



Stewardship & Oversight Report Fiscal Year 2023

Federal Highway Administration,
Texas Division

December 2023

Stewardship & Oversight Agreement

On December 8, 2015, the Federal Highway Administration, Texas Division (FHWA Texas Division) and the Texas Department of Transportation (TxDOT) executed a Stewardship & Oversight Agreement on Project Assumption and Program Oversight (S&O Agreement). This agreement set forth the roles and responsibilities of the FHWA Texas Division and TxDOT with respect to Title 23 project approvals and related responsibilities and Federal-aid Highway Program (FAHP) oversight activities.

Section XI, Subsection A, of the S&O Agreement describes the TxDOT oversight and reporting requirements, including submission of a summary report within two months of the end of the federal fiscal year of all significant stewardship and oversight activities conducted during the previous fiscal year. This report is the eighth of the annual reports under the S&O Agreement and provides summary information on TxDOT's Federal Fiscal Year 2023 stewardship and oversight activities. It provides data related to all TxDOT activities during the fiscal year and not only activities within which FHWA is participating.

In summary:

- TxDOT let 830 federally funded projects in Federal Fiscal Year 2023 (Oct-Sept) totaling \$7.489 billion.
 - 729 Statewide Lets (\$6.618 billion)
 - 35 Local Public Agencies (LPAs) Lets (\$182 million)
 - 66 Other Lets (\$689 million)
- Notes:
- *Other Lets includes a Deferred Work Component project (\$451 million)*
 - *Amounts represent total construction costs including federal, state, and local funding.*
- TxDOT processed 971 construction project preliminary engineering plan sets for letting in Fiscal Year 2023.
 - TxDOT managed approximately 2,077 active construction projects during Fiscal Year 2023.

Local Public Agencies (LPAs)

Section XI, Subsection B, of the S&O Agreement also requires that TxDOT provide an annual report documenting its fulfillment of responsibilities as a pass-through entity of FHWA funds on projects performed by local public agencies (subrecipients). TxDOT is submitting the latest edition of that report, entitled "FY 2023 Annual Report to FHWA-Texas - Local Government Projects Program (Local Public Agencies)," to the FHWA-Texas in conjunction with the annual S&O Report submittal.

Federal government laws, rules and regulations refer to local government entities as local public agencies (LPAs). TxDOT refers to LPAs as local governments (LGs) since the state of Texas laws related to LG entities are codified in the Texas Local Government Code. For this report, the use of LGs is to be considered interchangeable with LPAs. TxDOT defines a LG project as a transportation project for which at least one phase of project development (environmental, design, right of way, utility relocation or construction) or the program is managed by a LG entity and is reimbursed with FHWA or TxDOT funds. Even though projects being reimbursed with FHWA or TxDOT funds are considered LG projects by TxDOT, only projects that include reimbursement with FHWA funds are included in this report.

In summary:

- The Federal FY 2023 end of year report includes 1,356 active LG projects with total funding in the amount of \$11.82 billion. The total amount of federal funds committed to these projects is \$7.51 billion (63.53%).
- During Federal FY 2023 there were a total of 35 LG projects let totaling \$182 million in construction costs.
- During Federal FY 2023, LGs were reimbursed approximately \$86.80 million in FHWA funds on highway planning and construction projects.

In accordance with federal regulations, TxDOT is ultimately responsible for LG compliance with applicable federal laws, rules, and regulations on LG projects. When federal funds are participating in a LG project, FHWA issues a Federal Project Authorization Agreement (FPAA) to TxDOT. TxDOT has a funding agreement with a LG for each project. FHWA has no agreement with each LG. Therefore, FHWA holds TxDOT accountable for LG compliance with all applicable federal regulations. Additional information on TxDOT's oversight of this program is included in the Subsection B report.

Key Aspects of TxDOT's Stewardship & Oversight of the Federal-Aid Highway System in Texas

Overview

During Fiscal Year 2023, TxDOT has provided effective stewardship of the Federal-aid Highway System in Texas and responsible oversight of the project delivery programs that affect the condition and performance of that system across the state. TxDOT continued to make progress in providing quality stewardship of the system.

TxDOT presents key performance indicators for the Stewardship & Oversight Agreement in the [Stewardship and Oversight Indicators section](#) of this report. TxDOT will continue to work with the FHWA Texas Division to ensure that these performance indicators provide meaningful information on our efforts to effectively and responsibly manage the Federal-aid Highway Program in Texas.

Successful Project Delivery Optimization (Preliminary Engineering and PS&E)

Design Division Reorganization

At the beginning of calendar year 2023, the Design Division reorganized in order to better align resources to the functions that meet the department needs. The reorganization included creating a team specifically responsible for Interstate projects to focus on the Interstate Access Program, and a team specifically responsible for the Major Projects program. The reallocation of resources into these two areas have enabled faster and more efficient development of the two programs as you see outlined below.

Highway Safety & Operations

Enhancement of Interstate Projects Delivery: During this reporting period, TxDOT continued through the Design Division to enhance the delivery of Interstate projects that involve the need for Interstate Access Justification Reports (IAJR). The Design Division worked with Districts to ensure early/timely coordination occurred with FHWA regarding IAJR methodologies and assumptions (known as M&A) for better opportunity of receiving FHWA review and approval in advance of FPAA for letting. Based on discussions with FHWA, TxDOT added various qualification and training requirements related to traffic and safety analysis to consultant pre-certifications. TxDOT collaborated with the FHWA Resource Center to facilitate several safety analysis workshops and trainings.

IAJR SOP: TxDOT has updated the IAJR SOP in the form of Frequently Asked Questions (FAQ) to provide additional information and clarification for the IAJR. The FAQ has been reviewed by FHWA Texas Division, FHWA Resource Center and FHWA Headquarters. The IAJR SOP Update/FAQ was presented to TxDOT District TPDs in December 2022. Based on the FHWA review and feedback from TxDOT Districts, the IAJR SOP FAQ has been revised. A statewide webinar was held on October 23, 2023. The webinar was attended by the Districts and Consultants.

Calibration of Highway Safety Manual (HSM): TxDOT completed research projects to develop Highway Safety Manual (HSM) local calibration factors and/or Texas specific predictive models to address HSM limitations. Companion tools have been developed which will be used for predictive analysis for IAJRs, Design Exceptions and major projects. Currently workshops are being held as part of the implementation.

Traffic and Safety Analysis Procedural (TSAP) Manual: TxDOT released the draft Traffic and Safety Analysis Procedural (TSAP) Manual in January 2023. A workshop was conducted in December 2022. The TSAP manual has been reviewed by FHWA Texas Division and Resource Center staff.

