

**OFFICE OF
STATE AID ROAD CONSTRUCTION**



**5-Year Strategic Plan
Fiscal Years 2019-2023**

Office of State Aid Road Construction

1. Comprehensive Mission Statement

The mission of the Office of State Aid Road Construction is to administer state and federally funded road and bridge construction projects in accordance with the statutory requirements of Sections 65-9(1-33) and 65-37(1-15) of the Mississippi Code of 1972, by providing project planning, review, oversight, accounting, contract administration and information systems, for the benefit of each of Mississippi's 82 counties.

2. Philosophy

The Office of State Aid Road Construction is committed to providing project administration services through the Board of Supervisors of each county in Mississippi in order to improve the quality and safety of transportation on county roads and bridges. The philosophy of the Office of State Aid Road Construction is to demonstrate high ethical and professional standards in both internal agency administration and external construction project administration, to strictly adhere to state and federal guidelines while maintaining the flexibility to address emerging issues, and to provide legislative representation for each county for the programs administered.

3. Relevant Statewide Goals and Benchmarks

Statewide Goal #1.: To develop a robust state economy that provides the opportunity for productive employment for all Mississippians.

Relevant Benchmarks #1.:

- Number of jobs in each of the Mississippi Development Authority's seven targeted industries: advanced manufacturing, aerospace, agribusiness, automotive, energy, healthcare, and shipbuilding.

Statewide Goal #2.: To ensure the construction and maintenance of infrastructure (including roadways, waterways, railways, airports, water and sewer systems, pipelines, electricity lines, broadband connections, public buildings) are adequate to meet the needs of citizens and the business community and to foster economic growth.

Relevant Benchmarks #2.:

- Roadway condition (As determined by yearly maintenance inspections)
- Number and percentage of bridges that are deficient and cost to correct, by category of deficiency

Statewide Goal #3.: To create an efficient government and an informed and engaged citizenry that helps to address social problems through the payment of taxes, the election of capable leaders at all levels of government, and participation in charitable organizations through contributions and volunteerism.

Relevant Benchmarks #3.:

- Administrative efficiency: expenditures on state government administrative activities as a percentage of total operational expenditures
- Average wait time for state government services
- Percentage of state employees leaving state services within five years of employment
- Percentage of state residents who volunteer

4. Overview of the Agency 5-Year Strategic Plan

The Office of State Aid Road Construction (OSARC) has four main priorities for the agency over the next five years. First, OSARC is committed to continue administering county road and bridge construction projects that have been let to contract prior to July 1, 2017 until completion. Second, the OSARC will work with each county to initiate new road and bridge construction projects. Third, OSARC will assist the counties in complying with federal requirements for bridge inspections. Fourth, OSARC will provide both agency administrative services, as well as support for computer software used at the local level for bridge inspections and project billing.

When funds are appropriated to OSARC, authorization to spend the funds is given to each county by formula allocation, although the cash remains in the State Treasury. Advanced credits are given to each county by four year Board Term to allow for project planning. Securing adequate and timely funding that will not lapse is a major priority. Funds must remain intact once they are committed to a county or project in order for the counties to properly plan and construct road and bridge projects. Administrative Program funds are transferred from the State Aid Construction Program funds previously allocated to each county by formula. No General Funds are used for agency administration. Any reduction in Administrative Program funds would be transferred back to the State Aid Construction Program Funds, thereby yielding no increase to State General Funds.

OSARC is in the process of implementing a new project accounting system, a paperless workflow system, and a paperless project billing system to be used by the counties in order to meet state and federal requirements, increase productivity, reduce manual errors, increase transparency, improve reporting capabilities and decrease supply costs. These computer systems are being implemented without a major addition of employees or consultants.

As with many agencies, the percentage of employees reaching retirement age is a major factor. OSARC will be focused on recruiting, retaining and training qualified employees, primarily Professional Engineers. In order to promote continuity, updates are being made to the agency Standard Operating Procedures, Employee Handbook and the Internal Control Plan to assist in employee training.

OSARC currently administers the State Aid Construction Program consisting of construction and maintenance projects on county roads and bridges financed with State Aid funds and Surface Transportation Program (federal) funds. Priorities of this program include overseeing regular required maintenance inspections on all completed projects, administering maintenance projects to preserve county roads and bridges and increase safety, increasing current weight limits to accommodate the agriculture and timber industries, and administering projects on non-collector Local System Roads. The priority given to projects in order of importance is: maintenance projects, bridge projects, reconstruction and rehabilitation of roads, and new construction.

Roads and bridges are replaced and/or repaired preventing closures or dangerous conditions, as well as facilitating the movement of commodities such as timber, poultry and other goods or services to areas throughout the state. Construction contracts provide jobs and revenue for companies in Mississippi. Better roads and bridges decrease vehicle repair cost to residents, tourists and businesses. A decrease in deficient bridges allows safer bus travel to and from school for students throughout the state, as well as safer mail delivery routes for the United States Postal Service.

