



U.S. Department
of Transportation

**Federal Highway
Administration**

Washington Division

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HDA-WA/301

Mr. Roger Millar
Secretary of Transportation
Department of Transportation
Olympia, Washington

FFY 2017 Performance Letter

Dear Mr. Millar:

Based on the inspections, reviews, program evaluations, audits, and specific project and program involvement conducted by the Washington Division of the Federal Highway Administration (FHWA) in Federal Fiscal Year (FFY) 2017, I find:

The Washington State Department of Transportation (WSDOT) has complied with Federal laws and regulations in expending the federal-aid highway funds allocated to the state of Washington on state and local public agency (LPA) projects.

Our office is responsible for stewardship and oversight of the federal-aid highway funds allocated to the state of Washington. Your agency is the state agency responsible for delivering these federal-aid funds. Annually hundreds of millions of dollars of Federal highway funds flow into Washington State.

In Federal Fiscal Year (FFY) 2017 (October 1, 2016 - September 30, 2017), Washington State obligated \$718,134,236.38 in formula and discretionary federal-aid funds. These funds were used to improve mobility and safety and reduce congestion through the construction of new roads and bridges, as well as the enhancement and preservation of existing infrastructure. Approximately 65 percent (\$466,787,254) of those Federal highway funds were obligated for state projects and 35 percent (\$251,346,983) were obligated by LPAs (cities and counties) for road projects during FFY 2017.

Annually, we conduct project inspections, program evaluations, systematic reviews, and financial audits of WSDOT and LPAs. We also review and approve standard plans, special provisions, manuals, and other program documents. For FFY 2017, we conducted numerous reviews of WSDOT's procedures and practices in project development and implementation.

Following are the reviews and audits conducted and a brief synopsis of the findings. The full reports are available in our office.

Federal-aid Billing Review #1 (State projects) - The collective Federal-aid reimbursement during PY 2017 (June 1, 2016 through May 31, 2017), was \$984,687,541. Of the total, the state expenditures were \$795,348,910, with \$478,745,651 attributable to “highway construction”. In order to verify that a sample of payments submitted for reimbursement were fair, reasonable and properly supported, the Division Finance Team conducted a review on three projects in Project Engineer offices in the Northwest and Eastern Regions. Our review disclosed that supporting documentation was sufficient for the majority of expenditures and subsequent Federal reimbursement. Improvement in some areas of documentation was identified and relayed to WSDOT project staff.

Federal-aid Billing Review #2 (Local Agency Projects) - The objective of this review was to determine if Local Public Agency Progress Payments, submitted to WSDOT Local Programs for reimbursement, were fair, reasonable and properly supported in accordance with the WSDOT Construction Manual, WSDOT Local Agency Guidelines (LAG) Manual, Local Agency Agreement, and applicable Federal regulations. During PY 2017 (June 1, 2016 through May 31, 2017), the pass-through reimbursement for local agencies was \$189,338,631, or 19% of the total Federal expenditures. Our review disclosed that documentation was generally adequate to support the payments and subsequent Federal reimbursement. However, there were areas where documentation could be improved which was relayed to the local agency staff and Local Programs.

Construction Inspections During FFY 2017 - Our office conducted 26 construction inspections on active construction projects throughout the state, all 26 projects were WSDOT projects. The majority of the inspections (13) were on two major projects -- the Alaska Way Viaduct Tunnel Replacement Program and the State Route (SR) 520 Program. We also conducted one inspection on a Transportation Investment Generating Economic Recovery (TIGER) funded project. On 10 WSDOT projects, inspections were specifically focused only on the construction of curb ramps and sidewalks meeting compliance with the Americans with Disabilities Act (ADA). At most sites the curb ramps and sidewalks were found in compliance with ADA, although uniqueness was noted on several of these sites. WSDOT has recently revised their specifications to ensure the construction of ramps and sidewalks meet ADA compliance. We will continue to work with WSDOT Construction Office to ensure ADA compliance is met efficiently and effectively. Any specific findings for these projects were discussed at the time with the appropriate Project Engineer. Summarizing all the inspection reports, WSDOT provides quality oversight and administration of its construction program.