Design Support

Major/Other Projects Identification: Timely identification of a “Major or Other Project” is fundamental to the successful implementation of the Program. As such, TxDOT Design Division developed a Tableau dashboard to help identify Projects early within the project development process – with the capability to automatically compile a list of Projects from TxDOTCONNECT (TxC) by the earliest of expected letting date, ready-to-let date, or available-to-let date. This will help capture any changes in letting dates or cost estimates in TxC in real time, as and when made by the districts. The dashboard will be further enhanced to provide document (IFP, PMP, FPAU) tracking capability once the TxC Major Project Page is

updated to mirror tracking dates onto the TxC data source. Meanwhile, Design Division routinely shares with the FHWA an updated list to keep the projects inventory current.

- Major Projects Lookahead (5-years Lookahead) is being shared with FHWA at least at the beginning of the fiscal year (typically on the first week of October)
- Other Projects Lookahead (2-years Lookahead) is being shared with FHWA on a quarterly basis (typically during DES/FHWA Quarterly Coordination Meeting)

Refining SOPS and Templates: The FHWA did review and provide comments on the Major Project FPAU template for Design-Bid-Build projects, which Design Division rolled out in FY 2023. Based on lessons learned during FY 2022 FPAUs, the Design Division has taken the first step of drafting the FPAUs for FY 2023 and requested the districts to add to the first draft providing current schedule, cost and risk changes needed to update the FPAUs. This will enhance the quality of FPAUs as well as shorten the time needed to develop them starting with the FY 2023 round of FPAUs.

Major Projects Document Tracking: The Design Division worked with the Transportation Programs Division to develop a Major Projects page on TxDOTCONNECT, including a cascade feature that allows the user to enter status information for the environmental main control-section-job (CSJ) whereby TxDOTCONNECT will then populate the information for any environmental associate CSJs identified in TXDOT's Environmental Compliance Oversight System (ECOS). The Design Division is actively working to populate project specific data for each Major Project, and the TxDOTCONNECT Major Project page will be a source to determine status of each Major Project's documentation required by FHWA (Project Management Plans, Initial Financial Plans, and Financial Plan Annual Updates).

Major and Other Projects Program Support Consultant: The Design Division executed a work authorization to add consultant capacity to provide Major/Other Projects' program support with respect to the identification, tracking, development, and documentation of Major and Other Projects. The services cover the following areas:

- Evaluate Program Management to promote efficiency
- Training & Capacity Building
- Cost and Schedule Risk Analysis (CSRA)
- Project Estimate Review (PER)
- Developing/Reviewing Initial Financial Plans (IFPs)
- Financial Plan Annual Updates (FPAUs)
- Program Performance Reporting

The Consultant is assessing program management framework to understand strengths, weaknesses, opportunities, and threats within current procedures. The exercise will form the basis to identify improvements to promote efficiency within Districts and Divisions. The Consultant will also help implement short-term program-wide enhancements as part of their services, including but not limited to training need identification and execution. In the long-term, the Consultant will establish metrics to monitor performance reporting.

All TxDOT district offices submit their plans, specifications, and estimate (PS&E) packages for all state-let projects to the Design Division for final processing prior to letting. The districts submit these PS&E packages electronically through a PDF Portfolio process (ePS&E). The submitted PS&E package includes plan sheets, standard drawings, specifications, engineer's project estimate, general notes, and supporting documentation certifying the completion or conditional completion of right of way acquisition, utility work, relocation work, and railroad work. The Design Division has been sharing the above-described project oversight information with the FHWA regional office since April 2016 to assist in the project authorization process.

TxDOT continues to successfully process final PS&E in accordance with the August 27, 2018 policy memo to all TxDOT District Engineers, which outlines requirements and expectations of the PS&E package submittal and PS&E processing schedule deadlines. During this reporting period, TxDOT let a record amount of statewide construction PS&E. The Design Division processed 971 projects with a dollar value of over \$9.7 billion (includes both state and federal dollars). This was an increase of over 32% in project count and an increase of over 26% in dollar value from FY 2022. The Design Division has also continued to update and maintain an improved webpage with many guidance documents to ensure districts have the needed resources to meet requirements and expectations.

To improve communication and implementation of this policy, TxDOT holds monthly meetings with Design Division, Environmental Affairs Division, Financial Management Division, Right of Way Division, Rail Division, Transportation Programs Division, Construction Division, Transportation Planning & Programming Division and members of TxDOT administration to perform a 3-month lookahead and review critical issues that may affect projects on the letting schedule and to decide the best course of action. The Design Division also hosts quarterly meetings with FHWA staff involved in both preliminary project development and final PS&E reviews and authorization to identify and discuss any issues, as well as to provide status on TxDOT efforts regarding statewide guidance and standard operating procedures (SOPs) and other guidance in development.

Design Division continued their peer reviews with the Districts and held two more series of peer review/exchanges, where processes and experiences were discussed on topics ranging from IAJR development to cost estimating to implementing safety analysis in the project development process. The first included Dallas, Fort Worth, and Houston Districts (11/2022), and the second included Amarillo, Childress, and Wichita Falls Districts (6/2023).

Railroad Agreements in PS&E Packages

The Rail Division is responsible for providing information to the districts regarding the status of the execution of the railroad agreements, which are required in the PS&E packet. This certification is done by the District and submitted to the Design Division. The districts prepare railroad certification letters for the PS&E packet, which are required for each project, whether there is a railroad within the project limits or not. There are four (4) possible Railroad certification types: 1) No Railroad Work, 2) Agreement Executed-Work prior to Construction, 3) Agreement Executed-Work during Construction, and 4) Agreement not Executed-Work during Construction. In Fiscal Year 2023, TxDOT executed a total of 329 railroad agreements in support of 228 construction and maintenance projects.

Under Item 4 in the certification letter, “Agreement not Executed- Work during Construction,” the Rail Division will determine how quickly the railroad agreement can be executed, and the district engineer will confirm that the contractor can work outside of railroad right of way until the agreement is executed without any delay to the contractor. For situations when the estimated execution date of the Railroad agreement is after letting, the district works with the Design Division and prepares and submits to TxDOT’s Administration a construction management plan (CMP) for approval to proceed to letting with the unexecuted agreement. This standard operating procedure will confirm approval with administration prior to letting the projects and issuing a notice to proceed. TxDOT revised our standard in November 2022 to require a CMP for projects that do not have all agreements executed by the let date.

Of the 228 projects that TxDOT certified in Fiscal Year 2023, TxDOT let eleven (11) projects without associated agreements. The status of these 11 projects is shown in the following table.

