



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee members  
From: Daniel Dickerson, Fiscal Analyst  
Date: May 19, 2016  
Subject: Grant Request #2821, #2822

Enclosed please find two (2) items that the Joint Fiscal Office has received from the administration.

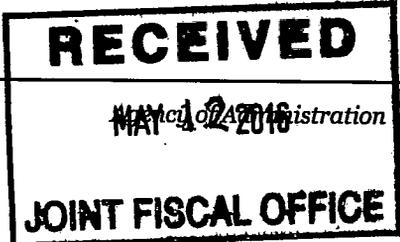
**JFO #2821** – \$250,000 grant from the Nellie Mae Foundation to the VT Agency of Education. The funds will be used by the Agency to implement Education Quality Review (EQR) pilot programs and develop frameworks for representing EQR data and mapping EQR to the State's continuous improvement program (CIP). The Agency will also use State matching funds of approximately \$664,000, which were previously budgeted for this purpose.  
*[JFO received 5/9/16]*

**JFO #2822** – \$1,000,000 grant from the Federal Highway Administration (FHWA) to the VT Agency of Transportation (AOT). The funds are part of the FHWA Accelerated Innovation Deployment (AID) demonstration grant program and will allow AOT to use Business Process Management (BPM) systems to optimize a right-of-way acquisition on a roadway project spanning the towns of Pittsford and Brandon. AOT will use budgeted program development funds of \$251,000 as a match for this project.  
*[JFO received 5/12/16]*

Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; [ddickerson@leg.state.vt.us](mailto:ddickerson@leg.state.vt.us)) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by May 31, 2016 we will assume that you agree to consider as final the Governor's acceptance of these requests.



JFO 2822



State of Vermont  
Department of Finance & Management  
109 State Street, Pavilion Building  
Montpelier, VT 05620-0401

[phone] 802-828-2376  
[fax] 802-828-2428

STATE OF VERMONT  
FINANCE & MANAGEMENT GRANT REVIEW FORM

**Grant Summary:** Grant will allow use of Business Process Management to optimize the right-of-way acquisition process on a large roadway project in Pittsford and Brandon VT.

**Date:** 5/3/2016

**Department:** AOT - Program Development 8100001100

**Legal Title of Grant:** VT - FY15 Accelerated Innovation Deployment (AID) Demonstration

**Federal Catalog #:** 20.200

**Grant/Donor Name and Address:** US Dept of Transportation, FHWA, 1200 New Jersey Ave., S.E., Washington, D.C. 20590

**Grant Period:** From: 3/2/2015 To: 3/3/2017

**Grant/Donation:** \$1,000,000

	SFY 1	SFY 2	SFY 3	Total	Comments
<b>Grant Amount:</b>	\$600,000	\$400,000	\$	\$1,000,000	

Position Information:	# Positions	Explanation/Comments

**Additional Comments:** Match of \$251K is included in the FY 2017 Program Development appropriation. No additional spending authority is needed for the federal funds; this grant award was anticipated in AOT's budget.

*Q. 5/3/16*

Department of Finance & Management	<i>B7+</i>	(Initial)
Secretary of Administration	<i>Re</i>	(Initial)
Sent To Joint Fiscal Office		Date <i>5/11/16</i>



**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

<b>1. Agency:</b>	Vermont Agency of Transportation		
<b>2. Department:</b>	Program Development		
<b>3. Program:</b>	Administration		
<b>4. Legal Title of Grant:</b>	VT - FY15 Accelerated Innovation Deployment (AID) Demonstration		
<b>5. Federal Catalog #:</b>	20.200		
<b>6. Grant/Donor Name and Address:</b>	U.S. Department of Transportation Federal Highway Administration 1200 New Jersey Ave., S.E. Washington, DC 20590		
<b>7. Grant Period:</b>	<b>From:</b>	3/2/2015	<b>To:</b> 03/03/2017
<b>8. Purpose of Grant:</b>	Grant will allow use of Business Process Management (BPM) systems to optimize the right-of-way (ROW) acquisition process on a large roadway project that spans the towns of Pittsford and Brandon, Vermont.		
<b>9. Impact on existing program if grant is not Accepted:</b>	This discretionary funding replaces available formula funds.		

