Combined Road Plan Start-Up Procedures and Operating Experience

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The Combined Road Plan (CRP) established as a demonstration by the 1987 Surface Transportation and Uniform Relocation Assistance Act is intended to simulate a block grant for certain highway funds. The Minnesota CRP was designed to reduce federal approvals to a minimum and decrease the exchange of paper between state and federal offices. Minnesota chose to use only federal funds that could be pooled and administered in the manner of a block grant. The key action in getting started was the transfer of 180 existing projects to the demonstration program so that most of the procedures could be implemented immediately. The most significant changes in project procedures were concurrent program approval and authorization and the elimination of FHWA involvement in the final inspection process. Most of the changes in approval authority took place in the state organization to handle the newly delegated approvals. Federal procedures had to be changed to accommodate the new state approvals. The administration of the CRP has proven to be surprisingly easy. Existing procedures are used with less federal involvement. Paper flow has been reduced significantly, particularly in connection with project authorizations. Experience to date indicates that the CRP reduces paperwork and gets contracts under way more quickly at the state level. It also allows federal engineers to focus their efforts on higher-priority projects.

Two purposes serve as the foundation for this paper:

- To document the decisions made and the actions taken to put the demonstration in operation.
- To report on experience with the demonstration procedures during the first 21 months of operation.

It is hoped that the experience of the Minnesota Department of Transportation (Mn/DOT) can be useful to other states considering or already using delegated federal procedures such as the Combined Road Plan (CRP) or Certification Acceptance (CA).

Funds, Projects, and Systems

Broad decisions about the funds, projects and federal-aid systems to include in the demonstration were made in the enabling legislation. The language in Section 137 of the Surface Transportation and Uniform Relocation Assistance Act (STURAA97) of 1987 specifically authorized the use of federal-aid secondary (FAS) funds, federal-aid urban (FAU) funds, and bridge replacement and rehabilitation funds. An interpretation was made that certain other funds (i.e., Interstate substitution) could be used for CRP projects but that these funds could not be pooled with the FAS, FAU, and bridge funds. Minnesota chose to use only funds that could be pooled and administered in the manner of a block grant.

Section 137 specified that CRP projects for highway construction could be on the FAS and FAU systems. CRP bridge projects could be on these two systems and also off the federal-aid system. Interstate (I) and Federal-aid Primary (FAP) funds and any projects on the I or FAP system were not included, as per the original intent of the demonstration adopted by the Congress.

Once the eligible pool of projects had been defined on the basis of the legislation, the key practical decision remaining was how to enter the existing stream of federal-aid projects and begin to set up CRP projects. Both Mn/DOT and the FHWA Division Office wanted to have the demonstration procedures function as fully as possible as soon as possible. A decision was made to include not only new projects under the demonstration, but to convert existing active projects and process them under the CRP. These projects would be picked up wherever they were in the project path and carried from there to completion under the demonstration rules. To make this conversion, a list was compiled of all eligible active projects. After review by Mn/DOT and FHWA, certain projects with controversial features or special needs were left to be completed under regular federal-aid procedures and the rest were converted. As a result, the demonstration had an immediate reservoir of 180 projects with which to establish demonstration procedures. The experience to date is discussed later in this paper.

Administration

The Mn/DOT Office of Highway Programs is primarily responsible for the administration of the CRP. In recognition that the majority of CRP projects are not on the trunk highway system, the Office of State Aid also has substantial responsibility for CRP administration. The Office of State Aid, which acts as the manager for all federal-aid and state-aid projects on local road systems, had in place a communications system with the counties and cities that alleviated many of the start-up problems that normally occur with a new system.
FHWA monitors Mn/DOT’s performance and operations under the plan through the Process Review/Evaluation Program and reports the results. It is Mn/DOT’s responsibility to correct any problems found as a result of FHWA’s monitoring program.

In addition to the monitoring program by FHWA, Mn/DOT has put in place a monitoring program to ensure prompt expenditure of authorized funds. Mn/DOT also monitors to ensure that completed projects are advanced to final voucher as rapidly as possible. It is a commitment of Mn/DOT to leave no funds idle for an unnecessarily long time.

Although the CRP represents a pool of several different funds, allocation of federal funds to local governments is still necessary. Mn/DOT allocates 65 percent of the FAS funds apportioned to Mn/DOT for expenditure in each fiscal year to the counties for FAS projects on the local portion of the FAS system. The remaining 35 percent is available to Mn/DOT for FAS projects on the Trunk Highway system. Funds are allocated to counties, 50 percent on the basis of each county’s FAS system mileage and 50 percent on the basis of each county’s financial needs on the FAS system.