2023 Reporting

CSJ	Road Name	Expected Agreement Execution Date	Actual Agreement Execution Date
0008-13-249	IH 20	8/31/2023	7/25/2023
0027-07-046	UA 90	1/31/2024	TBD
0047-04-031	SH 5	1/23/2023	1/3/2023
0092-02-135	IH 45	10/20/2023	8/16/2023
0111-03-059	FM 521	11/1/2024	TBD
0178-09-018	SH 35	6/30/2024	TBD
0209-01-070	SL 2	3/31/2023	10/10/2023
0288-01-040	SH 16	1/31/2023	11/14/2022
0389-07-025	SH 146	9/1/2023	TBD
0483-01-052	SH 97	11/30/2023	TBD
1129-01-028	FM 975	9/1/2023	10/12/2023

Of the projects that do not have executed agreements as of October 30, 2023:

- 0027-07-046: This project let in September 2023. Delay due to change of scope by the district and anticipate a fully executed agreement by March 2024.
- 0111-03-059: This project let in April 2023. Delay is due to District having to resubmit adequate plans. Railroad review in process with plan to clear by November 2024.
- 0178-09-018: This project let in March 2023. Delay is due to District not submitting required documentation to railroad. Railroad review in process and plan to clear by July 2024.
- 0389-07-025: This project let in April 2023. Delay is due to District not submitting required documentation to railroad. Railroad review in process and plan to clear by November 2024.

- 0483-01-052: This project let in August 2023. Delay is due to Railroad not providing signal design in a timely manner. Railroad estimate received and agreement submitted to Railroad. Plan to clear by March 2024.

The following table contains a summary of the outstanding Railroad items from the 2022 report:

CSJ	Road Name	Expected Agreement Execution Date	Actual Agreement Execution Date
0063-11-054	SH 149	6/1/2023	12/6/2022
0176-04-056	US 59	1/2/2023	9/9/2022
0338-04-060	SH 105	10/31/2024	TBD

- 0338-04-060: Project was let in August 2022. Delay is due to District not submitting required documentation to the railroad. Railroad review in process and plan to clear by July 2024.

Design Build projects are not included in the above summary. Currently two (2) design build projects have been executed without having the required railroad agreement executed due to Union Pacific Railroad’s policy requiring 100% plans to be approved by them prior to executing a construction and maintenance agreement. The Southeast Connector and the Northeast Expansion-Central (NEX-C) agreements are anticipated in December 2023. Neither of the delayed agreements are hindering the contractor’s progress.

Construction Oversight and Inspections

The Construction Division (CST) continues to participate in monthly and quarterly meetings with FHWA to address ongoing issues and questions. CST also continues to address observations and recommendations from FHWA’s Time Suspension and Change Order Process reviews and Compliance Assessment Program (CAP), Texas Division Involved Projects (TxDIP), and spot check findings. CST is not aware of any findings that required action following the FY2023 improper payment reviews and spot checks.

Ongoing internal oversight efforts include the following:

- Reviewing proposals to verify inclusion of recently updated Form FHWA-1273.
- Auditing pre-bid Q&A responses using a new interface, which standardizes the process, to ensure the integrity of the competitive bidding process.
- Performing periodic in-depth project reviews and central monitoring of contract administration requirements.
- Collecting, reviewing, and auditing prime contractor evaluations for all districts and providing feedback on any findings.
- Providing monthly and quarterly reporting to TxDOT Administration and the Texas Transportation Commission to provide routine oversight opportunities and elevate awareness of significant issues that may require high-level intervention.

Additional oversight activities for FY 2023 include the following:

- Implemented expanded Buy America (BABA) updates in November 2022 with guidance provided by the Office of Management and Budget (OMB) and in coordination with FHWA Texas Division. CST is currently working with FHWA and industry toward implementation of OMB's August 2023 guidance.
- Additional staff participated in project reviews, providing more diverse perspectives.
- Investigated implementation of 3-D models as legal documents through the Digital Delivery effort headed by TxDOT's Design Division.
- Created a newsletter for CST staff and made available to Districts to communicate ongoing initiatives.
- Worked with FHWA in an attempt to increase the number of bidders by temporarily increasing bid capacity upon contractor request to address their ability to bid amid inflation of project cost. The Department saved an estimated \$11 million through the low-bid process as a result.
- Coordinated with FHWA and industry to rewrite the 2024 standard specifications and developing resource materials to assist District staff with implementation.
- Developed various Tableau dashboards to aid districts in project oversight.
- Fulfilled a one-time data pull documenting time suspensions on active projects per FHWA's request.
- Implemented processes and provided additional training and communication to address findings from the TxDIP and CAP reports.

CST continues to drive improvements through training opportunities and role-based employee development resources for construction inspectors, recordkeepers, and project managers. This has been accomplished through the following:

- CON209 Construction Contract Dispute Resolution – Construction Division Claims staff has updated the course materials, with a pilot class scheduled for early 2024.
- CON304 Construction Inspector Bootcamp – Courses held November 2022 in Austin, March 2023 in Fort Worth, April 2023 in Beaumont, and May 2023 in Corpus Christi. Each class had at least 25–30 participants from areas across the state.
- Construction Division Inspector Development Staff conducted workshops at District and Area Offices with a focus on materials and testing and expanded Buy America information.
- CON320 Construction Recordkeeper Bootcamp – Courses held December 2022 virtually, February 2023 in Fort Worth, April 2023 virtually, and June 2023 in Austin. Each class had at least 30 participants from areas across the state.
- Annual Recordkeeper Meeting – Two sessions held August 2023 with 450 internal and external participants with construction recordkeeping interests. Topics shared include FHWA updates, OJT program requirements, environmental compliance, and the project closeout process related to project records compliance.
- CON335 District Change Order Workshop – Created to record efforts by Construction staff and document participants.
- Change Order Peer Review – Completed August 2023.

- CON511 Basic Construction Analysis – Virtual courses held November 2022, December 2022, May 2023, June 2023, and August 2023.
- CON512 Time Impact Analysis – Virtual courses held January 2023, May 2023, June 2023, July 2023, and August 2023.
- Developed Project Management Course materials for role-based training, with a pilot class scheduled for early 2024.
- Performed annual reviews of course materials to ensure current and accurate information is shared with construction staff.

In addition to formal trainings, CST provides direction through other avenues, as follows:

- Updates the *Construction Contract Administration Manual* annually and participates in clarifying and updating policies with other TxDOT Divisions.
- Continues to improve the internal Construction Support, Project Manager, Inspector Development, Recordkeeper, and Change Order webpages, which include guidance on contract administration topics.
- Conducts quarterly Director of Construction meetings to communicate FHWA findings, reports, and other updates related to the construction program.
- Supports the Districts by providing one-on-one guidance for issues including the newly revised Buy America requirements.
- Created an online Prompt Pay resource for internal and external audiences regarding Prompt Pay compliance.

Materials Testing and Quality Assurance

The Materials and Tests Division's (MTD) 139 employees help ensure quality construction and maintenance of transportation facilities by testing material for compliance with specifications, developing and maintaining TxDOT's test procedures and specifications, and administering the Quality Assurance Programs.