Compliance Assessment Program (CAP) Reviews - The purpose of the CAP is to help provide reasonable assurance that federal-aid highway projects comply with key Federal requirements. The CAP helps provide this assurance by assessing a statistically valid sample of projects such that the results inform FHWA nationwide, with an acceptable level of certainty, of the degree of compliance. We reviewed a total of 43 WSDOT projects with a Core Question Guide that consisted of 10 questions. We found a few items on a handful of projects in which documentation was lacking, but overall the federal-aid highway projects reviewed were in

compliance with key Federal requirements. All findings were considered very low risk and we worked with the appropriate WSDOT office to address future occurrences.

National Bridge Inspection Standards (NBIS) Annual Review - The 2017 NBIS review incorporating an oversight process that is risk-based, data-driven, and evaluates 23 metrics is fully underway. Our office has worked in cooperation with WSDOT to gather bridge data, review bridge files, and conduct field visits to assist in the compliance determinations for the calendar year (CY) 2016 NBIS review and the current CY 2017 review. The results of the 2016 NBIS compliance review for Washington included 15 metrics in full compliance, four metrics in substantial compliance with improvement plans developed to resolve minor discrepancies, four metrics in conditional compliance with Plans of Corrective Action in place to address the deficiencies, and no metrics in non-compliance. The results continue to show significant progress by state and local agencies to improve their bridge inspection programs. The current 2017 NBIS compliance determinations on all 23 metrics are scheduled to be completed by December 31, 2017.

WSDOT Local Programs Joint Program Review - This review included visits to the all six of the WSDOT Regions to interview the WSDOT Local Programs Engineers on their oversight responsibilities on federal-aid projects. The topic of the review included the WSDOT Local Programs oversight of plans, specifications, and estimates, and construction on federal-aid projects. The review found Local Programs Engineers are providing appropriate oversight of federal-aid projects. There were a few recommendations made to enhance the oversight including providing training: on the Local Agency Guidelines (LAG) Manual; to Division and WSDOT Local Programs staff on construction site visits; and on ADA. The Division is also working with the FHWA Resource Center (RC) to provide a “train-the-trainer” session on change order justifications for FHWA Division and WSDOT Local Programs staff.

Planning Finding, Statewide Transportation Improvement Program (STIP) Review, and Air Quality Conformity Analysis - The Washington Division office and the Federal Transit Administration (FTA) Region 10 office conducted reviews of WSDOT and Metropolitan Planning Organizations (MPOs) and their statewide and metropolitan transportation planning processes during FFY 2017. These included the annual reviews of the MPOs’ unified planning work programs (UPWPs), the state’s and MPOs’ public involvement processes (WSDOT refers to its process as the “Community Engagement Plan”), and discussions about their transportation planning processes. During this process, the Federal team must also review and approve the STIP and plans as they related to the requirements of the Federal Clean Air Act (CAA [Amendment, 1990]), to assure that the state transportation system will not contribute to violations of the National Ambient Air Quality Standards. These reviews resulted in FHWA and FTA issuing a joint finding in January 2017 that the transportation planning process in CY 2016 substantially met the requirements of 23 U.S.C. Sections 134 and 135 and 49 U.S.C. Sections 5303-5305.

Highway Performance Monitoring System (HPMS) Annual Review - FHWA Washington Division reviewed State and local agency routes in the Eastern and North Central Regions in November and December of 2016. HPMS data elements considered are those easily observed or measured in the field, selected from a larger prescribed set of data elements, and are based on

specific guidance provided by FHWA HQ. After a discussion with FHWA HQ, the 2016 review used WSDOT's State Route Web Tool "SRweb" (an application that allows users to view digital images of the Washington State Highway System via a web browser) to assess more than 200 road segments in the North Central and Eastern Regions. WSDOT delivered information on time, and the review found no deviations from the data sent from WSDOT to FHWA HQ.