Mn/DOT allocates to the urban areas with a population of 5,000 or more their prorated portion of Urban System funds apportioned to Mn/DOT for expenditure in each fiscal year. Funds are allocated to the urban areas on a population basis. Because of this allocation process, it is currently necessary to track all funds obligated from the CRP pool by original appropriation code to ensure an equitable distribution of federal funds. It is also desirable to be able to demonstrate at the end of the CRP that all needs were considered and met despite the pooling of funds.

As part of its participation in the CRP demonstration project, Mn/DOT has agreed to prepare an annual report summarizing operations, approval actions, recommendations for any changes in plan procedures, revisions to procedure documents, and so on. Annual reports are submitted to FHWA by November 30 of each year. A final summary report will also be prepared at the end of the demonstration program to evaluate the effectiveness of the entire program. This final report will provide an opportunity to assess how well national priorities were met.

**PROJECT PROCEDURES**

For the demonstration to be worthwhile, it had to significantly affect how projects were handled so as to streamline the process and save effort at both state and federal levels. One measure of this is quicker, easier procedures as the projects go from programming to design to construction to final closeout. The Minnesota CRP was designed to reduce FHWA approval actions to a minimum and decrease the exchange of paper between Mn/DOT and the FHWA division office.

Another measure of the demonstration’s effectiveness is the internal efficiencies absorbed in the overall effort. They cannot be measured, but they can be sensed by those involved. One example is the reallocation of time to other duties. FHWA engineers, no longer faced with an accumulation of local project final inspections at the end of the construction season, have concentrated instead on Interstate and Primary projects. Some key changes are discussed below. It should be noted that the following discussion applies predominantly to new CRP projects. The converted projects were affected to varying degrees depending on where they were in the project process when converted.

**Federal-Aid Systems and Urban Area Boundaries**

Local officials generally initiate requests for revisions to the urban boundaries, functional classification, federal aid secondary, and federal aid urban boundaries. These requests are routed through Mn/DOT district officials. The recommendations of district officials are reviewed by the Office of Highway Programs, Program Management Division, which forwards its determination to the Assistant Commissioner of Program Management for final approval. Informational copies are submitted to FHWA.

**Programming**

The entire CRP program became one line and one dollar figure in the 105 program (a program of proposed federal-aid projects required by Section 105 of Title 23 of the U.S. Code). Because the CRP is a demonstration, Mn/DOT has maintained both state and federal project numbers and identifiers in its financial record-keeping process. This could be reduced to pure state identifiers under a block grant program or under a federal-aid program in which pooled funds did not have to be identified by category.

**Pooling of Funds**

Mn/DOT notifies FHWA of the amount of secondary, urban, and bridge funds it intends to make available for pooling. Once the pool is established, Mn/DOT has full authority to work with local governments and spend the funds as it sees fit.

**Authorization**

A separate letter is issued concurrent with 105 program approval authorizing Mn/DOT to start construction on CRP projects. No further documents are sent to FHWA (with some exceptions as noted below) until an FHWA-37 is submitted requesting obligation of funds for certain projects or groups of projects. This federal-state fiscal document is critical in allowing Mn/DOT to maintain necessary control over obligation authority for CRP funds as related to all other federal highway funds. At the time the PR-37 is submitted to FHWA, Mn/DOT also authorizes the individual CRP projects internally. This internal authorization requires two signatures within Mn/DOT, one to certify that all federal and state regulations have been met and the other to signify that funds are available for the project.

**Environment**

The CRP program has adopted a form developed under CA that serves as both a checklist and a decision document for
environmental actions. This form is prepared by Mn/DOT and records the decision about which environmental category fits each project. FHWA engineers review each form and either concur in the decision as to the environmental category or negotiate a revision with Mn/DOT. This is essentially unchanged from regular procedures.

Design

With the delegation of design exception approvals to Mn/DOT, essentially no formal submittals are made to FHWA during the design process. One exception is major structures as described below. There also are some informational submittals, especially when environmental features are involved. The biggest change has been for urban projects, for which both plans and design exceptions were formerly approved by FHWA. Because Minnesota previously operated under the Secondary Road Plan (SRP) for most of the rural projects now included in the CRP, design exception approval is the only change for these projects.

Major Structure Review

Under the CRP, major structures are bridges costing more than $10 million, unusual bridges, movable bridges, vehicular tunnels more than 700 ft long, pumping stations, and roadway fills that permanently impound water more than 20 ft deep. For these major structures, the Office of Bridges and Structures submits three copies of a preliminary plan signed by the state bridge engineer to FHWA for review.

