



American Recovery and Reinvestment Act State and Local Highway Projects

Change Management



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State and Local Program Oversight Levels

WisDOT has achieved significant performance improvements in the implementation of “mega” projects. We will be leveraging those lessons and practices in the management of ARRA projects and will also manage the entire program of ARRA projects as a group. Change Management is monitoring and managing project issues or risks that have the possibility of affecting project scope, safety, schedule, and budget. All layers of our organization must be actively engaged in the change management process. The Change Management process described in this report applies to ARRA projects on both the state system and the local system of highways.

There are several oversight levels for any project and the person responsible varies depending on whether the project is on the state system or the local system.

Oversight level	State system project	Local system project
Project level	Consultant Project Leader	Consultant Project Leader
Project Manager level	Region Project Manager	Management Consultant for the region
Supervisor level	Region Supervisor	Local Program Project Manager for the region
Chief level	Region PD Chief	BPD Local Project Delivery Section Chief
Director level	Region Director	BPD Director

The project team is made up of the consultant project leader (project level), the project manager level and the supervisor level.

ARRA Project Scope/Cost Change Control

Since ARRA projects are funded with a fixed budget it is essential that scope/cost changes are:

- Identified early
- Quickly assessed
- Thoroughly evaluated
- Promptly resolved
- Efficiently mitigated to preserve cost objectives

After award, each ARRA project will have a set contract amount, a construction delivery estimate and a construction reserve. During the life of a project, it is expected that each project team will project a final project cost for each project by monitoring and forecasting cost overruns/underruns, scope changes and contract modifications. Each team must manage within their project budget. A report of anticipated project costs will be reported to the region or statewide bureau office monthly or as needed.

Each project will follow the current contract modification process set up for that type of project. For example, the Federal Majors projects will follow their Construction Management plan for approving change orders and cost modifications. The other projects will follow the normal approval levels:

State projects	Local projects	Approval authority
Region Project Manager	Management Consultant for the region	Under \$25,000
Region Supervisor	Local Program Project Manager for the region	\$25,000 to \$50,000
Region PD Chief	BPD Local Project Delivery Section Chief	Over \$50,000

For ARRA projects, the project team can manage changes to the budget up to **½ of the reserve percentage or up to \$50,000** (the lesser of the 2 amounts). Project staff should do all they can to stay within the budget, which includes trying to balance overruns and underruns to stay within budget. The project leader will be responsible for tracking over-underruns, scope and contract modifications and discussing the information with the project manager weekly. Project scope/cost strategies include; shortening project limits, eliminating low risk work, considering cost savings proposals from contractors and other strategies that do not impact overall project quality or reduce safety objectives. Teams should develop and maintain early in the project ideas on where savings can be realized if overruns occur. These ideas can be contained in a cost saving contingency plan.

If the anticipated change exceeds the project team cost threshold, the project leader needs to submit a request to the project manager for discussion. This request should be submitted using the Change Management Request Form (see p. 5). If cost savings cannot

be realized within the project to stay within the project team cost threshold, the project manager will forward the request to the region/bureau Change Management team.

The request must contain:

- Item to be changed
- Reason for the cost increase
- Justification
- Cost implication
- Criticality of the modification

Before any contract modification can be approved that exceeds the project team cost threshold, the change request has to be approved by the region/bureau Change Management team. The purpose of that team is to maintain the “big picture” view of the overall ARRA program budget. The Change Management team should be apprised of cost changes less than these thresholds through monthly project reporting.

The region/bureau Change Management team will be responsible for managing any changes to the projects costs between **50-100% of the reserve amount or less than the \$500,000** (the lesser of these amounts).

Any changes that **exceed the reserve amount or \$500,000** will be resolved at the Division level and anything **greater than \$1,000,000** will be forwarded to the Oversight team. (See the ARRA Project Cost Change Management Matrix, p. 6.)

Any change decisions that require an adjustment to an individual project reserve amount should be documented under the “Decision” portion of the [Change Management Request form](#) by the Region/Bureau/Division Change Management Team. This will include identifying which project will have its reserve increased and which project this amount came from. This approved reserve adjustment must be communicated back to the affected project team(s) and to the region Program and Policy Analyst. This is the only manual adjustment to the reserve amount posted in the monthly ARRA report. All other reserve adjustments are automatically calculated using the “Current Construction” and “Current Delivery” amounts, the pending contract modifications, and the net overruns/underruns submitted by the project team.