Truck Size and Weight (TS&W) Review - This annual review of WSDOT and Washington State Patrol's (WSP) operation is conducted to ensure the state meets the Federal regulatory requirements of TS&W laws. The size and weight enforcement program is designed to monitor and prevent premature deterioration of the highway pavement and structures and provide a safe driving environment. In FFY 2017, WSP submitted its 2018 State Enforcement Plan (SEP) on time. Our office approved WSDOT's certification data from 2016 and submitted the evaluation report for the State's SEP to FHWA HQ.

State Planning and Research Review Program (SPR Review) - Division staff is charged with certifying the WSDOT's biennial SPR process and report. FHWA's review assures that funds focus on research in new knowledge areas, adapt findings to practical applications by developing new technologies, and transfer these technologies to users. FHWA worked with WSDOT Planning and Research managers to more specifically focus the draft SPR report into a document based on expenditures over the 2017-19 biennium, as well as showing results of the previous biennium. FHWA certified WSDOT's SPR program for 2017-2019 on June 28, 2017.

Cost Estimation Validation Process (CEVP) Verification - During the week of January 16, 2017 the FHWA RC and three members of the Washington Division observed how WSDOT's CEVP was applied on the I-5 Steilacoom-DuPont Road to Thorne Lane Corridor Improvement Project. FHWA HQ approves, on a limited basis, the use of state risk-based estimating processes in lieu of FHWA Cost Estimate Reviews (CERs) on major projects. Since 2002 WSDOT has applied risk-based estimating procedures to estimate cost and schedule on construction projects. To reduce the potential for project cost overruns, WSDOT pioneered the cost and schedule risk-based estimating and developed the overall approach that is used today even on CERs. The RC found that risk-based estimating is fully integrated into the cost-estimating practices at WSDOT. This is verified in state policy memos, state cost-estimating procedures, and observation of the estimating practices on the project reviewed. The RC recommended FHWA continue to accept WSDOT's CEVP process in lieu of the FHWA CER.

Division Approves WSDOT's Design-Build (D-B) Program Documents – On April 13, 2017 the Washington Division approved the 29 Request for Qualifications (RFQ) and Request for Proposal (RFP) D-B templates. Prior to being reviewed by FHWA, these templates have been approved by the WSDOT internal D-B work group, the WSDOT/Associated General Contractors/American Council of Engineering Companies Committee, WSDOT Construction Division personnel, WSDOT subject matter experts (SMEs), and the Attorney General's Office. The RFP D-B templates consist of the RFP template document, the Instructions to Proposers (ITP), the General Provisions (Chapter 1), and the RFQ document.

The following initiative(s), reviews, and assessments were also completed with involvement and assistance of your staff:

Repurposing Earmarks - *The Transportation, Housing and Urban Development, and Related Agencies Appropriations Act of 2017* provided the authority for a State to repurpose earmarks under certain conditions. The authority to repurpose allows a Federal earmark to be moved to a different project. Several criteria had to be met for any earmark to be eligible for repurposing to another project. The criteria included the requirement that the repurposed funds had to be obligated on a new or existing project in the State within 100 miles of the original earmark designation. Also, the project had to be eligible under the Surface Transportation Block Grant Program. This is the second year that Congress has granted this authority to the States. Washington submitted eight repurposing transfer requests totaling \$6.1 million. Two of the eight transfer requests were from LPAs, totaling \$0.6 million. The remaining six transfers were for State DOT projects, totaling \$5.5 million.

Transportation Management Agency (TMA) Certification Review - Washington and Oregon FHWA Division staff, alongside FTA staff, conducted a TMA Certification Review of the Vancouver (WA) Southwest Washington Regional Transportation Council (RTC) and the Portland Metro MPO (Metro). The Federal team certified the MPOs well before the deadline. Both MPOs had made excellent progress toward their goals in a variety of areas, including working together on their congestion management approach, creating better public outreach approaches, and updating their data needs and creating a new repository called “Portal,” in conjunction with Portland State University, to better house and track the data required for numerous transportation projects.