	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 17	FY 18	FY	
Personal Services	\$	\$	\$	
Operating Expenses	\$	\$	\$	
Grants	\$	\$	\$	
<b>Total</b>	\$	\$	\$	
Revenues:				
State Funds:	\$150,000	\$101,000	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$600,000	\$400,000	\$	
(Direct Costs)	\$	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:	\$	\$	\$	
Grant (source )	\$	\$	\$	
<b>Total</b>	\$750,000	\$501,000	\$	

<b>Appropriation No:</b>		<b>Amount:</b>	\$0
			\$
			\$
			\$
			\$

APR 29 2016

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

			\$
			\$
		<b>Total</b>	\$

**Has current fiscal year budget detail been entered into Vantage?**  Yes  No

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: \_\_\_\_\_ Agreed by: \_\_\_\_\_ (initial)

12. Limited Service Position Information:	# Positions	Title
<b>Total Positions</b>		

**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: <i>Chris Cochran</i>	Date: <i>4/26/16</i>
	Title: <i>Secretary</i>	
	Signature: _____	Date: _____
	Title: _____	

Approved: \_\_\_\_\_ (Secretary or designee signature) \_\_\_\_\_ Date: *05/05/16*

Check One Box: Accepted

Rejected (Governor's signature) \_\_\_\_\_ Date: *5/10/16*

**Required GRANT Documentation**

- |                                                                 |                                                                   |
|-----------------------------------------------------------------|-------------------------------------------------------------------|
| <input type="checkbox"/> Request Memo                           | <input type="checkbox"/> Notice of Donation (if any)              |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input type="checkbox"/> Notice of Award                        | <input type="checkbox"/> Request for Extension (if applicable)    |
| <input type="checkbox"/> Grant Agreement                        | <input type="checkbox"/> Form AA-1PN attached (if applicable)     |
| <input type="checkbox"/> Grant Budget                           |                                                                   |

(\*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).



# Memorandum

Subject: **ACTION:** VT – FY15 Accelerated  
Innovation Deployment (AID) Demonstration

Date: March 21, 2016

From: Ewa Flom */original signed by/*  
Program Manager  
Center for Accelerating Innovation

Reply to  
Attn. of: CAI

To: Matthew Hake  
Division Administrator  
Montpelier, VT

The Center for Accelerating Innovation (CAI) is pleased to inform you that the Vermont Agency of Transportation (VTrans) was selected as a recipient of an AID Demonstration grant to use Business Process Management (BPM) systems to optimize the right-of-way (ROW) acquisition process on a large roadway project that spans the towns of Pittsford and Brandon. Additional information regarding the AID Demonstration program can be found at: [www.fhwa.dot.gov/accelerating/grants](http://www.fhwa.dot.gov/accelerating/grants).

This memorandum authorizes the Vermont Division to obligate FY 2015 funding from program code M37A (Delphi Code 15X0445060) up to the allocated amount of \$1,000,000. The AID Demonstration funding includes a 100 percent obligation limitation. This allocation and the accompanying obligation authority are available only for the specific project listed above and must be obligated to the project within six months of the date of this memorandum.

By copy of this memorandum, we request that the Finance Division - FMIS Team of the Office of the Chief Financial Officer process this allocation.

CFDA #: 20.200

cc: FMIS Team  
Lawrence Dwyer  
Matthew DiGiovanni  
Peter Mancauskas  
Maggie Duncan-Augustt  
Tom Harman  
Mary Huie  
Laverne Hicks

**Standard Questions for AA-1 Grant Approval**

1. Are there any state matching requirements or contributions?

Yes.

- Transportation Funds: \$251,000 is budgeted in the FY17 Program Development appropriation.

2. Is the State already performing the function for which the funds are intended?

Yes.