MTD performs testing of material samples taken from ongoing TxDOT projects, as well as quality monitoring samples, to assess quality of materials being provided to TxDOT projects. During Fiscal Year 2023, MTD's laboratories tested 12,603 samples and performed 44,366 tests to determine conformance of roadway material with established specifications. MTD's Flexible Pavements Section field offices oversaw the testing and production of over 1.5 million tons of materials used on TxDOT's roadways. In addition, MTD's Prefabricated Structural Materials Section performed Quality Assurance oversight encompassing more than 28.5 million pounds of steel bridge members, 1.29 million linear feet of prestressed concrete bridge girders, and 6.8 million square feet of concrete bridge deck panels.

MTD manages the development of TxDOT's Special Specifications and Provisions to modify TxDOT's Standard Specifications, as well as provides oversight for one-time use provisions submitted by districts. During Fiscal Year 2023, MTD implemented 29 special specifications and provisions and 1,054 one-time use special specifications and special provisions. MTD also establishes TxDOT's test procedures as a standard of practice for performance of material tests. MTD developed or revised 43 test procedures and department material specifications (DMS) during Fiscal Year 2023.

In addition, a multi-year specification revision process culminated in the release of the *2024 Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges*. The electronic files are available on the TxDOT website at the following link: [2024 Standard Specifications \(txdot.gov\)](https://www.txdot.gov/specifications)

MTD partners with the Texas A&M Transportation Institute and the University of Texas Center for Transportation Research to present TxDOT Materials Academy Workshops. The workshops are tailored to the needs of TxDOT personnel involved in the design, construction, rehabilitation, and maintenance of TxDOT's roadways. During Fiscal Year 2023, a three-week workshop was conducted in May 2023, reaching a total of 29 professional engineers or engineering assistants.

Quality Assurance Program for Design-Bid-Build Projects

MTD maintains the TxDOT Quality Assurance Program (QAP) for Design-Bid-Build (DBB) Projects. The QAP for DBB Projects was revised and published with an effective date of January 2022. This document is available at the following link: [Materials \(txdot.gov\)](https://www.txdot.gov/specifications)

MTD also maintains the Guide Schedule of Sampling and Testing for Design-Bid-Build Projects (DBB Guide Schedule). The DBB Guide Schedule has been published at:

[Design-bid-build guide schedule \(txdot.gov\)](https://www.txdot.gov/specifications)

Quality Assurance Program for CDA/Design-Build Projects

- MTD maintains the TxDOT “Quality Assurance Program for Comprehensive Development Agreement (CDA)/Design-Build Projects” (the “DB QAP”). The DB QAP was revised and published with an effective date of October 27, 2020.
- MTD also maintains the “Guide Schedule of Sampling and Testing for Design-Build Projects by the Independent Quality Firm (IQF)” (the “DB Guide Schedule”). The DB guide schedule was revised and published with an effective date of May 27, 2020.
- These two documents are available at the following link: [Materials \(txdot.gov\)](https://www.txdot.gov/specifications)

MTD provides oversight for CDA/DB projects by conducting training, participating in inspection/material risk workshops, and reviewing quality management plans and reports, including:

- Conducting Quality Management Training on alternative delivery projects for project personnel, including DB contractors' Quality Control and Independent Quality Firm; TxDOT's General Engineering Consultant; Independent Assurance Firm; Owner Verification Firm; and TxDOT project personnel. Training addressed TxDOT's DB QAP, including federal and state requirements, quality roles and responsibilities, and the QAP implementation process.
- Participating in DB project Inspection/Material Risk Workshops in conjunction with FHWA to review project-specific risks and identify appropriate levels of TxDOT verification for testing as well as assessment of high-risk items/elements for inspection oversight.
- Reviewing and approving Construction Quality Management Plans and Owner Verification Testing and Inspection Plans for DB projects.
- Reviewing and approving Owner Verification (OV) reports for federal funded projects prior to submission to FHWA. Also, reviewing and approving OV reports for non-federal funded projects.
- Reviewing project-specific deviations on DB Specifications.

MTD reports to FHWA annually on the Independent Assurance Program, a component of the Quality Assurance Program used by districts to test and approve materials at the district level. TxDOT submitted the annual report for 2022 (the most current) to FHWA for approval.

Right of Way Acquisition; Business, Residential, and Utility Relocation

The Right of Way Division continues to further its mission: *Delivering right of way solutions for Texas.*

There are 251 employees in the Right of Way Division (ROW) and in the TxDOT districts who are responsible for the delivery of State right of way. ROW has established protocols for training and taken measures to ensure compliance with state and federal laws and regulations, including the Uniform Relocation Assistance and Real Property Acquisition Act (Uniform Act). ROW personnel monitor Local Government Agencies and consultants acquiring right of way for compliance with the Uniform Act in acquisitions, relocations, and eminent domain.

Utility accommodations are a cost of right of way acquisition. Therefore, ROW is also responsible for developing policies and procedures related to the reimbursement of utility accommodation costs, as well as ensuring compliance with state and federal laws and regulations. Training is provided to stakeholders in the areas of utility conflict management, utility accommodation policies and procedures, and Buy America compliance.

ROW continues training utility company representatives, TxDOT staff involved in utility coordination activities, and consultants across the state on the latest Buy America guidelines as well as utility conflict management procedures.

During Fiscal Year 2023, ROW accomplished the following:

Acquisition

- 2,167 parcels acquired:
 - 1,825 acquired by negotiation
 - 342 acquired by condemnation (15.94% eminent domain rate)
- 484 relocation displacees:
 - 147 residential
 - 114 Business/Farm/Non-Profit Organization
 - 223 personal property only moves

Utility Accommodations

- 355 Utility Agreements executed
- 100% of utility relocations reviewed were Buy America compliant

Commercial Signs

- 54 Commercial Sign permits were issued for relocation (does not include number of commercial signs impacted by highway projects)
- 29 Signs became “Pending Relo” (used to determine “Acquired” status)
- 22 Impacted Signs on Construction Projects
- 311 new permits issued
- 129 Illegal signs identified
- 185 Illegal Sign Notifications sent
- 74 Notices of Signs Subject Regulation (MAP 21)
- 91 Illegal signs removed
- 53 Enforcement cases with the Office of the Attorney General
- 14,454 Active Permits
- 644,306 Inspection Miles
- 34 Certified Cities
- 4,158 Certified City Signs

Real Estate Dispositions

- 42 disposals (Non-Interstate) approved

ROW Use Agreements

From October 2022-September 2023, TxDOT executed 34 ROW use agreements (non-interstate). Right-of-way use agreements, also known as Multiple Use Agreements (MUAs), are agreements TxDOT executes with local and federal governments for the use of state right-of-way for a non-highway purpose that serves a public interest. Some examples of right-of-way use agreements include parking facilities, shared use pathways, boat ramps, and law enforcement functions. These agreements stipulate that the local or federal government is responsible for the construction and maintenance of the facility at hand.

