



U.S. Department  
of Transportation

**Federal Highway  
Administration**

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October 31, 2019

HDA-WA/301

Mr. Roger Millar  
Secretary of Transportation  
Washington State Department of Transportation  
310 Maple Park Avenue SE  
Olympia, Washington 98504

### **FFY 2019 Performance Letter**

Dear Mr. Millar:

Based on the inspections, reviews, program evaluations, and specific project and program involvement conducted by the Washington Division of the Federal Highway Administration (FHWA) in Federal Fiscal Year (FFY) 2019, 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 FFY 2019 (October 1, 2018 - September 30, 2019), Washington State obligated \$648,541,587.70 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 68 percent (\$441,008,279.64) of those Federal highway funds were obligated for state projects and 32 percent (\$207,533,308.06) were obligated by LPAs (cities and counties) for road projects during FFY 2019. In total, Washington State's FFY 2019 Federal-aid apportionment was over \$739 million. Transfer of Federal-aid funds to the Federal Transit Administration (FTA) for projects such as the Colman Dock project account for most of the difference between the amount apportioned and the amount obligated.

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 2019, we conducted numerous reviews of WSDOT's procedures and practices in project development and implementation.

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

**National Bridge Inspection Standards (NBIS) Annual Review** - The 2019 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) 2018 NBIS review and the current CY 2019 review. The results of the CY 2018 NBIS compliance review for Washington included 17 metrics in full compliance, two metrics in substantial compliance with improvement plans developed to resolve minor discrepancies, four metrics in conditional compliance with Plans of Corrective Action (PCA) developed to correct issues that could result in noncompliance if not addressed in a timely manner, and no metrics in non-compliance. The results continue to show progress by state and local agencies to improve their bridge inspection programs. The current CY 2019 NBIS compliance determinations on all 23 metrics are scheduled to be completed by December 31, 2019.

**FHWA/WSDOT Load Rating Program Review Final Report** – Together our staffs conducted a review of bridge load rating and permitting program procedures on May 8-10, 2018, with the report being finalized in December (FFY 2019). The review was performed as an extension of the annual National Bridge Inspection Oversight Program (NBIOP) review of Metric 13, Bridge Load Ratings, with an emphasis on the need to examine the State’s compliance with load rating bridges for Specialized Hauling Vehicles (SHVs) in accordance with FHWA policy. The review included load rating permitting and posting processes and procedures within Washington State. At the conclusion of the review, FHWA offered several exemplary practices on WSDOT’s load rating program along with a few opportunities to improve and continue to move their program forward.

**Federal-aid Grants Management Review** - Our Finance Team conducted a review of the process for identifying WSDOT expenditures as eligible for federal participation. The focus was on staff from WSDOT’s Accounting and Financial Services Division and the assurance that they knew the process, and were following the process when a new type of expenditure (object code) was established in WSDOT’s accounting system, TRAINS (Transportation Reporting Accounting Information System). The results of our review found that new staff in WSDOT’s Accounting and Financial Services Division have a process for identifying any new expenditure categories and are following that process.

**Improper Payment Elimination and Recovery Information Act (IPERIA) Transaction Testing** - During Performance Year 2019 (June 1, 2018 – May 31, 2019) our Finance Team conducted the IPERIA transaction testing review. The review consisted of one State administered project and one LPA project. Transaction line items were randomly selected and reviewed for accuracy, completeness, and adequate supporting documentation. The review disclosed that all samples selected were fair, reasonable, and properly supported and no major noncompliances were identified. Minor improvements were noted and passed on to WSDOT project staff.

**Chief Financial Officer Transaction Testing** - Our Finance Team also conducted the Chief Financial Officer transaction tests. These tests included five randomly selected projects and reviewed randomly selected transactions for accuracy and completeness. The projects were State administered and included two rail projects and three safety projects. The test revealed that all transactions were accurate and complete and proper procedures were followed and recorded. No errors were identified and the test results were shared with WSDOT staff.

**Stewardship and Oversight on Project Development and Construction Activities During FFY 2019** - Our office is using a risk-based approach to stewardship and oversight on WSDOT's project development and construction programs. The goal of risk-based stewardship and oversight is to optimize the successful delivery of programs and projects and help ensure compliance with federal requirements. Our risk-based approach involves three main avenues of project involvement: 1) project approval actions; 2) data-driven compliance assurance, i.e., the Compliance Assessment Program (CAP); and 3) risk-based stewardship and oversight involvement in Projects of Division Interest (PoDI).

