1.0 PURPOSE

The purpose of this Oversight Procedure 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) as regards the project’s readiness to enter Engineering.

2.0 BACKGROUND

A proposed project can be considered for advancement into Engineering only if the NEPA (National Environmental Policy Act) process has been completed; a New Starts submittal has been accepted by FTA and the project is rated favorably; approval to enter Project Development was received from FTA and the design has been developed to a level described within Appendix B of this OP; a project cost estimate and detailed schedule have been developed to a level commensurate with the design; and the Project Sponsor can demonstrate adequate management capacity and capability to carry out Engineering (“design development”) for the proposed project, among other requirements. All applicable federal and FTA program requirements for Project Development and readiness to enter Engineering must have been satisfied.

FTA’s approval will be based on the results of its evaluation as described in 49 CFR Sections 611.9-611.13 (Code of Federal Regulations, Title 49 – Transportation). The FTA Office of Program Management (TPM) works closely with the Office of Planning and Environment (TPE) in determining whether a Project Sponsor is ready to enter Engineering. TPM, Office of Capital Project Management (TPM-20), has a critical role in determining technical readiness to enter Engineering as opposed to TPE’s role in evaluating whether environmental and planning requirements have been satisfied.

Between Project Development and Engineering, the project is likely to be subject to an in-depth review for management capacity and capability. Whether the Project Sponsor has the necessary management approach and organizational structure, internal and external controls, and other resources available to administer a project is another important aspect of readiness to enter Engineering. The procedures for making these assessments are established in the OP for Project Sponsor Management Capacity and Capability.

Similarly, between Project Development and Engineering, project scope, schedule, and cost are subject to intensive reviews as described in separate OPs. These reviews may culminate in a risk assessment and the development of a risk and contingency management plan. The risk assessment identifies risk, assesses it, considers mitigations approaches, and develops a risk management plan to inform the Project Sponsor’s project management practices.
3.0 OBJECTIVES

The objective of this review is, based on the PMOC’s review of the Project Sponsor’s preliminary design documents, schedule, cost estimate, and other documents, to synthesize findings, and provide input to FTA in the form of evaluations, conclusions, recommendations, and well-grounded professional opinions regarding the:

- Completeness, quality, and accuracy of the design, project schedule, and capital cost estimate at the conclusion of Project Development
- Project Sponsor’s program for advancing the design, schedule, and cost estimate to the point of construction-ready bid documents for design-bid-build project delivery, or of preparing bridging documents for alternative delivery method contracts
- Project Sponsor’s ability to execute design and construction (i.e., management capacity and capability) and whether the Project Sponsor has adopted a risk-based management approach to project implementation that incorporates findings of a project risk assessment
- Adequacy of the Project Sponsor’s project controls and management policies and procedures to execute the project, including those for maintaining quality control/quality assurance of products and services; safety and security, construction and operation; and, acquisition of required rights-of-way, among other policies and procedures
- Overall readiness to advance to Engineering

This information, combined with findings from environmental, New Starts, financial, and other FTA-directed reviews will support FTA’s determination regarding advancement of the Project Sponsor’s project into the Engineering phase.

4.0 REFERENCES

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

4.1 Legislative
- Surface Transportation and Uniform Relocation Assistance Act of 1987, P.L. 100-17
- The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU, Pub.L. 109-59
- Moving Ahead for Progress in the 21st Century, or MAP-21, P.L. 112-141

4.2 United States Code
- FTA enabling statutes, 49 U.S.C. Chapter 53, (See Section (e), and 49 USC 5309(e)(6) and 5328(a)(3), Parts Sections 611.9-611.11)

4.3 Regulations
- Project Management Oversight, 49 C.F.R. Part 633
- Major Capital Investment Projects, 49 C.F.R. Part 611
- Joint FTA/FHWA regulations, Metropolitan Planning, 23 C.F.R. Part 450
• Joint FTA/FHWA regulations, Environmental Impact and Related Procedures, 23 C.F.R. Part 771
• U.S. DOT regulation, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs, 49 C.F.R. Part 24

