

Submitted Public Comments

Hampton Roads Transportation Planning Organization



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**HRTPO Public Comment**  
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RE: Annual Obligations Report

Name: Mr. Ray Taylor

Date: January 15, 2012

Subject: Annual Obligations Report – TPO Agenda #20-F

1. Background:

- The ultimate performance measurement factor for the TPO (or for any MPO) is “how much of the federally obligated money that we programmed for last year in our region’s TIP actually got spent?” The Annual Obligations Report (AOR) is the king of performance measures. In our AOR, did we achieve 100 percent expenditure of funds allocated to our region, or did some money go elsewhere? If not, what was our percent expenditure, and what are the lessons to be learned so that we can gain a greater expenditure rate next year? Did we have money allocated and obligated to projects that were not actually ready for such funding? Did we have obligated dollars assigned to projects that could not advance and, therefore, did not consume those funds? Or, did we park money on projects just to keep them alive for paperwork purposes, or to permit TPO or VDOT staff to charge man-hours to these projects?
- As required in federal regulations, the Annual Obligations Report must be published by each MPO for public review every year within 90 days of the close of the previous federal fiscal year, or simply stated – by 31 December. The Report for Hampton Roads was posted on time and is included in the TPO board member agenda as a For Your Information Item (FYI), item 20E.

Recommendation-1:

Recommend that the TPO board address and discuss this important topic as an individual agenda item instead of leaving it as an FYI item without discussion.

HRTPO Staff Comment:

As described in federal regulations, the AOR is not an effective document for measure of performance. Expenditures are not included among the data elements required to be in the AOR, so one cannot ascertain whether the region achieved 100 percent expenditure of the funds allocated to the region. The only funding information currently shown in the AOR is: amount of federal funds requested in TIP (planned obligations) for the past FFY and the amount of federal funds obligated during the past FFY (actual obligations). Since funds may be de-obligated from a project, the AOR is weak even as a means of comparing planned obligations to actual obligations.

HRTPO staff advocates adding expenditures to the AOR since it is more difficult to take back expenditures than it is to take back obligations. However, until the issues identified by HRTPO staff (discussed later in this public comment) have been resolved, any useful comparison of obligations to expenditures will be virtually impossible.

2. Process:

- As noted, page 1, in the HRTPO's AOR document, federal regulations (§ 450.332 Annual listing of obligated projects) require that the state and MPOs "shall cooperatively develop a listing of projects ... for which federal funds were obligated in the preceding program year". In other words, the TPO staff should be part of the team that develops and understands this annual performance measure document.
- However, the HRTPO's Planning Agreement with the state requires that VDOT "shall provide the TPO with Annual Obligation Report information". This procedure excludes the involvement of the TPO or its staff in the generation of the Annual Obligations Report—it is simply delivered to the TPO who must post it, as is, without awareness or comprehension of its content.

Recommendation-2:

Recommend the TPO board task the TPO staff to coordinate with VDOT with the aim of updating and bringing the HRTPO's Planning Agreement with the state into compliance with federal regulations and require "the cooperative development of the list of projects for which federal funds were obligated in the preceding program year". Coincidentally, in its letter, last October, which approved Virginia's next 2012-2015 State Transportation Improvement Program, the Federal Highway Administration (FHWA) recommended that VDOT and the MPOs review and update their State-MPO Planning Agreements.

HRTPO Staff Comment:

Staff does not agree that the wording in the Metropolitan Planning Agreement excludes HRTPO staff involvement in the generation of the report or requires the HRTPO to post the report without awareness or comprehension of its content. In fact, the HRTPO staff detailed review of the input from VDOT (mentioned in Item 3 below) and DRPT demonstrates staff's awareness and comprehension of the content. HRTPO staff has coordinated with VDOT staff on the detailed review and currently awaits VDOT's response.

3. This year's HRTPO Annual Obligations Report (AOR):

- The TPO's AOR document reports that:
 - 70 projects are listed in the state-provided AOR document that did not have obligations in the TPO's approved TIP for last year,
 - 53 projects are listed in the state-provided AOR document that did not have obligations in the STIP, which includes the TPO's TIP projects, for last year,
 - Projects are listed in the state-provided AOR document that are not included in the TPO's TIP and no one is sure how this happens, and
 - There are 29 projects included in the TPO's TIP for funding last year that are not included for performance measure assessment in the state-provide AOR document.
- The TPO staff has reported these concerns to VDOT but has posted the AOR document for public review with the caveat that it is awaiting VDOT clarification. This is not useful.

Recommendation-3:

Recommend taking down the posted AOR document because it cannot be effectively reviewed.

HRTPO Staff Comment:

Staff disagrees with the recommendation to remove the FY 2011 AOR from the HRTPO website. Not posting the AOR would be in violation of federal regulations.

Recommendation-4:

Recommend tasking the TPO staff to form a tiger-team with VDOT staffers for the purpose of correcting and posting a valid HRTPO Annual Obligations Report for public review as soon as possible in accordance with federal regulations.

HRTPO Staff Comment:

HRTPO staff has been coordinating with VDOT staff on the AOR since 11/29/11. The detailed staff review was forwarded to VDOT staff on 12/20/11.

Recommendation-5:

In order to make the AOR performance measuring document readily useful to TPO board members and other leaders, recommend generating either one overall percentage figure (the total spent versus the total obligated last fiscal year for all projects in the region), or generating a few numbers, such as one percentage for Interstate projects, one for Urban road projects, one for public transportation projects, etc. This will enable members of the TPO's Technical Advisory Committee and TPO board members to pinpoint where the region's planning and programming challenges lie and to determine how we can plan, more effectively, to spend a greater fraction of dollars that will be provided to the region next year. At present, the process

only computes the effectiveness fraction for each and every project individually; this is necessary, but from this, one cannot generate regional lessons learned.

HRTPO Staff Comment:

Once the issues identified by HRTPO staff have been resolved, a variety of potentially useful measures will be possible. The data needs to be fixed before any useful measures can be produced.

Opinion: In just two short years the Secretary of Transportation, Sean Connaughton, has introduced considerable rigor and financial discipline into the state-level transportation planning and programming processes. Right now, as VDOT starts the next SYIP and STIP programming cycle over the next few months, they have developed eight planning priorities for this purpose (see agenda item number 15, attachment 15A, page 1). Two of those planning priorities are (1) Allocate funds consistent with how they will be obligated and expended (in other words, avoid sitting on funds, keep the project pipeline full with projects that are advancing, etc.) and (2) Redirect inactive balances on projects (in other words, in our regional case, move the money to where it will be spent and not lost to another metro area).

- All of this relates to the discipline that is needed to develop a useful and useable Annual Obligations Report (AOR) each year. As the Secretary pushes the tenets of rigor and discipline down from the state level, we can push these same tenets up from the regional level by demanding the VDOT central office to work closely with the TPO in the development of meaningful AOR documents each year.