Performance-Based Planning and Programming

Performance-based planning and programming is the practice of using data to inform decision-making about investments in the transportation system. Performance-based planning and programming provides a link between the state's transportation strategy and the real-world operations of the highway network. TxDOT relies on this approach to select transportation projects that demonstrate the greatest needs and potential benefits to the state system based on objective measurement. Data inputs include traffic levels, freight volumes, crash counts, and pavement quality scores. Performance-based planning and programming help safeguard taxpayer dollars by helping TxDOT develop and build the right projects to address the needs of the entire state.

The performance-based planning and programming process begins with the development of a statewide long-range transportation plan. During the long-range planning process, the state establishes goals, develops performance measures, and establishes targets for the statewide transportation system, which set the direction for future infrastructure investment. Figure 1 shows the performance-based planning and programming process.



Figure1. Performance-Based Planning and Programming Process

Monitoring Performance

TxDOT's [performance dashboard](#) provides a transparent way to show how we are doing as an agency. Performance measures are monitored that relate to the seven strategic goals that guide our mission of Connecting You with Texas: Promote Safety, Optimize System Performance, Preserve Our Assets, Deliver the Right Projects, Focus on the Customer, Foster Stewardship and Value Our Employees. Performance measures are updated quarterly, annually, or biannually based on data availability.

Quarterly Review Process

As part of the performance-based planning and programming process, TxDOT applies a portfolio management process to comply with Federal and State legislation. A major element is the Quarterly Review Process (QRP), a rigorous four stage process (see Figure 2) involving monthly data collection, data analysis and quarterly meetings between TxDOT Divisions and Districts to monitor the agency's performance in terms of budgeting, planning, and programming the department's project portfolio within a 10-year window that is aligned with its Unified Transportation Program. The objective of the QRP is to develop a healthy statewide portfolio supported by the right projects, developed in individual districts, and given resources provided by divisions to meet TxDOT's strategic initiatives.

Specifically, the QRP aims to ensure:

- Portfolio health - Deliver TxDOT's strategic initiatives per latest financial forecast through building the right volume and mix of projects with cleared milestones;
- Project health - Monitor progress towards clearing milestones to ensure letting projects on time; and
- Resource health - Coordinate resource budgets and future staffing needs.

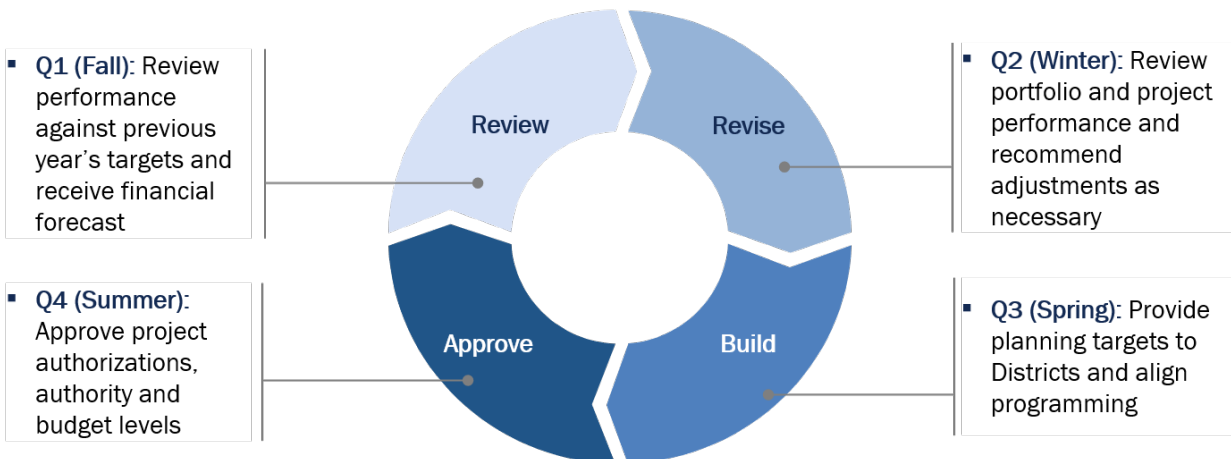


Figure 2. QRP Development Stages

The QRP process:

- facilitates the timely request and accurate planning for centralized resources;
- provides early guidance and approved strategic guidance to districts on their volume and mix of projects, enabling improved planning;
- is used to engage stakeholders, including Metropolitan Planning Organizations; and
- provides transparency to TxDOT leadership on their role and required decisions.

Statewide Transportation Improvement Program (STIP)

The 2023-2026 STIP was approved by FHWA in FY 2023.

Environmental Compliance

TxDOT is in its fourth year working under the First Renewed NEPA Assignment Memorandum of Understanding (MOU) between the FHWA and the department concerning State of Texas' participation in the Project Delivery Program pursuant to 23 U.S.C. 327, commonly known as the National Environmental Policy Act (NEPA) Assignment Program.

Classes of Actions	Fiscal Year 2022	Fiscal Year 2023
Categorical Exclusions	2,335	2,554
Environmental Assessment/FONSI	12*	13**
Environmental Impact Statement/ROD	0	4

* One of the 12 environmental assessment projects that received a FONSI in Fiscal Year 2022 was started prior to Assignment (12/16/2014).

** One of the 13 environmental assessment projects that received a FONSI in Fiscal Year 2023 was started prior to Assignment (12/16/2014).

Assigned Federal Projects	Annual Average Time Fiscal Year 2022	Annual Average Time Fiscal Year 2023	Time Savings improvement over previous fiscal year (days)
Environmental Assessment/FONSI	914 (days)	1,226 (days)	+312 (days)
Environmental Impact Statement/ROD	n/a	1,129 (days)	No data from previous fiscal year to compare

Key Assignment Metric: Key to the foundation of the Assignment Program is streamlining and shortening the environmental review and approval process for federal aid projects while assuring projects are environmentally compliant. Although the average time to complete an environmental assessment increased in Fiscal Year 2023 over Fiscal Year 2022, ENV attributes the average duration increase to a single project which started the environmental review process prior to the effective date of Assignment (December 16, 2014). The average duration for those 12 environmental assessment projects that started after the effective date of Assignment resulted in essentially the same overall average duration as the prior FY (994 in FY 2023 vs 914 in FY 2022).

Training: ENV provides training to department staff as well as local government, consultant, and other agency staff. In Fiscal Year 2023, ENV provided training to 476 persons through 26 classes (557

persons, 44 classes in Fiscal Year 2022) in the subjects of Air, Biology, Water, Noise, Hazmat, NEPA, and ECOS. Additionally, TxDOT's EMS training program trained over 10,500 in Fiscal Year 2023 (over 9,200 in Fiscal Year 2022). ENV hosted the annual Environmental Conference in September 2023, and it was attended by over 550 (compared to over 500 in Fiscal Year 2022).