OSARC also continues to administer projects financed with other federal funds made available for county roads by the Federal Highway Administration (FHWA) through the Mississippi Department of Transportation (MDOT). These projects include previously authorized congressional earmark projects, Surface Transportation Program projects under FHWA's Fixing America's Surface Transportation (FAST) Act and previous federal transportation acts, Federal Land Access Highway Program (FLAP) projects, emergency projects, and U.S Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) competitive grant program projects. Completing these projects is a major priority for all parties involved.

OSARC assists the counties with administration of the National Bridge Inspection Standards (NBIS). FHWA requirements for this program have heightened considerably since the collapse of the Mississippi River Bridge on I-35 in Minnesota on August 1, 2007. A new computer software program was recently implemented and customized to be used for bridge inspections at the local and state levels in order to meet federal requirements. It is expected that the NBIS requirements will continue to intensify, thus increasing the work load on the counties and the agency. New federal requirements for the inspection of timber bridges, along with other complex bridge inspection requirements, have tripled the workload and cost of bridge inspections. We anticipate this trend to continue. When there are not enough federal funds to cover required bridge

inspections, State Aid or local funds must be used. This use of funding takes away from any potential road and bridge repair or construction.

OSARC assists Mississippi Development Authority, per their request, in the administration of certain projects that are off of the state designated systems. These projects provide an economic benefit to political subdivisions, according to the Economic Development Highway Act, by encouraging private companies to develop in their area, thereby providing new employment opportunities and increased tax revenue.

In 2004 OSARC entered into a loan agreement with Mississippi Development Bank, FHWA and MDOT to borrow \$35 million to replace structurally deficient bridges on county roads to be repaid with federal funds. Continuing to work with MDOT and FHWA to satisfy this loan agreement, OSARC anticipates satisfying this loan agreement within the next five years.

OSARC administers the Local System Bridge Replacement and Rehabilitation Program (LSBP) by providing project funding and administration to assist the counties and municipalities with the replacement and rehabilitation of eligible deficient bridges on the Local System Roads throughout the State. The LSBP program promotes the agriculture and forestry industries, as well as the traveling public by decreasing bridge closures throughout the state. Adequate and timely funding is imperative to the proper administration of the LSBP program. The focus over the next two years will be securing appropriate funding and requesting changes in Legislation to increase a county's ability to utilize their funds in the most efficient and effective manner. The LSBP program was not funded for fiscal year 2018. When the program is not funded it results in advanced credits being rescinded and the potential for the letting of projects to be halted.

5. External/Internal Assessment & Internal Management Systems

5.1 External/Internal Assessment

- 1) The cyclical nature of the programs administered is primarily due to the four year terms of the Boards of Supervisors. Construction projects and expenditures are dependent upon funding available and priorities of each new County Board of Supervisors.
- 2) A portion of OSARC's construction projects are reliant on federal funding for 80% to 100% of total project cost. The authorization of federal funds, as well as the reimbursement of federal expenditures, continues to be an area of uncertainty.
- 3) Road and bridge transportation projects require planning far in advance, which can be an issue when funding is not guaranteed from state or federal sources.
- 4) Federal requirements continue to increase due to the National Bridge Inspection Standards (NBIS) and the inspection projects are increasingly more expensive and difficult to administer for the counties.

- 5) The cost of materials continues to increase exponentially, while gasoline tax, sales tax and other revenue sources remain level. As a result, the greater portion of OSARC's funding is being used to maintain and repair, with little funding remaining to improve county roads and bridges. Also, the increased cost of wetland mitigation and storm water abatement, in addition to the cost of materials, has reduced the amount of federal funds to be used for improvement of county roads and bridges.
- 6) While OSARC performs oversight and approval functions, many major functions of the construction projects are ultimately controlled by the Board of Supervisors in each county, therefore OSARC's performance is partially dependent upon actions taken at the local level.
- 7) Environmental factors such as weather and natural disasters can severely impact the goals of OSARC's construction related programs. Whereas weather is somewhat predictable, the effects of severe weather and natural disasters can divert funding to repairing damage.
- 8) Recruiting and retaining qualified Professional Engineers and other skilled employees has become a significant issue, primarily due to the salary disparity between the private and public sectors. This issue is escalated by the growing percentage of employees reaching retirement age.
- 9) While technological advancements can improve efficiency in business practices and enhance compliance with state and federal regulations, the financial and human capital costs associated with changes in technology can be a burden, especially during transition periods. OSARC is currently implementing a new project accounting system, a paperless workflow system, and a paperless project billing system. Several of these systems, along with our bridge inspection system are used by each county to submit required information, documents, and upload/download reports. OSARC provides maintenance and support to each county for these systems.

5.2 Internal Management Systems

Members of OSARC executive staff meet periodically to discuss the factors listed above, to update internal policies to reflect current demands, and to ensure internal management systems address potential deficiencies. OSARC works with MDOT and FHWA to address the need for changes to current policies and procedures, primarily as it relates to federal projects, and participates in MDOT's Environmental Management System. OSARC regularly meets with members of the Boards of Supervisors and County Engineers to assess the needs of the counties and to discuss many of the factors listed above.