3. After the term of the grant expires, what is the intent for the underlying activity? Does the grant funded activity cease to exist? Will the state be asked to assume financial responsibility?

- VTrans will continue to benefit after this project is completed as the estimated time a project spends in the acquisition process is estimated to be reduced by 50% within five years of full implementation.

4. What are the measurements that are going to be used to evaluate the effectiveness of the expenditure?

- The project goal is to achieve a 20% savings in time spent in the right of way stage in the first year, increasing to 35% by year 2, and 50% by year 5.

5. How will the grant funds be expended? What is the budget for the grant funds, including all funding sources, for the duration of the grant?

- Transportation Funds = \$251,000
- AID Demonstration Funds = \$1,000,000

Budget Line Item	Cost
Phase 1 – Plot Existing ROW and Plans & Title Prep.	\$ 357,000
Phase 2 – Legal Document Preparation (includes plan QC)	\$ 127,000
Phase 3 – Appraisal and Appraisal Review	\$ 359,000
Phase 4 – Waiver Valuation Est. and Negotiations	\$ 408,000
<b>Total Project Costs</b>	<b>\$ 1,251,000</b>

6. What entities are collaborating on this grant; departments, community organizations?

- This project will be undertaken by VTrans’ Right of Way Section (Highway Division), the Information Technology Section (Finance & Administration Division) and the Vermont Division of FHWA.

7. What is the intended staffing level for the grant funded activity?

- Costs for AOT internal staff that will participate in this project are not considered part of this project as they are already in the agency budget. AOT plans to procure consultant staff for the project and those costs are reflected in the budget table (above).

**Implementation of Business Process Management Systems to Accelerate Construction  
Delivery and Improve Customer Satisfaction  
Accelerated Innovation Deployment (AID) Demonstration Grant Application**

**I. Project Abstract**

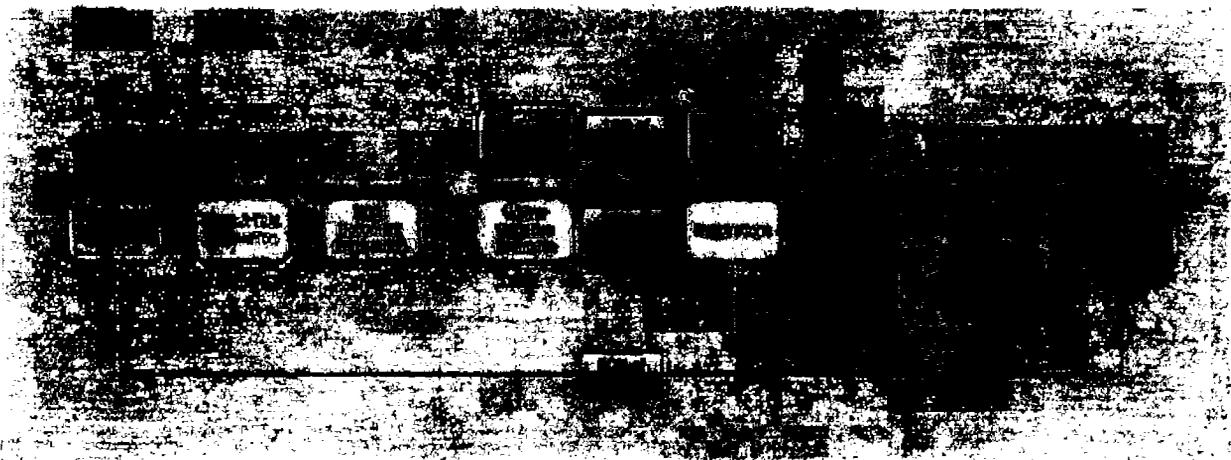
The Vermont Agency of Transportation (VTrans) is implementing Business Process Management (BPM) systems to accelerate project delivery and improve customer satisfaction. Currently working on the right of way (ROW) acquisition process, a time consuming portion of the project development process, VTrans will document the complex ROW acquisition process and use innovative tools and technologies to optimize the business processes. This will help to automate routine activities, identify and reduce unused time and track key performance data to report on. This is estimated to reduce the time a project spends in the acquisition process by 50% within five years of full implementation.