The U.S. Government Accountability Office (GAO) Review of Major Bridge Projects - On Wednesday, November 16, 2016 the Washington Division Office met with the GAO to discuss Major Bridge Projects (over \$500 million) in Washington State. GAO was interested in issues pertinent to these types of projects, obstacles/challenges that these projects face, and strategies to assist overcoming the identified obstacles/challenges. We discussed the Division’s roles and challenges on these types of projects compared to more typical bridge projects. There was also discussion on Federal efforts to accelerate the delivery of projects and possible impacts on major bridge projects or other highway projects in the State. GAO also met with WSDOT to get its perspective on major bridge projects. GAO will continue their review in other states into the spring of 2017 with a draft of the review findings anticipated in late 2017.

U.S. Office of Inspector General (OIG) Reviews “Resilience” in Emergency Relief (ER) Program - OIG visited the Washington Division the week of March 6-9, 2017 to review FHWA’s use of the ER program to improve resilience. OIG began this audit with FHWA HQ and visited several other Division Offices and State DOTs. OIG’s audit objective was to assess FHWA’s processes and guidance for incorporating resilience improvements into ER projects to rebuild damaged highway infrastructure. While here the OIG interviewed Division and WSDOT staff. They discussed the State and Division ER process, as well as reviewed four ER projects. OIG also wanted to understand what other resiliency work may be done outside the scope of the ER program. They were interested in learning about how the ER program is managed, the State’s approach to transportation resilience, to what extent vulnerabilities are assessed and the

impacts of hazards adapted to, if such efforts are measured or tracked, and about any best practices or lessons learned. One of the projects OIG selected to review was the Oso land slide of March 2014. OIG, WSDOT, and Division staff toured the repaired site to see firsthand how resilience was incorporated. Currently FHWA is revising its ER Manual to address OIG's recommendations ahead of receiving their final report. We also will work with WSDOT to understand its perspective on how to address the recommendations.

Innovative Roadway Design and Accessibility Workshop - On June 14 and 15, 2017 FHWA hosted a workshop on Innovative Roadway Design and Accessibility in Seattle. This workshop on shared street design is part of FHWA's ongoing research project on *Innovative Roadway Design and Accessibility*. The workshop brought together street design practitioners with accessibility design experts and stakeholders in a collaborative problem solving environment. The workshop focused on the extent to which new and emerging street designs and practices, such as shared streets and separated bike lanes, are meeting the needs of people with disabilities (specifically regarding navigation for pedestrians with vision disabilities). One of the key outcomes of the project will a summary planning and design resource on shared streets that will identify navigational challenges for pedestrians with vision disabilities and provide a toolbox of design strategies for addressing these challenges.

Federal-aid Grants Management Review - In October 2015, FHWA implemented a new fiscal management system, Financial Management Information System (FMIS) 5.0. This system serves as the electronic platform for State DOTs and FHWA to establish agreements for federal-aid projects. This review looked at the newly implemented system to determine if the ongoing defects and reporting errors are creating internal control weaknesses for WSDOT. This review found that there are several areas where FMIS 5.0 does not provide reasonable assurance the information provided in its reports are accurate with respect to current balances of federal-aid funds. FHWA Division staff are working with FHWA HQ staff to resolve these issues and to determine if additional training can be provided to State DOT's to assist in FMIS data extraction.

Border Planning Peer Exchange - On June 8-9, 2017 FHWA, in coordination with Transport Canada, the Transportation Border Working Group, Whatcom County MPO, and WSDOT hosted a Regional Master Planning Peer Exchange in Bellingham to focus on regional border planning efforts along the U.S.-Canada border. This peer exchange convened Federal, State, Provincial, and regional government agency practitioners from both the U.S.-Canada and U.S.-Mexico borders to share experiences and best practices in developing strategies for continuing national-level support of regional cross-border planning and coordination. The peer exchange included sharing of existing efforts, a tour of several border port of entry facilities, and facilitated discussions of border planning gaps and strategies to close those gaps.