4.4 FTA Circulars
• C4220.1F, Third Party Contracting Requirements
• C5010.1D, Grant Management Guidelines
• FTA Master Agreement
• C5800.1, Safety and Security Management Plan

5.0 PROJECT SPONSOR’S SUBMITTALS

In advance of performing the review, the PMOC should obtain and study the project documents identified in Appendix B of this OP. The purpose of this checklist is to provide a categorized list of elements that are expected to be complete prior to FTA’s approval for Entry to Engineering. Each list item is followed by a brief description of the level of completion expected of that item. The PMOC should notify FTA of important discrepancies in the project information that would hinder the review. An example would be a mismatch between drawings and cost estimate in which the drawings are current and the cost estimate is two years old.

6.0 SCOPE OF WORK

Appendix B provides detail of each relevant element to be assessed by the PMOC. For entry to Engineering, the Project Sponsor must have a suitable organizational structure in place to effectively manage the project. In addition, they must have made satisfactory progress in advancing the project design and the corresponding cost estimate and schedule. At a minimum, the level of design detail described in Appendix B of this OP must be provided in drawings. The supporting capital cost estimate must be based on quantities of work established in the drawings and a substantial level of cost line item detail and backup for all other costs (vehicles, equipment, real estate, professional services, unallocated and allocated contingencies, and financing costs). The master schedule should include sufficient detail to identify all significant activities, their durations, and logical ties to other activities, as described in Appendix B. In addition, it informs the PMOC as to the other information required of the Project Sponsor to demonstrate technical readiness to enter Engineering.

In general, for each work item listed in Appendix B, the PMOC will follow a similar analytical approach:

1) Review and analyze the pertinent information available for completeness, adequacy, consistency, and appropriate level of detail given the phase of the work.
2) Identify all apparent discrepancies and deficiencies.
3) State findings in descending order of importance (most likely, largest consequences, least likely, moderate/minor consequences) and make recommendations for modifications or
additional work by the Project Sponsor along with a time frame for the performance of the work.

4) For major findings, provide recommendations for the Project Sponsor and/or FTA to implement that will address the issue or correct or mitigate the deficiency.

5) Identify action items, if any, and next steps.

6) Document the assessment, including objectives, approach/methodology, findings, and recommendations and provide back-up information in appendices or attachments to the main body of any report.

It is important to note that the individual OPs describe the procedures for evaluating the reasonableness and accuracy of each review element for the project. The PMOC shall incorporate the results of these reviews into this assessment of Readiness to Enter Engineering.

7.0 REPORT, PRESENTATION, RECONCILIATION

The PMOC shall provide FTA with a written report limited to 20 pages that summarizes its findings, analysis, recommendations, professional opinions, and a description of the review activities undertaken. Appendix C provides a sample Table of Contents. After FTA approval, the PMOC should share the report with the Project Sponsor. In the event that differences of opinion exist between the PMOC and the Project Sponsor regarding the PMOC’s findings, the FTA may direct the PMOC to reconcile with the Project Sponsor and provide FTA with a report addendum covering the agreed modifications by the Project Sponsor and PMOC.

The PMOC’s readiness report shall:

1) Integrate the findings and recommendations of the reviews discussed in this OP.
2) Include an executive summary in three pages or less that includes the following:
   a) Synthesis of findings on scope, schedule, and cost
   b) Characterization of significant uncertainties in terms of likelihood (probable, remote, improbable) and their consequence (catastrophic, critical, serious, moderate, marginal)
   c) Professional opinion regarding the reliability of the project scope, schedule and cost and the ability of the project sponsor to manage the project
   d) Statement of potential range of cost (lower, upper bound and most likely)
   e) To reduce important uncertainties, recommendations for additional work of any kind including but not limited to investigation, planning or design work by the Project Sponsor or other party with a schedule for the performance of the work (recommend performance either before or after FTA’s decision regarding project advancement or funding).
3) Document the assessment methodology.
4) Provide back-up information in appendices.

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.