- 1) **Project Approval Actions:** In FFY 2019 our office conducted nine site visits on projects throughout the state and two work zone reviews. We also participated in one Local Programs Project Management Review in the North Central Region. On the Alaska Way Viaduct (AWV) Tunnel Replacement Project, we completed a final inspection and approved six change orders, an updated Project Management Plan (PMP) and the final Financial Plan Annual Update (FPAU). On the State Route (SR) 520 I-5 to Medina Bridge Replacement Program we reviewed the PMP, approved the FPAU, were involved in negotiations for the federal land transfer with NOAA, worked with legal on the Montlake Market litigation and approved various National Environmental Policy Act (NEPA) Re-Evaluations. In addition, we attended several interdisciplinary team (IDT) meetings for the I-90 Snoqualmie Pass East project.
- 2) **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. CAP reviews commonly take the place of construction inspections or document reviews. FHWA nationwide reviewed 2,508 projects of 14,753 Federal-aid projects authorized for construction or advanced construction in CY 2017. The Washington Division reviewed a total of 56 construction projects (28 WSDOT and 28 LPA) using the 10 Core CAP Questions. We were 100% compliant on eight of the 10 questions. The other two questions—one concerning the three-week advertisement period and the one about including appropriate wage rates prior to bid opening we scored within and above the national range of compliance. Based on our PY 18 CAP review findings, we are highly confident that construction projects are in compliance with federal regulations.
- 3) **Projects of Division Interest (PoDIs)** are those projects that have an elevated risk, contain elements of higher risk, or present a meaningful opportunity for FHWA involvement to enhance meeting program or project objectives. Our offices work together

to identify PoDI projects. In FFY 2019 we identified 10 projects as PoDIs: 1) I-90 Snoqualmie East; 2) Alaska Way Viaduct (AWV) Tunnel Replacement; 3) Spokane Valley – Barker Road/Burlington Northern Santa Fe Railroad Grade Separation; 4) Spokane County’s Geiger Boulevard Infrastructure Improvements; 5) SR 432/433 Industrial Way/Oregon Way Intersection; 6) SR 520 Rest of the West; 7) Spokane Post Street Pedestrian & Utility Bridge; 8) US 101 Coffee Creek Fish Barrier Removal; 9) SR 520 Trafton & Schoolyard Creek Fish Passage; and 10) the Bellevue-Redmond (BELRED) Street Network (Transportation Infrastructure Financing and Innovation Act (TIFIA)-funded). During FFY 2018, WSDOT procured two fish passage projects as Design-Build prior to NEPA clearance. Since Design-Build prior to NEPA (DBpN) is a new process, we identified these projects as PoDIs and have been working with WSDOT to ensure the process was completed in accordance with Federal regulations. The City of Spokane’s Post Street Pedestrian & Utility Bridge Progressive Design-Build contract has been terminated and the AWV project is complete so neither of these projects will be a PoDI in FFY 2020. There are also several other larger projects that have significant FHWA involvement, but no formal PoDI plan -- the US 395 North Spokane Corridor (NSC) and the I-405 Express Toll Lanes and Congestion Relief Projects.

Summarizing all these activities, we are confident WSDOT provides quality oversight and administration of its project development and construction program.

**Review of the Local Programs Outdoor Advertising Control (OAC) Program -** We conducted a review of WSDOT’s Local Programs Outdoor Advertising Control Program. This review was an off-shoot of the OAC review conducted in FFY 18, in which we found that signs added to the OAC control program by the MAP-21 legislation were delegated to WSDOT’s Local Programs Office. The review team consisted of the Division Right-of-Way (ROW) Program Manager and two members of WSDOT’s Local Programs office. The review team interviewed local agencies with varying program sizes. We found that there is a strong relationship between those agencies and WSDOT’s Local Programs office, which has assured an overall strong OAC program at the local level.

**Planning Finding, Statewide Transportation Improvement Program (STIP) Review, and Air Quality Conformity Analysis -** Our office and FTA’s Region 10 Office conducted reviews of WSDOT and 12 Metropolitan Planning Organizations (MPOs) and their statewide and metropolitan transportation planning processes during FFY 2019. These included the annual reviews of 12 MPOs’ unified planning work programs (UPWPs), the state DOT’s long-range (20-year) plan (referred to as the Washington Transportation Plan, or WTP), and the Freight Plan as well as the monthly STIP amendment reviews. Division Planning and Freight Program staff participated with the statewide MPO/WSDOT Coordinating Committee meetings throughout the year to stay current with and provide feedback on planning developments.

The Federal team also reviewed and approved the four-year STIP and assured Transportation Improvement Plans (TIPs) met 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 (NAAQS). These reviews resulted in FHWA and FTA issuing a joint finding in January 2019 that the transportation planning process

in CY 2018 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** - Our office reviewed the overall HPMS program with FHWA HQ staff and WSDOT staff. HPMS data elements considered are typically those easily observed or measured in the field, or using 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). FHWA HQ provides a thorough report card on thousands of data points reported from each state. The Division's annual review looks at data collected in previous year(s). The Division reviews two WSDOT Regions each year on a rotating basis.

Separately, in CY 2019, firm HPMS data delivery requirements under 23 CFR 490.317 allowed for states that did not meet specific calendar delivery dates to be penalized for late delivery of data collected in the previous year. (For example, data due in April 2019 was collected in 2018.) While WSDOT did meet the first submittal deadline of April 15, it unfortunately did not meet the second deadline of June 15 for delivery and, along with a couple of other states, were penalized under this new regulation. The penalty is a transfer of a portion of Federal-aid funds to ensure the Interstate is being kept in good condition. Our Finance Team is working closely with WSDOT Program Management to understand the requirements of the transfer and minimize the impact.

