

# Right of Way Process Review

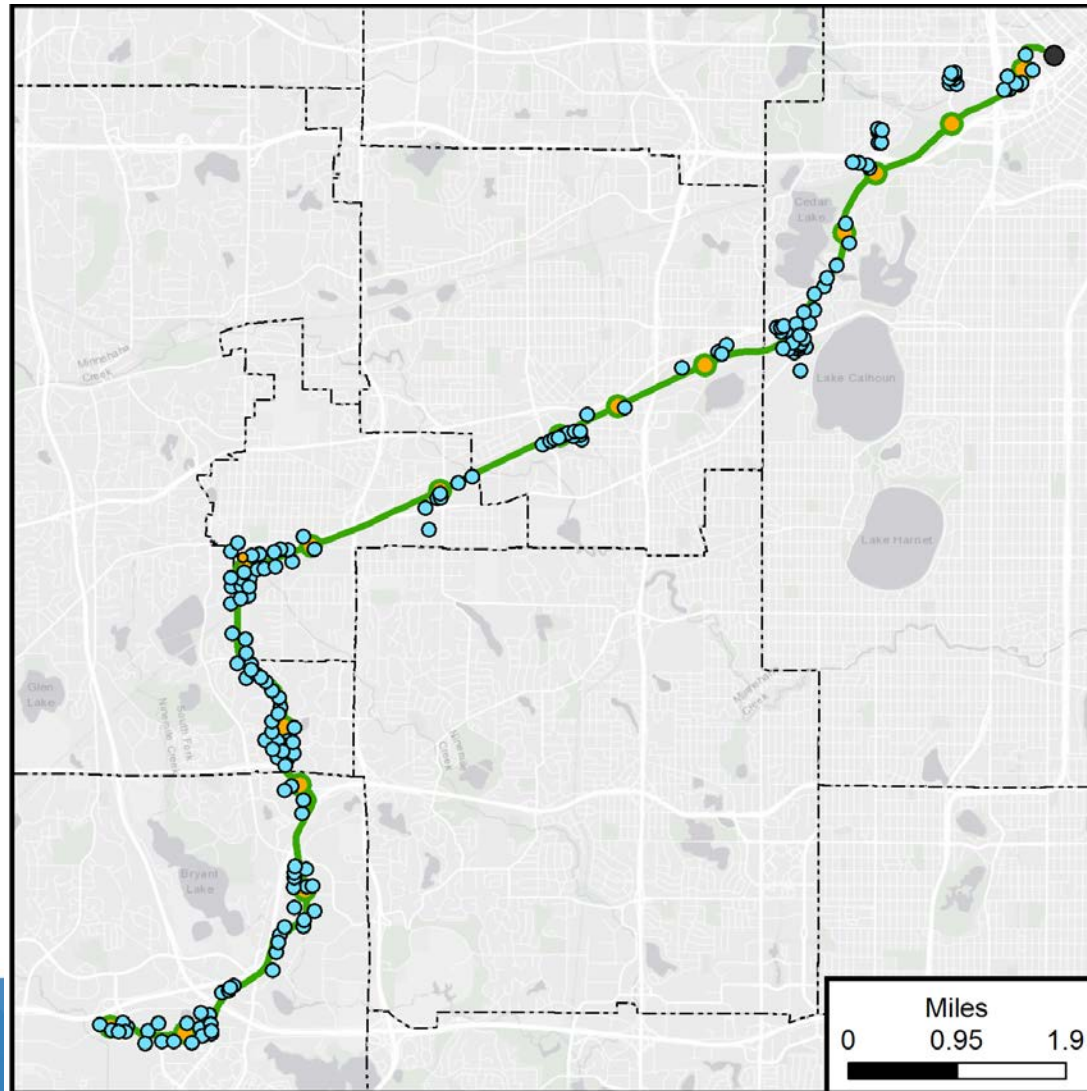
Southwest LRT

February 5, 2019

Audit Committee



# INTRODUCTION



# Purpose, Scope, Methodology

Evaluate the internal control, compliance, and efficiency of the Transit System Development unit's adherence federal and state regulation and Council policy and procedures for Right-of-Way (ROW) acquisition.