This stand-alone project addresses Every Day Counts (EDC-3 2015-2016) *"Efficiency through technology and collaboration"* and the Technology and Innovation Deployment Program's (TIDP) goal #2, "Leadership and incentives to demonstrate and promote state-of-the-art technologies." This also helps to meet TIDP goal #5, "Develop and deploy new tools, techniques, and practices to accelerate the adoption of innovation in all aspects of highway transportation" by creating a system that allows

**II. Project Description**

Problem Statement

The ROW acquisition process is on the critical path of the core Project Delivery process that VTrans utilizes to design and construct transportation assets. The ROW sub process begins during preliminary plan development and ends when the ROW clearance certificate is issued. And while its primary output is the ROW plans and clearance certificate, many other critical documents are created along the process. The ROW acquisition process is made up of ten sub processes as shown in the diagram below. This project will focus on eight of the ten sub processes and will not focus on Relocation Assistance and Condemnation.



## Project and Objectives

This project seeks to increase the performance of the ROW acquisition process by documenting each sub process and identifying key milestones, decision points and triggers based on the project development process, state policy as well as state and federal law. The documented sub processes will be automated by including them into a BPM system. The system will track and document the sub process down to the parcel level.

Specifically, VTrans aims to achieve a 50% time savings in the ROW acquisition process. This increase in efficiency will be measured against current baseline length of days for individual project types (roadways; town, state and interstate bridges) per sub process type (plot existing, plans and titles, appraisals, waivers, and negotiations) as well as overall performance.

The scope of work includes the following activities.

1. The purchase of Software as a Service (SaaS) subscription licenses for an entirely web-based, integrated BPM system.
2. BPM system technical services to:
  - Document right of way acquisition process up to and including right of way certification.
  - Perform process improvement reviews to integrate sub processes.
  - Analyze improvement opportunities; identify, gather, clarify and validate with project participants all process requirements needed for the design, development, and deployment of refined processes.
  - Identify and develop meaningful baseline (performance) metrics and measures of the processes to be improved.
  - Design, automate and implement electronic forms and documents.
  - Utilize task, document, and content management functionality to automate tasks.
  - Design and develop process performance analytics e.g. reports, dashboards, etc.
3. BPM system training:
  - For end-users, management, and executive staff members

## Innovation and Documented Benefits

VTrans' earliest efforts to improve processes began in 2007 by producing a BPM process improvement methodology. This resulted in a 25% efficiency gain (decreasing the 17.4 month average length of time a contract close-out required to 12.9 months. Thereafter, a Pilot project then built on that success to deliver a fully automated process in a BPM system in late 2014. The focus of the Pilot was on automating the Construction Contracting Finals process. Early results indicate greater than 50% efficiency over the initial 17.4 month time cycle will be achieved by year-end 2015.

## Current Organizational Institutional Experience with the Innovation

BPM system planning has been ongoing at VTrans since 2007. In 2008 a Business Process Management Committee (BPMC) was formed and charged with sponsoring improvement projects throughout VTrans. The Committee's primary objective is to translate the Agency's strategic goals pertaining to safety, excellence, planning, and preservation into tangible operational and managerial improvements through the employment of BPM system. These efforts resulted in the successful implementation of the 'Finals' pilot.

### Significant Improvement to Conventional Practice

This project represents a significant improvement to conventional work activities, which currently focus more on executing procedures rather than over process performance. Presently, hundreds if not thousands of manual steps are required before a project can complete the ROW phase without any way to manage the overall process performance through continuous improvement. It is within the framework of process management which enables the innovation of continuous improvement. Iteratively, new ideas to optimize the process will be enabled by both the management discipline and the technology. This two pronged approach will significantly improve ROW directly and hence, the overall project delivery process which delivers the valuable transportation assets.

