



Oversight Procedure 21 - Management Capacity and Capability Review

1.0 PURPOSE

The purpose of this Oversight Procedure (OP) is to describe the review, analysis, and recommended procedures and reporting requirements that the Federal Transit Administration (FTA) expects from the Project Management Oversight Contractor (PMOC) with regard to the Sponsor's management, organization, and capability to effectively and efficiently plan, develop, manage and complete a Federally-assisted capital project.

2.0 BACKGROUND

The PMOC shall review and evaluate a Project Sponsor's management capability and capacity to efficiently and effectively develop a Federally-assisted project for implementation by evaluating the organizational structure of the Sponsor, qualifications of personnel, as well as the policies, procedures, and implementation methods. Pay particular attention to the Sponsor's abilities, resources, staff organization and third-party consultants since these are essential to develop and manage project cost and schedule risks, real estate acquisition, safety and security, quality assurance and quality control, and other activities of Federal concern. The results of this evaluation shall serve as an input for the FTA in making programmatic decisions regarding the Sponsor's readiness to advance the project.

3.0 OBJECTIVES

Perform evaluations and render professional opinions regarding the Sponsor's capacity and capability to successfully implement, manage, and complete a major Federally-assisted capital project, and to recognize and manage project risk factors and implement mitigation measures. The evaluations shall cover the following:

- 1) Organization, Personnel Qualifications, and Experience;
- 2) Sponsor's approach to the work, ability to perform the work including its methods, policies, and procedures for developing and updating reasonable and realistic project cost estimates and schedules and the abilities to identify, analyze, manage and mitigate project risks.
- 3) Sponsor's ability to collect costs and measure performance against line items in a robust Work Breakdown Structure (WBS), forecast cost to complete through an industry-accepted cost analysis technique, and identify variances and report on project status and recovery action plans on a monthly basis.

4.0 REFERENCES

The following are the principal, but by no means the only, references to Federal legislation, regulation, and guidance which the PMOC should review and for which it should develop a strong understanding as related to the Sponsor's project work being reviewed under this OP:

4.1 Regulations

- 49 CFR Part 633, Project Management Oversight
- 49 CFR Part 659, Rail Fixed Guideway Systems; State Safety Oversight

4.2 FTA Circulars

- C5010.1D, Grants Management Guidelines
- C5200.1A, Full-Funding Grant Agreements Guidance
- C4220.1F, Third-Party Contracting Requirements
- C5800.1, Safety and Security Management Guidance for Major Capital Projects

4.3 Guidance

- Terms of the Full Funding Grant Agreement and referenced documents
- System safety Certification Guidelines
- FTA's Project and Construction Management Guidelines, 2011 update
- FTA's Quality Management System Guidelines, December 2012

4.4 Oversight Procedures

- OP20 Project Management Plan Review
- OP23 Real Estate Acquisition and Management Plan Review
- OP24 Quality Assurance / Quality Control Review
- OP25 Recurring Oversight and Related Reports
- OP32C Project Scope Review

The PMOC shall refer to other applicable regulations, policies, guidelines and circulars in determining the capacity and capability of a Sponsor to advance a major capital project as relevant and necessary.

5.0 SPONSOR SUBMITTALS

The submittals to be secured by the PMOC from the Sponsor shall be appropriate with the phase of project development. Such submittals include, but are not limited to, the following:

- Management Capacity and Capability (MCC) documents (See Table of Contents in Appendix B);
- Project Management Plan (PMP) and other associated sub-plans, e.g., QAP, SSMP, RAMP;
- Work Breakdown Structure (WBS), detailed project schedule, and the Agency's latest monthly project report; and,
- Description of management tools (if not in the PMP) for controls and reporting of scope, cost, schedule, quality, safety and security.

6.0 SCOPE OF WORK

The PMOC should review the Sponsor's MCC documents to ascertain the ability to fulfill the demands of implementing a major capital project. An important aspect is the Sponsor's staff qualifications and experience and their ability to implement methods, policies, and procedures for developing and updating reasonable and realistic project cost estimates and schedules along with the ability to identify, analyze, manage and mitigate project risk from scope, schedule and cost. Another important aspect is each staff understanding of their role on the project and the project's critical issues.

While the MCC documents make up part of the PMP, the review of the entire PMP is central to the PMOC's determination regarding the Sponsor's MCC and its preparedness to advance a project into the next phase.

The FTA normally engages a PMOC to review the Sponsor's MCC as necessary throughout the life of the project. This includes the Readiness Reviews for entry into Engineering, and for FFGA.

The FTA may request the PMOC perform an MCC review at other times such as:

- post-FFGA but before construction to verify continued capability and capacity;
- at 15% to 20% construction completion to confirm that the Grantee has the MCC to deliver the project;
- when Sponsor performance in areas such as vehicle maintenance, procurement, safety, and quality is a cause for concern;
- as required for high risk Sponsors;
- when Sponsors exhibit less than satisfactory performance in past oversight reviews; and, when a Sponsor engages in non-FFGA projects such as multi-modal centers, bus and maintenance facilities, new Bus Rapid Transit (BRT), or a streetcar.