ARRA PROJECT CHANGE MANAGEMENT REQUEST

Date:
Project ID:
Submitter:

Issue Description (include item(s) to be changed):

Reason for Change:

Justification (include options considered):

Cost Implication:

Criticality of the modification:

Decision: (include any reserve adjustment decisions)

Decision Date:

Approval level:

- Project team Region/Bureau Change Management team
 Division Change Management team Oversight team

Total Project Costs Management, Authority Levels

Total project costs include the construction contract amount, construction delivery amount and reserve

	<i>Project Level</i>	<i>Region/Bureau Level</i>	<i>Division Level</i>	<i>Oversight</i>
<i>Anticipated Project Costs (total)</i>	Let amount and delivery + 50% Reserve or \$50,000 *	Let amount and delivery + 100% Reserve or \$500,000 *	Costs Over Total Project Cost or \$1,000,000 *	Costs Over Total Project Cost and > \$1,000,000

Increase or decrease

* The lesser of the 2 amounts

Construction Contract Change Management, Approvals (If no other cost management rules apply)

	<i>Project Manager</i>	<i>Supervisor/LPPM</i>	<i>Chief</i>	<i>Region/Bureau</i>	<i>Division</i>	<i>Oversight</i>
<i>Contract Mod, quantity increase or decrease</i>	<\$25,000	<\$50,000	<\$100,000	<\$500,000	<\$1,000,000	>\$1 Million
<i>Timeline</i>	1-2 days	2 days	2 days	5 working days	10 Days	10 Days +

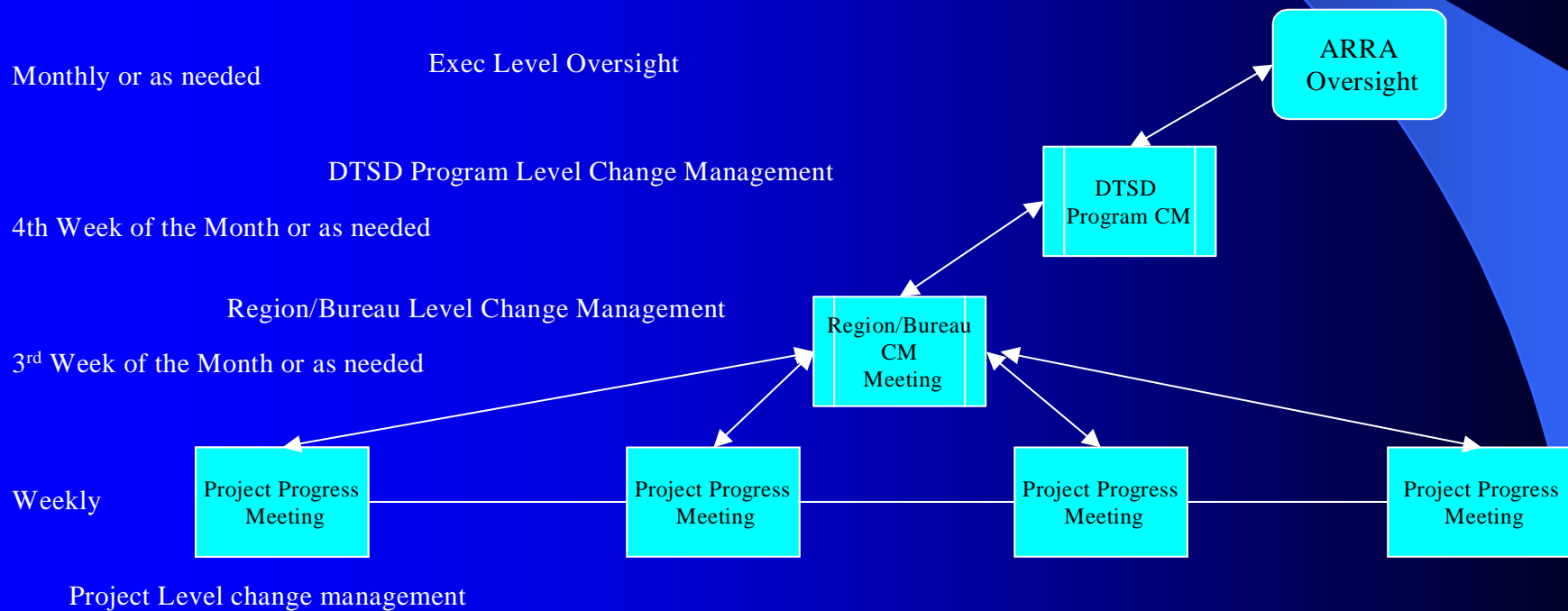
FHWA approvals will remain the same.
See FDM 5-2-1, CMM 2.42