Staffing: ENV has a total of 69 technical subject matter experts and 10 business operations staff who guide overall program activities and assist district personnel on federal aid projects.

Projects in Active Litigation on the Basis of NEPA Determination: The department is currently not in active litigation in any lawsuits on the basis of the NEPA determination.

Civil Rights

The Civil Rights Division (CIV) promotes inclusion, diversity, equity, and accessibility within the Texas Department of Transportation's (TxDOT) internal operations and external programs. CIV collaborates departmentwide on its initiatives and partners with various stakeholders across the state to enhance the quality of life for all.

Accessibility: Americans with Disabilities Act (ADA)

Access to civic life by people with disabilities is a fundamental goal of the ADA. TxDOT's ADA program extends beyond highway construction to all Department services and facilities. TxDOT continues to expand its ADA-related outreach activities to include local agencies, advocacy groups, and coordination with other Department civil rights programs to ensure public awareness of available ADA-related services and resources respective to region. CIV meets regularly with district and division ADA liaisons to provide training and available resources. These trainings increase awareness of the ADA requirements that apply to all Department programs and activities.

CIV has updated the Department's ADA Transition Plan, which identifies all ADA accessibility deficiencies and assists the Department with project prioritization and resource allocation to eliminate the identified deficiencies. The most recent transition plan is available online at <https://ftp.dot.state.tx.us/pub/txdot/civ/txdot-final-ada-transition-plan.pdf>.

Business and Community Engagement

CIV provides a statewide, public-facing support network for all our programs, including small and minority business engagement and workforce development. The purpose of the Business and Community Engagement (BCE) Section is to bring resources and programs to the communities. BCE attends industry-affiliated conferences, conducts resource workshops, and holds one-on-one meetings to connect with community-based organizations and small businesses to facilitate access to CIV programs and the services offered through them.

As part of our Disadvantaged Business Enterprise (DBE) Supportive Services Program, CIV sponsors attendance for DBE-certified firms at TxDOT events such as the Aviation Conference, PEPS Conference, and Environmental Conference, to support building their professional networks and gaining valuable knowledge within their industry.

Goal Setting

As a requirement of the DBE program, race-conscious goals are set on eligible projects to support the utilization of DBE-certified firms as subcontractors. Goals are set monthly for statewide lettings and as needed for other projects (e.g., Aviation, Right of Way, and Professional Engineering Procurements). Project eligibility is reviewed based on an array of factors, including funding type, project type, estimated contract amount and project size, distribution of bid items, workdays, regional demographics, concentration of available DBEs, and more.

Goal review is multi-level, originating in CIV and approved by the CIV Director, who distributes draft goals to all TxDOT District Engineers for review and comment. Changes are incorporated as needed prior to final approval. CIV then enters goals into TxDOTConnect and notifies district and division staff.

In 2019, TxDOT conducted statewide disparity studies to provide a statistical comparison of the overall availability of small businesses in Texas that can perform work for TxDOT and the overall utilization of those businesses. The study supported the Department's development of DBE utilization goals on federally funded projects. The disparity study is located at <https://ftp.dot.state.tx.us/pub/txdot/civ/txdot-disparity-study-2019.pdf>.

Nondiscrimination Programs: Title VI and Equal Employment Opportunity (EEO)

As a recipient of federal financial assistance, TxDOT must ensure that its planning, contracting, construction, maintenance, design, environmental, research, right of way, and traffic operations do not adversely impact any group based on race, color, or national origin.

TxDOT's Title VI program ensures the Department complies with Limited English Proficiency requirements to provide interpreter and translation services. CIV also reviews individual federal-aid highway construction contracts to ensure that Equal Employment Opportunity (EEO) guidelines are being followed. In both programs, CIV staff provides technical assistance, conducts reviews to determine best practices, and identifies areas that can be improved. While CIV focuses primarily on external EEO matters, the division works with the Human Resources Division on internal issues when appropriate.

Small Business Certification

CIV certifies small, minority, and disadvantaged businesses under the DBE and Small Business Enterprise (SBE) programs and recommends businesses for certification under the Historically Underutilized Business (HUB) state program. Certification through these programs gives small businesses an added opportunity to do work with TxDOT. Utilization goals are set on construction, maintenance, and professional services contracts.

Small Business Program Compliance

CIV ensures compliance with DBE and SBE program requirements by providing program implementation guidance to districts, divisions, and local governments. Although districts, divisions, and local governments provide day-to-day monitoring and assistance on projects, CIV provides oversight and assists in monitoring contracts with utilization goals as well as handling concerns from contractors. CIV is also responsible for reviewing and evaluating contractor Good Faith Efforts in the event a contractor fails to meet its utilization goal.

CIV is responsible for administering the HUB program at TxDOT. Staff provides oversight to district and division personnel who are responsible for the Department's daily procurement and contracts to ensure that all follow HUB program requirements. CIV staff reviews HUB Subcontracting Plans (HSP) that are submitted by prime contractors. These plans are reviewed to ensure that prime contractors are utilizing HUBs if they are available and able to work. The goal of this is to increase TxDOT's spending with small and minority businesses and meet the utilization goals set for the program.