6.1 General Review of Sponsor's Management Capacity and Capability Documents

Appendix B identifies the MCC documents required at specific project milestones. This table also indicates when to submit preliminary information as well as when the Sponsor shall augment or modify existing information. The PMOC, during its review of the MCC documents, shall verify that the Sponsor has completed and submitted the required documents given the project phase. Further, as the project progresses, the PMOC shall ensure that the Sponsor is updating or modifying its existing information as necessary.

At a minimum, the following items are reviewed by the PMOC to reach a determination of a Sponsor's capability and capacity to successfully manage and complete a major Federally-assisted capital project:

- 1) Organization, Personnel Qualifications and Experience:
 - a) Review the complete organization of the Sponsor to determine the likelihood of the project management team successfully implementing the project. Determine whether the Sponsor has an effective and efficient organizational structure.
 - b) Review the assigned and supporting staff qualifications, including but not limited to the review of resumes and conduct of personal interviews of key agency and project leadership, based on PMOC generated questionnaires. The purpose of the questionnaire is to gain insight into the interviewees' background and experience, to understand their

concept of their project role, and to obtain their input as to the critical issues that must be managed and/or resolved to successfully complete the project. Sample questionnaires are in Appendix C. The PMOC can use the sample questionnaires as a guide, but should also use judgment about the right approach to achieve the objective of the review.

- c) A sample Summary Staff Qualifications/Experience Chart to document information gathered during interviews and resume reviews is included in Appendix D. These interviews and reviews should determine whether the Sponsor has the appropriately qualified staff and/or third-party consultants to:
 - i) design and manage the construction of the project;
 - ii) obtain support and incorporate requirements from the multiple jurisdictions through which the project may pass;
 - iii) obtain cooperation and incorporate requirements from third parties including railroads, utility companies, and adjacent parcel owners;
 - iv) deliver the project, given the form of project delivery method(s) it plans to use, e.g. design/bid/build, design/build, Construction Management/General Contractor (CM/GC), etc.;
 - v) develop and implement a sound Project Management Plan and its required sub-plans;
 - vi) secure and administer the required local funding;
 - vii) maintain the Sponsor's existing transit system with the addition of the project.
 - d) Review the Sponsor's staffing plan. A sample staffing plan is shown in Appendix E to this document. The staffing plan should be adjusted to the project. Assess the reasonableness of the hours for each project team component over the life of the project and whether the costs for professional services in the cost estimate accurately reflect the labor required. (Note: staffing plans can be shown in hours per month or full time equivalents (FTE) per month. The tables in Appendix E show examples of both. If FTEs are used, the industry standard is one FTE equals 160 hours per month.
 - e) Analyze whether the Sponsor has the physical resources, such as sufficient office space, equipment, and furnishings to effectively and efficiently advance the project.
 - f) Assess the agency's history of performance, financial stability, adequacy of management systems, and conformance with the terms of previous awards, etc.
- 2) Sponsor's approach to the work, understanding of the work, ability to perform the work:
- a) Review the adequacy of the Sponsor's methods, policies, and procedures for developing, and its ability to develop and update reasonable and realistic project budgets, cost estimates, and schedules and the control mechanisms in place to monitor and ensure adherence with said budgets, estimates, and schedules. Evaluate the Sponsor's methods, policies, and procedures for identifying, analyzing, managing, and mitigating project risks and disputes.
 - b) Evaluate the Sponsor's approach to:

- i) satisfying FTA grant reporting requirements and responding in a timely manner to specific requests from Congress, the FTA, and the PMOC for project-related information;
 - ii) packaging, procuring, and managing third-party contracts in compliance with FTA and other Federal requirements;
 - iii) developing and implementing a sound community relations program;
 - iv) developing and implementing land acquisition and relocation program;
 - v) accounting for project property and maintenance of project property inventory;
 - vi) developing and implementing a force account plan;
 - vii) developing and implementing safety and security measures and a Safety and Security Management Plan;
 - viii) complying with contract terms of the Full Funding Grant Agreement;
 - ix) entering into clearly defined intergovernmental and other local agreements (e.g. agreements with utilities or railroads) in a timely manner to secure sources of local funding and cooperation.
- c) Evaluate the Sponsor's understanding of
- i) its obligations under Title VI of the Civil Rights Act of 1964, the Disadvantaged Business Enterprise (DBE) Program, and the Americans with Disabilities Act;
 - ii) the requirements associated with real estate acquisition and relocation in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and FTA Circular 5010.D either with its own staff or with qualified consultants.

If the PMOC determines that the Sponsor's MCC is inadequate or weak in terms of (1) organization, personnel qualifications and experience, and/or (2) approach to the work, understanding of the work, or ability to perform the work, then the PMOC should make recommendations for corrective action along with a time frame for these actions.

7.0 REPORT, PRESENTATION, RECONCILIATION

The PMOC shall provide FTA with a written report of its findings, analysis, recommendations, professional opinions, and a description of the review activities undertaken. After FTA approval, the PMOC may share the report with the Sponsor. In the event that differences of opinion exist between the PMOC and the Sponsor regarding the PMOC's findings, the FTA may direct the PMOC to reconcile with the Sponsor and provide FTA with a report addendum covering the modifications agreed to by the Sponsor and PMOC.

The report formatting requirements of OP 01 apply. When necessary, PMOC shall perform data analysis and develop data models that meet FTA requirements using Microsoft Office products such as Excel and Word and use FTA-templates when provided. The PMOC may add other software as required, but documentation and report data shall be made available to FTA.