While the deadline was missed in 2019, the ultimate data delivered were technically accurate with 0 percent error and well under the 5 percent "poor pavement" requirement for Interstate highways. No "real world" conditions exist that would require a penalty; only late data delivery. New staff at WSDOT staff and management are committed to assure that the April 15 and June 15, 2020, deadlines will be met.

**Truck Size and Weight (TS&W) Review** - The Division conducted its annual review of WSDOT and Washington State Patrol's (WSP) operation that ensures the state meets 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 2019, WSP submitted its 2020 State Enforcement Plan (SEP) on time. Our office approved WSDOT's certification data from 2018 and submitted the evaluation report for the state's SEP to FHWA HQ.

**State Planning and Research (SPR) Review Program** - Division staff are 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 closely with WSDOT Planning and Research managers to more specifically focus the draft SPR report into a document based on a clear list of expenditures over the 2019-21 biennium as well as showing results of the previous biennium. FHWA certified WSDOT's SPR program in June 2019.

In addition to the project inspections, program evaluations, systematic reviews, and financial reviews, we receive from WSDOT an annual **Stewardship Indicators Report** as part of the

“Stewardship & Oversight Agreement” between our two offices. This agreement to report annually on stewardship indicators for various areas within the Federal-aid Highway Program provides an assessment of the overall health of the program and indicates how several of the responsibilities we have delegated to WSDOT are being performed.

Overall the health of the Federal-aid program in Washington State is very good. There are currently 20 indicators that WSDOT reports to the Division. WSDOT also provides a variety of performance indicators in their “Gray Notebook” which also indicates the overall health of the transportation program in Washington State. Of the 20 indicators, none showed major compliance violations. Most showed favorable signs that WSDOT is efficiently and effectively spending Federal-aid funding while following the regulations. Thirteen of the 20 indicators were considered “green” or in great health and four were considered “yellow” or average health. The yellow health indicators typically show there is some room for improvement, or some items that need work but are overall trending in the right direction. Three of the indicators were reflected as “gray” as the data was not submitted for review.

As part of our annual review of the stewardship indicators we will work with your staff to revise, replace, and delete indicators as needed. These changes will be identified in this and future reports. Since signing the Stewardship and Oversight Agreement in 2015, there have been several minor changes. In FFY 2020 we will be proposing a memo to address these changes.

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The following review was also completed with assistance and involvement of your staff:

**Transportation Management Agency (TMA) Certification Review** - Washington FHWA Division and FTA Region 10 staff conducted a TMA Certification Review of the Spokane Regional Transportation Council (SRTC) starting with a work session in August 2019, an on-site review meeting in October 2019, and will culminate in a quadrennial review report no later than February 2020. SRTC has allocated \$1.2 million to update and revamp its use of data toward the required deliverables in their plans, including fresh looks at congestion management, intelligent transportation systems, and project prioritization. SRTC has made significant progress in improving and documenting its public participation process using a variety of tools that bridge technology and personal interaction, and has created a solid interagency partnership with its stakeholders and members. The Division office will conduct a TMA certification review next for the Benton-Franklin Council of Governments, due in July 2020.

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We congratulate and commend Washington State and WSDOT for:

Completing and opening to traffic the **SR 99 AWW Replacement Tunnel** in Seattle. The decade-plus long effort to replace the earthquake-damaged viaduct with what was then the largest single bore tunnel in the world was a major feat. You, your staff, and all involved in the project should be especially proud.

**Overarching Statewide Transportation Asset Management Plan (STAMP)** - WSDOT will be first in the nation to create a STAMP. Although STAMP is not required by federal law, an Executive Steering Committee Meeting has met over the last two years to develop 21 individual Transportation Asset Management Plans (TAMPS) to better

prioritize funds across the statewide assets. This will allow for prioritization of financial tradeoffs between projects with consideration of levels of condition, state of good repair for each asset class, and overall better accounting of assets and inventory. It is these asset classifications that will eventually lead to the development of a STAMP.

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In addition to the above-mentioned program oversight and review activities, my staff have specific project involvement responsibilities as well. As noted in the Stewardship Agreement, we had project specific environmental, 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 obligation of the \$648.5 million in Federal-aid funds during FFY 2019.

This is the 18<sup>th</sup> annual Performance Report. Performance Reports for FFYs 2002 through 2019 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](mailto:Daniel.Mathis@dot.gov).

Sincerely,

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

DANIEL M. MATHIS, P.E.  
Division Administrator

cc electronically:

Governor Jay Inslee  
Jerry Litt, Chair, Washington State Transportation Commission  
Steve Hobbs, Chair, Senate Transportation Committee  
Curtis King, Ranking Minority Member of Senate Transportation Committee  
Jake Fey, Chair, House Transportation Committee  
Andrew Barkis, Ranking Minority Member of House Transportation Committee  
Keith Metcalf, Deputy Secretary, WSDOT  
Marshall Elizer, Assistant Secretary Multimodal Development & Delivery, WSDOT  
Kevin Dayton, Assistant Secretary Regional & Mega Programs / Chief Engineer, WSDOT  
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