Workforce Innovation

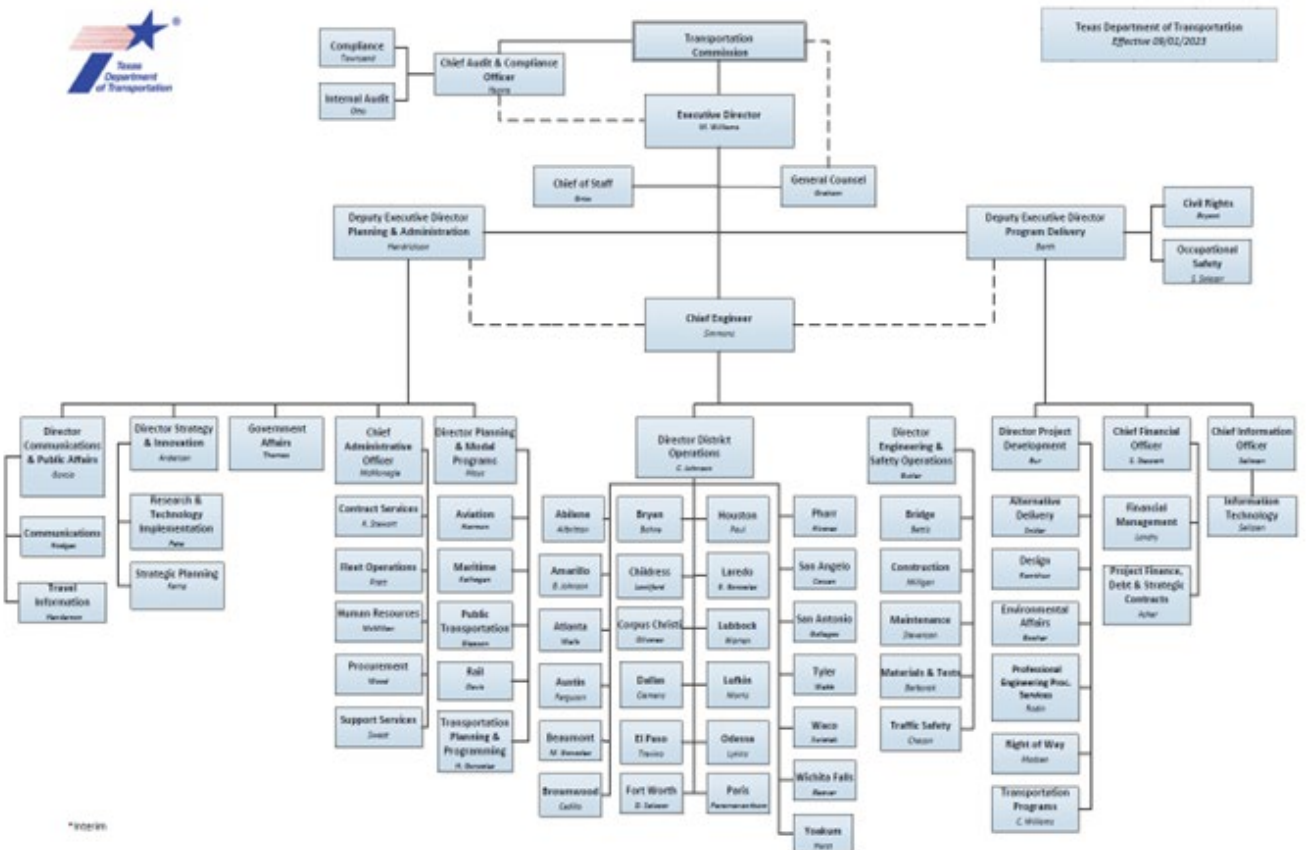
Through the On-the-Job Training (OJT) Program, Texas Construction Career Academy (TCCA), ConnectU2Jobs (CU2J), and the National Summer Transportation Institute (NSTI), CIV works with contracted agencies to equip individuals with the skills needed to gain employment for a company that does work on TxDOT projects.

- TxDOT's OJT Program aims to increase access for minority, women, and economically disadvantaged individuals through OJT training for journey-level positions in the highway construction industry. This program not only helps to ensure a competent workforce, but it also addresses the historical underrepresentation of the target participants by helping them build sustainable long-term careers in the industry.
- TCCA, the Department's OJT Supportive Services Program, provides certification for students who complete classroom and hands-on training on various construction-related topics and heavy highway equipment. TCCA also assists with job placement.
 - There were five TCCA sessions held in fiscal year 2023.
 - 75 individuals were enrolled in the program.
 - 69 participants graduated with safety and technical training certifications.
 - 37 graduates were hired post-training.
- For high school and middle school students, the NSTI program introduces a variety of transportation careers. CIV's Workforce Innovation Team works throughout the year to help bring construction-related education to schools in Texas.
 - In total, 154 students participated in the 2023 program. Students could participate in any one of seven programs across six colleges:
 - University of Texas at San Antonio
 - University of North Texas
 - University of Houston Downtown
 - Texas Southern University (in-person and virtual)
 - Texas State University (residential program)
 - San Jacinto College
- CU2J is a Highway Construction Workforce Partnership pilot program created to fill a need for a skilled highway construction workforce. The current focus of CU2J is to connect justice-involved young adults to job training, life skills coaching, and job placement. Participants also receive family supportive services such as health services, access to food pantries, and referrals for community-based childcare. To ensure success, CU2J includes a variety of partners, such as community organizations, education agencies, and industry employers. CU2J is the first step in creating a sustainable pipeline of skilled workforce for the transportation industry which is critical to maintain safe roads in Texas.

- In fiscal year 2023, the program held 3 cohorts in the Dallas area, which enrolled a total of 43 trainees. Of these trainees:
 - 79% completed the program with industry certifications.
 - 37% were offered full-time employment.
- In May, TxDOT partnered with other organizations to host its first-ever Construction Career Day in Dallas, TX.
 - 45 employers signed up to participate.
 - 202 students visited the event.

Changes or Enhancements to TxDOT's Organizational Structure

During Fiscal Year 2023, TxDOT realigned toll operations services that were absorbed primarily by existing program delivery operational divisions under the Deputy Executive Director of Program Delivery. In addition to gained efficiencies, a new organizational structure was implemented as depicted in TxDOT's organizational chart.



Changes or Enhancements to Financial Management Systems

Enhancements to TxDOT's Oracle PeopleSoft Financial Supply Chain Management System (FSCM) Application

Through TxDOT's internal application request (AR) process, TxDOT implemented enhancements to the FSCM through a total of 105 ARs during 2023.

Module	Number of ARs
Asset Management (AM)	6
Accounts Payable (AP)	8
Accounts Receivable (AR)	3
General Ledger (GL)	9
Inventory (IN)	3
Purchase Order (PO)	14
Projects (PR)	17
PeopleTools (PT)	24
Travel and Expense (TE)	21
Total	105

Enhancements to Federal Authorization Funding Obligation System (FAFOS)

FAFOS is an internal TxDOT application that serves as a platform to facilitate electronic data sharing (EDS) efforts between TxDOT and FHWA's Financial Management Information System (FMIS) 5.0. There were 3 application requests during Fiscal Year 2023. These enhancements to FAFOS during 2023 have allowed TxDOT to be compliant with FHWA, increased system effectiveness and increased communication capabilities with FMIS 5.0.

Enhancements to TxDOT Project Close-Outs with FHWA

TxDOT did not make any significant changes/enhancements to the project close-out process with FHWA in FY2023.

Responding to Quarterly Audits of Inactive Projects

TxDOT did not make any significant changes/enhancements to the process for responding to the quarterly audits of inactive projects in FY 2023.

Key Findings Related to Delivery of the FAHP from Internal, State, or Federal Audits and Any Related Action Plans to Ensure Compliance

The following audit reports and related action plans relevant to the delivery of the FAHP are available online at the locations listed below.