US Coast Guard (USCG) Bridge Permit Streamlining Meeting - USCG District 13 and HQ staff met with FHWA Washington Division, FHWA's Western Federal Lands Highway Division, and WSDOT staff on Wednesday, January 11, 2017 in Seattle to discuss our ongoing efforts to ensure compliance with the 2014 USCG-FHWA Memorandum of Agreement (MOA). Since the early September 2016 training on the MOA, the Washington Division has worked with WSDOT to revise their Categorical Exclusion documentation and other National Environmental Policy Act (NEPA) guidance to ensure that projects have contacted USCG to

determine if they have jurisdiction over any crossings of waterways. We are also working to streamline the process of getting the USCG's jurisdictional determination, and WSDOT has received USCG jurisdictional determinations for all of the stand-alone fish barrier removal projects planned for the next six years. We are exploring other streamlining ideas, including GIS mapping of locations of previous USCG permits. Finally, we talked about how best to educate WSDOT region staff and local public agency staff about coordination with the USCG to ensure compliance with the 2014 MOA.

FHWA and WSDOT Participate in National Highway Traffic Safety Administration (NHTSA) Motorcycle Safety Program Assessment - During the week of April 23-28, 2017 NHTSA representatives along with a team of five independent assessment team members convened in Olympia to conduct interviews with panels of subject matter experts. The goal of this assessment was to review and evaluate Washington State's motorcycle safety efforts to help reach the Strategic Highway Safety Plan, Target Zero, goal of zero deaths and serious injuries. The assessment covers all components of a comprehensive motorcycle safety program. The assessment team met with Washington State subject matter experts and compiled all the information and provided their suggestions for improvements and best practices through a final report. The report will be used as a management tool in Target Zero efforts, planning purposes, and decision-making.

We congratulate and commend Washington State and WSDOT for:

New State Route (SR) 520 Floating Bridge Named America's Top Engineering Feat - One year after opening to traffic, the new SR 520 Floating Bridge, received one of the country's highest engineering awards: the 2017 Grand Conceptor Award from the American Council of Engineering Companies (ACEC). The annual award was presented to WSDOT during ACEC's conference in Washington, D.C. to honor the nation's best overall engineering achievement. The floating bridge was one of 162 projects throughout the world vying for ACEC's top engineering award. The new bridge opened to traffic on April 25, 2016 and is the longest floating span of highway in the world, at 7,708 feet.

North Spokane Corridor (NSC) Placemaking Session conducted - Building upon the positive results of the Every Place Counts session conducted in July of 2016, WSDOT's Eastern Region invited six neighborhoods and community support organizations that will be influenced by the future alignment of US 395, or the NSC, to an evening workshop on July 25, 2017 to start a comprehensive development of "placemaking" around the NSC Corridor and Children of the Sun Trail. This "kick-off" workshop was designed to learn "how" WSDOT could best engage the various neighborhoods, start the planning and development of "place" around the corridor, as well as foster on-going interaction and strengthen community relationships as the NSC planning and design continues. An unexpected benefit of the workshop was the new acquaintances that occurred within the neighborhood sessions.

In addition to the above-mentioned program oversight and review activities, my staff has specific project involvement responsibilities, as well. As noted in the Stewardship Agreement, we had project specific environment, design, ROW, and construction involvement on many Interstate and major/unique projects under development and construction in Washington State. Therefore, I am confident in the finding made at the beginning of this letter.

We wish to thank you and your staff for their professionalism, integrity, and innovation in carrying out the delivery of the \$718+ million in federal-aid funds during FFY 2017.

This is the 16th annual Performance Report. Performance Reports for FFYs 2002 through 2017 can be found on our website at <http://www.fhwa.dot.gov/wadiv/preports/>.

If you have any questions or need further information, please feel free to contact me via phone at (360) 753-9480 or via e-mail at Daniel.Mathis@dot.gov.

Sincerely,

Original /s/ Daniel M. Mathis, P.E.

DANIEL M. MATHIS, P.E.
Division Administrator

cc: Governor Jay Inslee
Jerry Litt, Chair, Washington State Transportation Commission
Curtis King, Chair, Senate Transportation Committee
Steve Hobbs, Ranking Minority Member of Senate Transportation Committee
Judy Clibborn, Chair, House Transportation Committee
Ed Orcutt, Ranking Minority Member of House Transportation Committee
Keith Metcalf, Deputy Secretary, WSDOT
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