Construction

Because of previous efficiencies adopted under the SRP, the biggest change is again the inclusion of urban projects and the elimination of FHWA construction inspections. However, under the CRP, Mn/DOT does not submit change orders or supplemental agreements, urban or rural, to FHWA. This saves considerable effort for both Mn/DOT and FHWA.

Fiscal

Mn/DOT continues to use its existing cost accounting system for the CRP projects. Thus, CRP had little effect on state fiscal procedures. The assessment by the Mn/DOT Financial Administration Office is that CRP is an excellent program that is easy to work with, and it creates no additional burden. The FHWA division office issued supplemental instructions on handling final vouchers, but otherwise fiscal procedures have been the same as for regular projects.

Final Inspection

The delegation of final project inspections to Mn/DOT was perceived at first as benefiting FHWA primarily. As work has progressed, Mn/DOT assistant district engineers (inspec-

Project Closeout

Mn/DOT submits basically the same documents to close out a CRP project as it did previously for SRP or regular federal-aid projects. There is additional state certification concerning final project inspection, but the basic elements of the package are the same. In the FHWA office, it has been agreed that the Administrative Manager will sign off on final vouchers for CRP projects without specific engineering review because the engineers have seen no project documents (except environmental actions) unless they were part of a process review. The administrative signoff will be based on state certifications plus information from FHWA process reviews.

Maintenance Certification

Mn/DOT annually prepares a letter of certification covering maintenance of systems included in the CRP. This is handled as follows. District state-aid engineers certify to the state-aid engineer that all projects constructed with federal-aid funds within the counties and municipalities under their administrative responsibilities are being maintained in fulfillment of Section 116. The area maintenance engineers certify to the state maintenance engineer that all projects constructed on state trunk highways with federal-aid funds within their administrative responsibilities are being maintained in fulfillment of Section 116.

Based on the certifications received from the state-aid and state maintenance engineers, the Mn/DOT commissioner certifies that Mn/DOT is fulfilling the obligations of Section 116. The certification process is coordinated within the Maintenance Standards and Operations Unit on an annual basis and completed before December 31 of each year.

APPROVAL AUTHORITIES

The primary goal of the Minnesota CRP is a streamlined, block-aid type operation with approval authority delegated to Mn/DOT whenever possible. As a result, most of the changes in approval responsibility took place within Mn/DOT. This did not affect the workload of Mn/DOT because these approvals were already being made for state purposes. The approval function merely assumed greater importance because approvals are now final, with no further action by FHWA.

Some changes, more like adjustments, were also made in the FHWA division office operations. The more important of these FHWA changes are as follows:

- Because CRP projects are authorized in one lump sum, concurrent with 105 program approval, this action is taken by the engineering coordinator's office rather than the individual area engineers and district engineers.
- Pooling of federal-aid highway funds is a new process. Using instructions from Washington, the division office establishes the pool based on an Mn/DOT request.
● The program stage authorization of CRP projects establishes eligibility of the project costs, but it is not suitable for obligating funds. Mn/DOT decides when funds are to be committed to a project (obligated) and notifies FHWA by submitting a PR-37 form. FHWA then enters those funds in the Federal Management Information System (FMIS) as obligated funds.

● CRP projects undergo environmental review but then progress through final voucher with no review or approval of project documents by FHWA engineers. On these projects, the administrative manager will approve the final voucher without specific engineering review.

● In lieu of specific project reviews, FHWA has established a plan to perform process reviews of each demonstration procedure, some more than once during the demonstration period. These process reviews, coupled with additional Mn/DOT certifications and periodic progress reports, will serve as the basis for FHWA final voucher approval.

PAPER FLOW

The CRP has greatly reduced the paper flow between Mn/DOT and FHWA. Instead of processing an authorization request for each project, FHWA approves one project for the entire federal fiscal year. Once this approval has been made at the time of the 105 program submittal, all future authorizations are internal at Mn/DOT. The FHWA has only four approval functions remaining under the CRP: Transportation Improvement Program and 105 program approvals, environmental clearances, final vouchers, and the authorization of one CRP project for the federal fiscal year. All other approvals are the responsibility of Mn/DOT.

Mn/DOT decided to continue using existing federal forms for some approval functions under the CRP and design new forms for other functions. Mn/DOT retained the final inspection form (1446C) but added a checklist to help the assistant district engineers perform final inspections. The project agreement form (PR2) is used as is. The approval previously given by FHWA is now made by the Mn/DOT federal programs coordinator. A special project authorization form was developed specifically for the CRP. It requires two signatures within Mn/DOT to authorize a project. One signature certifies that the project is ready for advertisement; the other certifies that funds are available.

Mn/DOT uses existing forms for change orders and supplemental agreements. However, approvals are made at the state rather than at the federal level.