Our work focused on property acquisition for the Southwest Light Rail (SWLRT) project.

We interviewed staff; reviewed plans and relevant guidelines; and analyzed a sample of parcel acquisitions.

# Thrive MSP 2040

Accountability, Integration, and Collaboration

# SWLRT's ROW Unit Strengths

- Followed Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs.
- Requested appropriate and timely Federal Transit Administration concurrence for offers and settlements over \$100,000 the initial offer or negotiation.
- Acknowledged and improved upon process and coordination inefficiencies.

# Observation: Roles and Responsibilities

- Lack of internal process guidance between project office staff, other Council units, and external agencies on how to coordinate ROW activities.
- Work procedures do not provide sufficiently detailed work requirements for ROW staff.

# SWLRT General Observation

- ROW acquisition requires successful integration of activities across multiple agencies; 5 Council departments and dozens of consultants.
- Details about internal roles, responsibilities and procedures not sufficiently defined, assigned or documented.

# SWLRT Lesson Learned

Early in a project involving acquisition of property, relocation or management of property, Project Manager should meet with Real Estate Office, Procurement and Legal to develop plan for right of way and relocation activities including lead, roles and responsibilities and staff or contract needs.



# Observation: Master Contract Management

The development, execution, and monitoring of work orders for master contracts could be improved.

- Competitive process to award work to appraisers not adequately documented.
- Staff sometimes create Independent Cost Estimate *after* an appraiser's price proposal is received.
- Appraisers complete work prior to having executed work order.

# Observation: Master Contract Management

- Invoicing practices are sometimes inconsistent with contractual requirements.
- Oversight practices and supporting documentation could be improved.

# Considerations: Master Contract Management

**Consideration 1:** Individual departments should consider purpose and need for master contracts and work with procurement to understand alternatives.

**Consideration 2:** Improve Council-wide guidance and training on master contracting procedures to ensure that adequate criteria for vendor selection is included in master contracts.

# Considerations: Master Contract Management

**Consideration 3:** The internal controls—including invoice review practices and supervisory review—should be improved.

# SWLRT Lessons Learned: Master Contracts

- Require Project Managers to be Council staff and trained on contract management and work orders.
- Clearly outline work order and invoicing approach in contract and apply consistently to all selected contractors.
- Require proposers to provide detailed hourly rates by task and include as attachment to contract.
- Ensure proper documentation for work orders including request for proposals, proposals and selection process.

# Observations: Property Acquisitions

- Council-wide procedure for management of acquired properties should be well defined.
- Processes and requirements for future acquisitions should be reviewed by both project staff and the Council REO.

# Considerations: Property Acquisitions

**Consideration 1:** The Council Real Estate policy and procedure should be updated to incorporate what actions are appropriate, fair, and beneficial to the Council as it relates to owners and tenants temporarily or indefinitely using Council-owned property.

**Consideration 2:** Council staff involved with ROW activities should have adequate real estate expertise to monitor and manage property acquisitions.

# SWLRT Lessons Learned: Acquisitions

Update Council Real Estate policy and procedure to incorporate guidance on what actions are appropriate, fair, and beneficial to the Council as it relates to owners and tenants using Council-owned property.



# Next Steps for Audit

Audit staff will brief relevant departments on observations and considerations and follow-up on considerations and remedial actions in 6 months or as applicable.

# Metro Transit ROW

Project	Phase	Potential or Actual Acquisitions
Green Line Ext.	Construction	153
Blue Line Ext.	Engineering 90%	334
Orange Line	Construction	9
Gold Line	Engineering 15% complete	250
B-Line (Lake/Marshall)	Preliminary Planning	-
C-Line (Penn)	Finishing Major Construction	25
D-Line (Chicago/Fremont)	Preliminary Planning	50-75
E-Line (Hennepin)	Preliminary Planning	-