

Virginia's First Cities Initiative

Allowing cities to manage their own state urban road construction programs

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In 2003, the Virginia State Code was amended to allow Virginia cities to manage road improvement projects that are state or federally funded through the Virginia Department of Transportation (VDOT). Previously, cities in Virginia (which are separate legal entities from counties) were dependent upon VDOT to administer state- or federally-funded road construction programs within each jurisdiction, with some exceptions on a case-by-case basis. Known as the "Virginia First Cities Initiative," the Code change took effect July 1, 2004, allowing cities the choice of administering their urban road construction program or continuing to rely upon VDOT to administer their program.

The Cities of Hampton, Richmond and Virginia Beach were the first to take over administration of their road construction programs. This article provides the rationale for local administration of the urban road program, what lessons have been learned in the first years of local program management, and some suggestions for localities considering administration of their urban road projects.

State administration of road construction projects in cities had been the norm in Virginia since the 70s, when VDOT created an Urban Division and first offered an allocation of road construction funds for cities, based on population. (In addition to these urban construction funds, VDOT also pays cities, and two counties, to perform their own road maintenance; this amount is calculated annually based on lane mileage.) Up until recently, most cities preferred this arrangement particularly for those projects which were too complicated, or where the local staff expertise may not be available; or, where the project was controversial such as projects involving an extensive amount of right-of-way acquisition through "unfriendly" territory. Some projects were just too expensive for the cities to administer, particularly if a city would have had to advance some of its own funds in order to proceed with the project.

However, even with VDOT administering road projects, cities were never able to step back and just let the state "handle it." Cities had a responsibility to understand the "hot button issues" on road projects and to communicate this to VDOT. Cities also had to be an active participant in critical decision-making processes and not just weigh in after a decision was made. Further, cities had to "circle the wagons" with VDOT when projects get controversial, looking at the greater good,

and not catering to special interest groups, which can sometimes be a more difficult thing for local politicians to do. And it was still the responsibility of the city to develop staff and improve understanding of VDOT processes in order to monitor the project as closely as possible. After all, VDOT has hundreds of road projects all across the state while some localities may only have a few in their jurisdictions. VDOT is not in a position to monitor each project as closely as the locality can.

Hampton's decision to take over administration of its urban construction program was a relatively straightforward one. In 2004, staff presented the following benefits to Hampton City Council, which subsequently gave its endorsement of the program takeover:

- City staff was already local administering some VDOT-funded projects and therefore it had experience in road project management.
- With City administration, VDOT would make advance quarterly payments of the state portion of the urban construction allocation to Hampton (but not the federal portion which is still paid out on a reimbursement basis). This puts the construction money in the City's hands, including any interest earnings.
- With these quarterly payments, the City gained flexibility to address greater needs as local priorities change, as long as the candidate projects are in the state Six-Year Plan, the regional transportation plan and the City's Capital Improvements Plan.
- With City administration, there is a significant reduction in the amount of VDOT staff time charges to projects thereby decreasing overhead and increasing funds for construction. Further, the City can charge its own staff time to the projects, if it chooses, which is expected to be far less than VDOT's staffing charges.
- Citizens don't distinguish whether a project is being administered by the state or the City—they just expect the City to be able to respond. Thus, the City staff has more of a vested interest in schedules, quality and cost control on design and construction projects, since the staff is "closer to the customer."

When other cities are discussing whether they should take over administration of their state-funded roadway construction program, there are several other points to consider. Local governments have more options for transportation funding through bonding, special tax districts, and developer contributions all of which can be combined with the state urban construction funding to speed up delivery of road construction projects. Also, local governments control land use decisions, which may impact transportation plans, thus putting the local government in a better position to determine its road construction priorities.

Localities need to ask themselves if they are able to manage procurement and contract administration of consultants and contractors for transportation projects. This is an area of specialty that requires staff with experience in the selection of consultants, the bidding of public road construction contracts and in construction management. An additional wrinkle in the city's takeover of its road construction program from VDOT is the fact that the VDOT urban funding allocation has an ever-increasing percentage of federal funding. This greatly increases the complexity of the rules and regulations in the administration of the project, as a result of Davis Bacon wage rates and numerous other federal regulations, and it involves oversight by the Federal Highway Administration (FHWA), through VDOT. Thus, experienced staffing becomes even more critical with local administration. The City of Hampton was fortunate to hire a project manager dedicated to VDOT-funded road projects to serve as the City's "expert" on VDOT processes and to stay on top of the funding and status of the projects.

In the first two years of the program, local administration has "opened a window" into VDOT's project and program management processes. As a result, all parties have recognized the need for more streamlining of the processes. VDOT, because they are operating on a statewide basis, has a uniform set of guidelines, standards and rules that may not be applicable on every project, and localities feel that several of these processes can be shortened or eliminated in order to expedite the design and construction of the project. VDOT is also gradually shifting decision-making responsibility from its Central Office in Richmond to the nine districts located throughout the state and this should help to accelerate VDOT approval of locally administered projects. VDOT still maintains control of the environmental review process and bid/award approvals and these limits on local authority remain a source for delays in the process that both parties are working on, to better match responsibility and authority.

The three localities who joined the program initially and the Virginia Department of Transportation division that oversees the First Cities program (the Local Assistance Division)

all feel that the program is off to a good start, but there is still much work to be done to achieve the full benefits of improved project implementation by localities. From the beginning, the respective parties approached this change as a partnership and the program's success was a mutually agreed-upon goal. Since the inception of the First Cities Initiative, VDOT and FHWA have been very supportive in offering training to cities in project management, cost estimating and federal regulations. And, VDOT is enhancing its design and construction guidance documents for localities' use. Also, VDOT's Local Assistance Division and a representative from FHWA have met quarterly with cities to discuss processes and policies, and this has proven invaluable in sharing knowledge. Quarterly meetings have helped to establish better relationships not only between the cities and VDOT, but also among the cities. This communication has established a team spirit that "we are all in this together" to, as the Virginia Department of Transportation's motto goes, "Keep Virginia Moving."

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