DOCUMENTATION AND REPORTING

Because the CRP is a demonstration program, Mn/DOT has basically retained previously existing documentation procedures. If the CRP becomes a permanent program, modifications could be made to recognize the streamlined procedures.

The Office of Financial Operations has been designated within Mn/DOT to keep all official project documents. Records and documentation for any CRP project will be available for review and audit by FHWA in accordance with 23 CFR 17. These records and documents will be available for 3 years after payment of the final voucher.

Under the CRP, secondary and urban system changes are approved by Mn/DOT, as are changes to urban area boundaries. State route revisions on these systems and the appropriate functional classifications will be initiated by Mn/DOT. Local authorities have the right of review of all actions taken by Mn/DOT that affect system and urban boundary changes.

In order to ensure that the Combined Road Plan is working properly and that congressional intent is being followed, the plan requires an annual report to FHWA on the progress of the CRP. This annual report encompasses data on funding, authorizations, final inspections, design standard exceptions, agreements, system changes, and a narrative of the overall activity of the CRP.

EXPERIENCE TO DATE

For the sake of this report, the experience deadline was June 30, 1989. This is the latest date that could be used and still meet deadlines for submittals. This means that the report covers 21 months of operation since October 1, 1987. The first 21 months of the CRP demonstration project went smoothly in Minnesota. The problems encountered were insignificant and easily handled, largely as a result of the thoroughness of the CRP agreement between the Mn/DOT and FHWA. It also reflects the years of experience Minnesota has had with the Secondary Road Plan and the Off-System Road Plan, which are substantially the same as the CRP.

The transfer of projects from regular federal-aid procedures to SRP procedures was handled easily. To date, 155 of the 180 transfer projects have had their final inspection by Mn/DOT. Fifty of these transfer projects have had the final voucher approved for payment. Two projects that were CRP from beginning to end rather than transferred have also been approved for final payment.

The number of transfer projects and full CRP projects at this time is 145 and 144, respectively. It should be noted that not every project eligible for CRP procedures is included in the demonstration. One example is a computerized signal system project in which Mn/DOT chose to use regular federal-aid procedures in order to have FHWA experts officially involved in the project.

FHWA process reviews to date have indicated that fiscal procedures and project authorizations are being done according to the approved plan. Design exceptions are being approved by Mn/DOT in a carefully controlled manner. Of the 173 exceptions approved to date, the majority (94 percent) has been for horizontal and vertical curvature.

Interviews with FHWA area engineers indicate that the three most significant changes are final inspections, final vouchers, and urban projects, in that order. The time saved has been mostly on other projects in what is thought to be a better balance of efforts. During the initial 21 months of the CRP, Minnesota authorized 144 CRP projects with a combined obligation value of $45,663,248. These projects were located in every district and federal area in the state. Following is a list of projects split by appropriation code:
<table>
<thead>
<tr>
<th>Title</th>
<th>Appropriation Code</th>
<th>No. of Projects</th>
<th>Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural secondary</td>
<td>075</td>
<td>43</td>
<td>12,589,913</td>
</tr>
<tr>
<td>Urban attributable</td>
<td>W36</td>
<td>7</td>
<td>1,665,540</td>
</tr>
<tr>
<td>Urban nonattributable</td>
<td>W32</td>
<td>17</td>
<td>13,249,684</td>
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<tr>
<td>Bridge off system</td>
<td>117</td>
<td>63</td>
<td>6,819,136</td>
</tr>
<tr>
<td>Bridge on system</td>
<td>118</td>
<td>14</td>
<td>11,340,975</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>144</td>
<td>45,663,248</td>
</tr>
</tbody>
</table>

The office within Mn/DOT most affected by the CRP is the Office of State Aid, which manages most projects falling under the CRP. That office's attitude toward the CRP, after 2 years of experience, is very positive. The Office of State Aid has noticed a definite time savings as projects were expedited by a minimization of paperwork and the system of internal, rather than external, approvals. Contracts got under way much more quickly than previously as contract awards were more speedily made.

One drawback to the CRP experienced by Mn/DOT is having some funds eligible for the CRP and other funds used on the same system ineligible. This has created confusion for those not working with the CRP on a daily basis. Bridge replacement funds on the secondary system, for example, are eligible for the CRP, whereas hazard elimination funds used on the same system must use Certification Acceptance procedures. The solution to this, if the CRP ultimately becomes a permanent project process, would be to allow all funds on CRP-eligible systems to be authorized under the CRP.

Mn/DOT believes that the size of the average CRP project, $317,106, is perhaps the most significant argument for the CRP. Projects of this size on minor systems should not be allowed to use an undue amount of human resources in order to accomplish what is currently being accomplished more simply under the CRP.

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