6. Agency Goals, Objectives, Strategies and Measures by Program for FY 2019 through FY 2023

Program 1: Administrative

GOAL A: Provide funding and administration for county road and bridge construction projects (Miss. Code Ann. §§ 65-9-1 et seq.)

OBJECTIVE A.1. Effectively provide contract administration, accounting, project planning, review, and oversight services for county road and bridge construction projects through the Boards of Supervisors

Outcome: Maintain level of administrative costs as compared to construction costs at 5% or under

Outcome: Allocate over 95% of State Aid Construction funds to county construction program

Outcome: Allocate 100% of LSBP funds to county bridge program

A.1.1. STRATEGY: Review and approve contract documents, project design plans, and cost estimates, as well as oversee engineering services provided by County Engineers

Output: Number of construction estimates processed

Output: Number of projects let to contract

Output: Average amount of construction payment processed

Efficiency: Percentage of administrative costs as compared to construction costs

Efficiency: Percentage of agency personnel devoted to construction programs

A.1.2. STRATEGY: Secure funding obligations from FHWA through the MDOT Transportation Commission and oversee the acquisition of right-of-way, environmental permits, and Army Corps of Engineers permits

Output: Federal percentage of total project fund obligations

Efficiency: Percentage of MDOT Commission meetings attended

GOAL B: Provide internal administrative services as a state agency in Mississippi
(Miss. Code Ann. § 25)

OBJECTIVE B.1. Effectively provide human resource, accounting and information systems services for the agency

Outcome: Percentage of employees leaving state service within five years of employment

Outcome: Percentage of employees within five years of retirement age

B.1.1. STRATEGY: Provide support for agency maintained computer software used by the County Engineers and produce accurate reports for state and federal governing entities

Output: Number of end users for bridge and estimate programs

B.1.2. STRATEGY: Recruit and retain talented and dedicated government employees for state service

Output: Number of Professional Engineers employed

Output: Average number of vacant positions

Output: Number of employees with over 10 years of state service

Efficiency: Average time a position is vacant (Months)

Program 2: State Aid Construction

GOAL A: Provide funding and oversee the construction and maintenance of county roads and bridges on the State Aid Road System and Local System Roads (Miss. Code Ann. §§ 65-9-1 et seq.)

OBJECTIVE A.1. Effectively utilize State Aid Construction and federal funds by administering county construction projects to maintain, rehabilitate, and reconstruct existing roads and bridges, as well as construct new roads and bridges

Outcome: Percentage reduction of structurally deficient bridges

Outcome: Percentage increase of total miles paved

Outcome: Maintain average number of active projects per county

Outcome: Percentage of total State Aid funds available programmed or obligated to projects

A.1.1. STRATEGY: Promote economic development, improve safety, and increase accessibility through the construction and repair of county roads and bridges regularly used for transport, commute, travel and school bus routes

Output: Number of State Aid projects let to contract

Output: Number of federal projects let to contract

Output: Average cost of a State Aid project

Output: Average cost of a federal project

Output: Number of State Aid projects completed

Output: Number of federal projects completed

Output: Number of bridges replaced or repaired

Output: Total number of structurally deficient bridges on the State Aid System

Output: Average cost of a State Aid/Federal bridge project

Efficiency: Average time from initiation to completion of a State Aid project (Days)

Efficiency: Average time from initiation to completion of a federal project (Days)

A.1.2. STRATEGY: Work with the counties to facilitate the performance of routine maintenance and inspections to preserve pavement and control erosion and drainage to minimize repairs and ensure maximum lifecycle of county roads and bridges

Output: Number of miles paved

A.1.3. STRATEGY: Strictly adhere to the allocation formula for State Aid Construction funds available per county and encourage the application of federal, county, or grant funds to supplement funding on projects when needed

Output: Amount of State Aid Construction funds obligated to projects

Efficiency: Percentage of counties utilizing all of their available State Aid funds

Program 3: Local System Bridge Replacement and Rehabilitation

GOAL A: Provide funding and oversee the replacement and rehabilitation of eligible deficient bridges on local system roads and in incorporated municipalities
(Miss. Code Ann. §§ 65-37-1 et seq.)

OBJECTIVE A.1. Effectively utilize Local System Bridge Program (LSBP) funds by administering county construction projects to minimize bridge closures, encourage economic development, and improve safety conditions by replacing and repairing qualified structurally deficient local bridges

Outcome: Percentage change of deficient LSBP bridges

Outcome: Maintain average number of active LSBP projects per county

Outcome: Percentage of total LSBP funds available programmed or obligated to projects

A.1.1. STRATEGY: Decrease the number of LSBP bridges rated as structurally deficient

Output: Number of LSBP projects let to contract

Output: Average cost of a LSBP project

Output: Number of LSBP projects completed

Output: Number of LSBP bridges replaced or repaired

Output: Number of deficient LSBP bridges

Efficiency: Average time from initiation to completion of a LSBP project (Days)

Efficiency: Percentage of bridges eligible for LSBP funds

Efficiency: Percentage of counties utilizing all of their available LSBP funds