### **III. Innovation Performance**

The measure that will be used to determine success in achieving goals is the numbers of days each project is in the right of way phase. VTrans will monitor each project entering and exiting the right of way phase to monitor progress and measure performance. Quarterly progress reports will be completed to determine progress towards goals and performance measures, and will be used to set baselines, goals, measures and continually assess performance. The system will be fully auditable and document acceptance criteria as well as manage documents. FHWA will be able to access the system with a future goal of automating FHWA approvals through the system.

### Performance Goals and Measures

The project goal is to achieve a 20% savings in time spent in the right of way stage in the first year, increasing to 35% by year 2, and 50% by year 5. The impact of these savings will result in thousands of person hours saved and hundreds of thousands of dollars saved annually. This will allow VTrans to refocus these savings onto additional projects and deliver more, much needed infrastructure projects, on an annual basis.

### **IV. Applicant Information and Coordination with Other Entities**

#### Project Contacts:

June Burr, Business Process Manager  
Vermont Agency of Transportation  
1 National Life Drive  
Montpelier, VT 05633  
Phone: (802) 828-0688  
[June.Burr@vermont.gov](mailto:June.Burr@vermont.gov)

Robert M White, Right of Way Chief  
Vermont Agency of Transportation  
One National Life Drive  
Montpelier, VT 05633-5001  
Phone: 802-828-2619  
[rob.white@vermont.gov](mailto:rob.white@vermont.gov)

This project will be undertaken jointly by VTran's Right of Way Section (Highway Division) and the Information Technology Section (Finance & Administration Division).

**V. Funding Request**

VTrans is requesting \$1 million in AID Demonstration funds. The State will provide \$251,000 in matching funds for a total project cost of \$1.25 million. Cost-estimates were developed by agency staff and validated by an independent review of the project. The chart below shows a simplified cost break down. A more detailed cost break down and break even analysis is attached.

The BPM system solution is a SaaS platform that in itself has minimal one-time costs to acquire. The majority of acquisition costs for the SaaS solution are derived from the developmental costs of external vendors used to configure the AOT processes into the BPM system. License fees are charged on a quarterly basis and support the instances of the BPM system SaaS, and the user licenses needed to access the system.

Costs for AOT internal staff that participated in the Pilot project as well as the costs for staff that will participate in the ROW project are not considered as part of this project as they are already in the agency budget. AOT plans to procure consultant staff for the project and those costs are reflected in the budget table.

Budget Item	Cost
Phase 1 – Plot Existing ROW and Plans & Title Prep.	\$ 357,000
Phase 2 – Legal Document Preparation (includes plan QC)	\$ 127,000
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<b>Total Project Costs</b>	<b>\$ 1,251,000</b>

**VI. Eligibility and Selection Criteria**

VTrans is a State Department of Transportation and thus an eligible entity according to Section III of the NOFA. VTrans has not received AID funding for this project. VTrans did receive a FY 2014 for a project entitled "Tri-State Advanced Transportation Management System and Traveler Information System"

The project is eligible under 23 USC. The project is ready to initiate immediately and can proceed to obligation.

This project addresses the following Every Day Counts (EDC) and Technology and Innovation Deployment Program (TIDP) goals:

- EDC-3 (2015-2016) *"Efficiency through technology and collaboration"*
- TIDP goal: "Provide leadership and incentives to demonstrate and promote state-of-the-art technologies, elevated performance standards, and new business practices in highway construction processes that result in improved safety, faster construction, reduced congestion from construction, and improved quality and user satisfaction."

The project is a proven real-world application with documented benefits. While not routinely used by the agency, VTrans undertook a pilot project using this innovation. Tackling the issue of delays

in the 'Finals' process, the agency was able to reduce processing times by 25% and increase customer service satisfaction (contractors, agency staff, etc.).

Upon its completion, the project is anticipated to result in a 20% savings in time spent in the right of way stage in year 1, increasing to 35% by year 2, and 55% by year 5 (see attached report).

**Additional Attachments**      No    Yes (PDF files identified by Applicant and Project Title)