Project Cost Management strategies include:

Shortening project limits, eliminating low risk work, considering cost saving proposals from contractors, other strategies that do not impact overall project quality or reduce safety objectives.

Program Management would occur at the Division Level

Executive-level P.M., Oversight and ARRA



ARRA Project Schedule Change Control

It will be the contractor's responsibility to meet the project milestones and manage the construction operations schedule as established in the contract. Changes to the project schedule need to be monitored by the project team. The contractor and project team need to be focused on achieving interim milestones and final completion dates. If changes to the schedule have the following impacts, these changes need to be reported to the region/bureau Change Management team;

- Impacts the traveling public and results in causing travel delays that exceed FHWA guidelines.
- Impacts major travel weekends like holidays.
- Forces work to be completed in the winter or the next construction season.
- Causes a significant increase in costs (see cost change management matrix).

Project Closeout Expectations

Finals Process Timeline and Goals – non contractual

Goals

- Finals to project manager – 1 month after project completion date
- Tentative/Final Estimate – 4 months after Final Acceptance
Contractor returns/responds to T/F in 30 days
- Final Estimate – 6 months after Final Acceptance

Timeline

- Contractor notifies project leader when project is substantially complete
- Project leader promptly inspects work/creates punch list
- Contractor completes all work/submits all required documentation
- DOT grants Final Acceptance

In order to meet these goals the following actions should be taken:

Quantity Management

- Measure as you go – avoid estimating quantities
- Take final x-sections and calculate volumes on completed earthwork sections/borrow sites timely – do not wait until project is completed
- Verify quantities with contractor – weekly meeting agenda item

Materials

- Require material certifications/test prior to installation
- Department may withhold payment of an item if certification/test report is not received

Dispute/Claim Avoidance

- Recommend the use of Request for Information (RFIs)
- Resolve disputes as you go

ARRA Project Issue/Risk Management

ARRA project funding requires the agency ensure the funds are expended responsibly and in a transparent manner. Federal agencies will be implementing significant oversight, direct project review and auditing of the projects. This requires that the department track and resolve issues and risks. The department needs to “lean-in” and anticipate issues and risks that could affect project scope, safety, schedule or budget. Issues of interest/importance/relevance require attention and closure.

Issues that should be considered for bringing forward;

- Have the potential to generate significant negative press
- Have the potential to create external relationship issues
- Have the potential to significantly impact major travel patterns
- Are commitments made by the administration or that the administration has expressed interest in
- Are very clearly risk issues for the Region/Bureau, Division, Department
- Issues that keep you up at night thinking about
- Concerns that you lack adequate resources to meet requirements
- What challenges will the project face (legislative, political, business relationships, funding, community/public, outreach)

There may be other issues that fall outside these areas that may need to be reported as well.

An Issues/Risks tracking log has been developed for continuous assessment and planning of the ARRA projects. The log will allow for active feedback on implementation, monitoring effectiveness, resolution and closeout. Each project team will be required to submit a project report **monthly** that identifies the issue, it’s status, action required, anticipated completion date and who is responsible to take action. At regularly scheduled meetings, the project team should take time to review/discuss/update the issues list for the project. Not all issue/risks can be resolved by the project team. Those issues/risks forwarded for the monthly report will be reviewed by the region/bureau Change Management team for review and assistance in resolving.