TxDOT Internal Audits Issued in Fiscal Year 2023

Construction Project Management - Recordkeeper Development

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/Construction_Project_Mgmt_Recordkeeper_Development_Audit_Final%20Report.pdf

Contracted Bridge Inspections - Priority Level Modification

**Restricted Distribution*

Grant Management - MPO Planning

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/Grant_Management_MPO_Planning_Audit_FinalReport.pdf

Materials Testing - Shared Lab Equipment

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/Shared_Lab_EQ_Audit_Report_Final.pdf

PEPS Rate Negotiations

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/PEPS_Rate_Negotiations_Audit_Final_Report.pdf

Right of Way Budget Management

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/Right_of_Way_Budget_Management_Audit_Final_Report.pdf

TxDOT External Audits Completed in Fiscal Year 2023

Audit of the Houston-Galveston Area Council

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/H-GAC_Final_Report_with_Responses.pdf

Audit of Lower Rio Grande Valley Development Council and Rio Grande Valley Metropolitan Planning Organization

https://ftp.dot.state.tx.us/pub/txdot-info/aud/reports/LRGVDC_RGVMPO_Audit_Report.pdf

State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2022

<https://sao.texas.gov/SAOReports/ReportNumber?id=23-315>

No relevant SAO audits in FY 2023 other than the Single Audit.

Stewardship and Oversight Indicators

This section provides performance indicator information as it pertains to the Stewardship and Oversight Agreement between the Texas Department of Transportation and the Federal Highway Administration. The FHWA will use these indicators to monitor the assumed project level actions and to track statewide trends. The FHWA may also obtain and use the source data for these indicators to conduct data analysis at the district level to determine the health of the FAHP. This data analysis and visualization will also serve as the basis for gathering information from the districts to identify areas where the FHWA can provide services and technical assistance, as appropriate.

TxDOT, in coordination with the FHWA Texas Division, updates the set of stewardship and oversight indicators included in this report every three years. We may also modify the indicators when there is an update to the S&O agreement within the three-year cycle. The following indicators are effective for the Fiscal Years 2022-2024 reporting period.

Area of Focus	Assumed (Delegated) Actions per S & O Agreement Attachment A	S&O Indicators	Federal FY 2023 Result
Structures	Provide approval of preliminary plans for unusual/complex bridges or structures (non-Interstate). [23 USC 109(a) and FHWA Policy]	Number of approved preliminary plans for unusual/complex bridge or structures.	0
		Number of significant design comments requiring resolution for an unusual/complex bridge/structure.	0
		Number of construction change orders attributed to the design of an unusual/complex bridge/structure.	0
Civil Rights	Acceptance of Bidder's Good Faith Efforts to Meet Contract Goal or of Prime Contractor's Good Faith Efforts to Find Another DBE Subcontractor When a DBE Subcontractor is Terminated or Fails to Complete Its Work. [49 CFR 26.53(g)]	Number of projects awarded utilizing Good Faith Efforts.	5
		Number of projects closed utilizing Good Faith Efforts.	59

Area of Focus	Assumed (Delegated) Actions per S & O Agreement Attachment A	Texas Stewardship & Oversight Indicators	Federal FY 2023 Result
Construction	Concur in award of contract. [23 CFR 635.114]. Approve PS&E. [23 CFR 630.201]	Percent of projects with low bid within +/- 10% engineer's estimate.	43.26%
	Approve PS&E. [23 CFR 630.201]	Percent of construction projects completed on budget (within +/- 10% of awarded amount).	78.38% (522 of 666)
		Percent of construction projects completed on time (within +/- 10% of the contract time).	67.12% (447 of 666)
	Make feasibility/practicability determination for allowing authorization of construction prior to completion of ROW clearance, utility and railroad work. [23 CFR 635.309(b)]	Number of projects with ROW/utility delay based on the Ready to Let Definition.	ROW only = 11 (2 req. CMP); Utility only = 123 (32 req. CMP); Both = 30 (25 req. MP)
	Concur in award of contract/rejection of all bids. [23 CFR 635.114]	Average number of bidders per small, medium, and large projects. (Small - Below \$15M; Medium in Between, Large - \$50M and Above)	Small - 3.74 Medium - 3.13 Large - 3.78
	Concur in settlement of contract claims. [23 CFR 635.124]	Number of contracts using Federal funds for settlement of contract claims.	0

Area of Focus	Assumed (Delegated) Actions per S & O Agreement Attachment A	Texas Stewardship & Oversight Indicators	Federal FY 2023 Result
Construction	Approve cost-effectiveness determinations for construction work performed by force account or by contract awarded by other than competitive bidding. [23 CFR 635.104 & 635.204]	Number of Federal-aid projects by force account or by contract awarded by other than competitive bidding.	0
Design	Approve Changes and Extra work. [23 CFR 635.120] Approve PS&E. [23 CFR 630.201]	Percent of change orders resulting in increased cost due to design errors.	31.74%
	Approve utility and railroad agreements [23 CFR 645.113 & 646.216]	Number of projects with railroad agreement not executed, work during construction certificates.	11 out of 228 (4.8%)
	Approve exceptions to design standards. (Interstate). [23 CFR 625.3(f)]	Number of Design Exceptions processed by TxDOT on the Interstate.	7
Emergency Relief	Approve emergency determinations for contracts awarded by other than competitive bidding. [23 CFR 635.104. & 204]	Number of Emergency Determinations (TxDOT's Certification of Emergency) approved per event.	0
		Number of Emergency Determinations (TxDOT's Certification of Emergency) per event that was Let 3 months after the event.	0

Area of Focus	Assumed (Delegated) Actions per S & O Agreement Attachment A	Texas Stewardship & Oversight Indicators	Federal FY 2023 Result
Right-of-Way	Ensure compliant ROW certificate is in place. [23 CFR 635.309.309 (c)]	Percent of projects with conditional ROW certifications.	164 out of 953 (17.2%)
	Approve disposal at fair market value of federally funded right-of-way, including disposals of access control [23 CFR 1.23(c)]	Number of Disposals approved. (Non-Interstate)	42
	Approve non-highway use and occupancy [23 CFR 637.207]	Number of ROW use agreements approved. (Non-Interstate)	34
Pavements and Materials	Accept materials certification. [23 CFR 637.207]	Number and percentage of final accepted Federal-aid construction projects lacking a Materials Certification Letter.	1 of 548 projects (0.2%)
		Percentage of Materials Certification Letters with no exceptions to the plans and specifications.	71%

Area of Focus	Assumed (Delegated) Actions per S & O Agreement Attachment A	Texas Stewardship & Oversight Indicators	Federal FY 2023 Result
Utility	Approve utility and railroad agreements. [23 CFR 645.113 & 645.119]	Number of TxDOT reviews on utility projects (with executed utility agreements).	355
	Approve utility and railroad agreements. [23 CFR 645.113 & 645.119]	Percent of projects in compliance with Buy America requirements.	100%
Environment	All CE, EA/FONSI, EIS/ROD, 4(f). 106, 6(f), and other approval actions required by Federal environmental laws and regulations included in the FHWA-TX 327 NEPA Assignment MOU	Average number of days of time savings/efficiency of TxDOT issuing NEPA approvals (CE, EA, EIS) from the prior year.	EA: +312 days from prior year EIS: No data from previous fiscal year to compare