FHWA) and State DOTs for the purposes of implementing FHWA-funded highway construction projects and related activities. FHWA permits State DOTs to allow Local Public Agencies (LPAs) to perform work on projects where Federal-aid funds are used for highway system improvements. In Ohio, the ODOT Division of Planning, Office of Local Programs is charged with implementing ODOT's LPA program responsibilities. Ohio's LPAs can administer Federal-aid projects through a process managed by ODOT that is referred to as the "local-let" process.

**Ohio's LPAs administer an average of 230 Federal-aid projects per year via the local-let process, accounting for more than \$335 million of project value. These projects account for approximately 23% of all projects sold by ODOT and approximately 16% of the total construction program by dollar value**

### RESEARCH CONTEXT

In recent years, ODOT has made significant strides to improve the efficiency of its project delivery process for both State system and LPA-administered projects. The delivery of local-let projects has been enhanced by providing LPAs with resources designed to streamline processes and provide LPAs with the flexibility to comply with a requirements. However, participation in the program is not universal among Ohio's LPAs. Many LPAs have expressed concern to ODOT that the local-let program has evolved to the point where it is too cumbersome and impractical for use. A recent survey of LPAs conducted by ODOT found that LPAs were generally satisfied with the local-let process; however, many respondents commented that the process was an administrative burden with some indicating that certain aspects of ODOT's requirements exceeded Federal thresholds. This research project was initiated to ensure that ODOT's local-let program is consistent with applicable Federal regulations. Additionally, a thorough examination of other State DOT practices pertaining to locally-administered transportation programs would provide the ODOT with a compilation of best practices and recommendations needed to further streamline ODOT's local-let process. While Federal-aid project administration encompasses a wide range of activities across the entire project life cycle, this research considered potential streamlining of ODOT's local-let process for three specific areas: right-of-way, construction contract administration, and finance.

### RESEARCH APPROACH

Researchers from the Ohio Research Institute for Transportation and the Environment (ORITE) at Ohio University, with assistance from TEC Engineering, Inc., approached the research problem with three key activities:

- 1) Comprehensive review of Federal laws and regulations associated with locally-administered Federal-aid highway projects to identify minimum thresholds for compliance with Federal regulations for real estate/right-of-way, construction contract administration, and finance and to determine if any relevant ODOT local-let process requirements exceeded the minimum Federal thresholds.
- 2) Outreach to stakeholders of ODOT's local-let program, including Ohio's LPAs, relevant process owners within ODOT, FHWA Ohio Division, and others to obtain feedback on key issues and potential streamlining opportunities. Stakeholder outreach included an online survey of Ohio's LPAs as well as 28 meetings with key stakeholders.
- 3) Comprehensive review of State DOT LPA programs and processes in other states to identify high-performing programs or programs with innovative, unique, or streamlined practices that could be applicable in Ohio.



To access copies of the final report, visit: <http://oril.transportation.ohio.gov>

This research was sponsored by Ohio's Research Initiative for Locals, the Ohio Department of Transportation, and the Federal Highway Administration.



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## RESEARCH FINDINGS

Key findings of this research study include the following:

- LPAs are required to perform or undertake 115 unique tasks or activities related to real estate/right-of-way, construction contract administration, and finance matters on local-let projects. Only 4 of these 115 activities were found to represent a requirement in excess of minimum Federal thresholds.
- The ODOT Office of Local Programs has adopted a decentralized approach to management of the local-let program, placing a significant amount of responsibility on District-level staff to implement program requirements. This has resulted in a program that is flexible enough to deal with the various nuances of Ohio's LPAs but also has resulted in some inconsistencies between Districts in program implementation.
- LPAs were generally satisfied with the various aspects of the local-let process as well as the support provided by ODOT Central Office and District staff. However, the relationship between the LPA staff and the ODOT District staff is a critical aspect of an LPA's success or failure in Federal-aid local-let project administration.
- Challenges faced by LPAs in administration of Federal-aid construction contracts include extensive requirements for documentation, compliance with EEO/DBE requirements, materials acceptance, and invoice processing.
- Larger LPAs have the staff and resources to administer various types of Federal-aid projects with limited ODOT oversight and can easily meet all requirements; smaller LPAs, on the other hand, struggle to tackle complex projects and must rely on outside assistance from consultants or ODOT District staff to meet all the requirements.
- At least 41 states permit LPAs to administer Federal-aid projects; detailed telephone interviews with six State DOT LPA program personnel yielded information on high-performing State DOT LPA program practices or other unique program features that could be applicable in Ohio.
- A matrix comparing ODOT's local-let program with the local-let program practices of five other high-performing State DOT local-let programs is provided in Table 1 of the final project report.

## RECOMMENDATIONS

Based on the findings and conclusions of this research project, the ORITE research team presents the following recommendations for streamlining ODOT's local-let program:

- 1) ODOT should take steps to streamline its process requirements for activities that were identified as overly compliant with applicable Federal regulations.
- 2) ODOT should evaluate activities that were identified as having no minimum Federal threshold for compliance or where no Federal requirements could be identified to determine if further streamlining could be achieved.
- 3) ODOT should take steps to increase the accessibility of alternative processes for low-value right-of-way acquisitions on local-let projects.
- 4) ODOT should develop a risk-based approach to its oversight of local-let project delivery and other aspects of construction contract administration.
- 5) ODOT should take steps to increase the use of e-construction tools and capabilities on local-let projects.
- 6) ODOT should revise the construction contract administration processes for local-let projects to streamline project inspection and documentation.
- 7) ODOT should continue to improve its processes and associated requirements for LPAs to recover direct and indirect costs associated with construction engineering activities for local-let projects.
- 8) The ODOT Office of Local Programs should consider developing tools or metrics to track the performance of local-let program delivery.

Implementation is expected to result in improvements to the delivery of ODOT's local-let program, including more efficient use of ODOT and LPA resources, cost and time savings for project delivery, and greater clarity on program performance.

## FOR MORE INFORMATION:

- *Streamlining Local-let Federal-aid Transportation Processes in Ohio*
- Report No. FHWA/OH-2019/10
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To access copies of the final report, visit: <http://oril.transportation.ohio.gov>

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