Communication

- Heightened transparency and accountability expectations make proper/timely communication essential.
- Proactive communication on issues of potential risk to the department's success at delivering ARRA projects/program is a must.
- All media requests should be forwarded to the Region Communication Managers (RCM) for direction on responding for state projects. For local project the requests should go the Local Program Chief.
- All information requested by official governmental agencies is to be honored timely.
- All visits to the project or requests for information by outside parties (FHWA, Dept. of Labor, etc.) should be reported to the RCM for state projects and the Regional Local Program Manager for local projects. Please let them know who visited the project, when, if they requested information and what they were interested in.
- All open records requests outside of those listed above should be coordinated through the RCM and Region Open Records Coordinator for state projects or Local Program Chief for local projects.
- As this heightened level of proactive communication is new to our business practices, we will likely have to make modifications to these procedures as we go along. Please be patient and your feedback is welcome.

Reporting Timeline

Weekly – Project team meetings to discuss status of project scope, cost, and schedule, plus review any issues.

End of month – Construction project leader completes the monthly data collection form and forwards it to the project manager.

1st week of the month – Project manager reviews the monthly data collection forms, and then submits them to the region/bureau PPA within 5 working days of the end of the month. Region/bureau PPA compiles the forms into a draft monthly report.

2nd and 3rd weeks of the month –Region/bureau PPA submits the draft monthly report to the region/bureau Change Management team for review. Members of the team make a general review of the draft report, checking for content. After review, the Monthly report for the prior month is completed. After it is complete, the region/bureau Change Management team reviews the contents of the monthly report and takes action where appropriate. Some issues may be forwarded to the Division Change Management team.

Also, during this timeframe, the project manager submits any Change Management Request forms to the region/bureau Change Management team prior to their meeting/discussion. The region/bureau Change Management team reviews and processes any Change Management requests. If appropriate, some Change Management requests will be forwarded to the Division Change Management team for their review and approval.

4th week of the month – If needed, the Division Change Management team meets to discuss any issues or Change Management requests elevated from the region/bureau Change Management teams.

Roles and Responsibilities Summary

Construction Project Leader

- Meet weekly with the project team
- Track cost overruns/underruns, scope changes and contract modifications
- If the project team cost threshold is exceeded, submit Change Management request to the project manager
- Monitor the construction schedule, if significant changes report to the project manager
- Meet project close-out expectations
- Monitor Issues and Risks and forward any concerns to the project manager
- Fill out the monthly report data collection form monthly and forward to the project manager

DOT Project Manager/Local Program MC

- Meet weekly with the project team
- Review cost overrun/underrun, scope changes and contract modifications submitted by the project leader
- Review Change Management request forms and forward to the region/bureau Change Management team after discussion with the Project Supervisor/LPPM and if they cannot be resolved by the project team
- Report significant schedule changes to the region/bureau Change Management team after discussion with the Project Supervisor/LPPM
- Monitor project close-out and ensure expectations are met
- Forward significant Issues and Risks to the region/bureau Change Management team after discussion with the Project Supervisor/LPPM
- Review the monthly data collection form and forward to the region/bureau PPA after discussion with the Project Supervisor/LPPM

DOT Project Supervisor/Local Program Project Manager

- Meet weekly with the project team as needed
- Review cost overrun/underrun, scope changes and contract modifications with the project manager
- Review Change Management requests with the project manager prior to submittal to the region/bureau Change Management team
- Review significant schedule changes with the project manager prior to submittal to the region/bureau Change Management team
- Review significant Issues and Risks with the project manager prior to submittal to the region/bureau Change Management team
- Review the monthly data collection form with the project manager prior to submittal to the region/bureau PPA

Chief

- Review the ARRA program monthly report and take action where required
- Member of the region/bureau Change Management team
- Help the project teams with difficult issues they encounter
- Promote Change Management expectations
- Stay abreast of key issues and events of the ARRA projects

Region/Bureau Change Management Team

- In a region for projects on the state system, comprised at a minimum of the region Directors and Managers. Can include additional region management. Supervisors and/or project managers will present project specifics to this team.
- For projects on the local system, comprised the BPD Director and Chief of the Local Project Delivery Section. LPPMs and/or project managers will present project specifics to this team.
- Meet monthly to review the monthly report and change management requests
- If region/bureau Change Management team cost threshold is exceeded, submit Change Management request to the Division Change Management team
- Report significant risks/issues to the division Change Management team

Division Change Management Team

- Comprised of the region Directors, BPD Director and Division Administrators
- Meet monthly to review the monthly report
- If Division Change Management team cost threshold is exceeded, submit Change Management request to the Oversight team
- Report significant risks/issues to the division Oversight team