

Risk Assessment – An FTA Update

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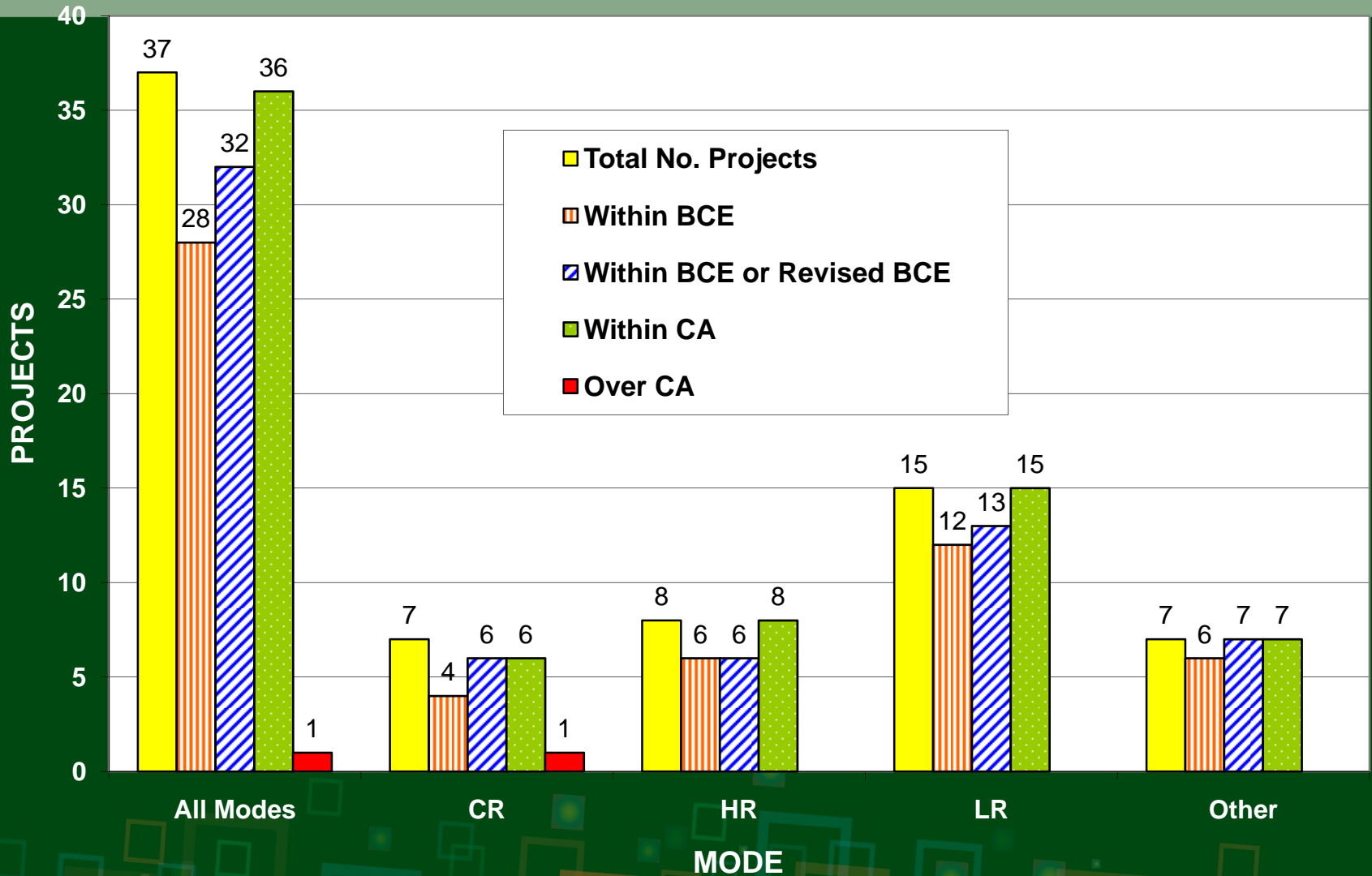
Discussion Topics

- Risk Assessment Objectives
- Results To Date/Lessons Learned
- Risk Streamlining Efforts

Objectives

- FTA uses a “risk-informed” project management process
- FTA’s risk assessment tool is not a project rating tool
- FTA’s aim is to have grantees manage risk better and deliver each project within budget and on schedule

Completed Major Capital Projects (June 2003 - May 2011)



Risk Assessment Tool

- We now have a reliable mathematical model
- The current risk assessment process allows FTA to forecast risk years in advance
- The risk process gives policy makers within the grantee's organization the ability to force resolution of project issues

Results Since 2009

- Portland south Light rail- opened 9/4/2009
- Minneapolis North Star Commuter rail- opened 11/16/2009
- Los Angeles Eastside Light rail-opened 11/14/2009
- Chicago Ravenswood Heavy rail- opened 12/31/2009
- Dallas Northwest/Southeast Light rail- opened 12/7/2010

Lessons Learned

- Grantees must pay closer attention to escalation rates and YOY calculations
- Contract terms and conditions have a strong influence on contracting pricing
- FTA's Grantee technical capacity and capability review should closely examine how grantee's staff will oversee its consultants
- Risk mitigation – lots of room for improvement

Risk Streamlining

- No pre-Preliminary Engineering Risk Assessments by FTA; grantees conduct their own in accordance with FTA approved plan
- Before Final Design, FTA will establish a 3-tiered system based on complexity of project, track record of the grantee, and the overall amount of NS funds

Risk Streamlining

- Track 1: Simpler, lower cost projects, experienced grantee – grantee conducts its own review based on approved plans
- Track 2: More complex projects, less experienced grantees – FTA will do a “modified cost range” analysis
- Track 3: Complex projects, new grantee, more than \$1B in NS – FTA does robust risk review

Risk Streamlining

- In any case, we would make sure that the Risk Assessment is scheduled well in advance of expected Final Design approval
- Before FFGA, FTA would no longer do a risk refresh unless the project scope changed significantly during Final Design
- We expect these changes could save as much as 6 months