

SMART SCALE AT-RISK PROJECTS BRIEFING

Commonwealth Transportation Board

 Commissioner Stephen C. Brich, P.E.

October 29, 2018

CTB Policy

- **If an estimate increases prior to project advertisement or contract award that exceeds the following thresholds, and the applicant is not covering the increased cost with other funds, Board action is required to approve the budget increase:**
 - **i. Total Cost Estimate <\$5 million: 20% increase in funding requested**
 - **ii. Total Cost Estimate \$5 million to \$10 million: \$1 million or greater increase in funding requested**
 - **iii. Total Cost Estimate > \$10 million: 10% increase in funding requested; \$5 million maximum increase in funding requested**

CTB Cost Overrun Policy

- **Information to consider**
 - Revised SMART SCALE score
 - List of any projects in the district that were funded with a lower score
 - Revised recommended funding scenario based on the project's new score, including a list of projects that would have either (i) been funded or (ii) not been funded due to the changes in the project's score and any other information considered when selecting the project for funding
 - Amount of unprogrammed and deallocated High Priority Projects Program and Construction District Grant Program funds available
 - Expenditures to date
 - List of other SMART SCALE projects known to be at-risk for a budget increase
 - Other information deemed appropriate for the Board's consideration

New Validation Policies for Round 3

- **Ensure District and Central Office Subject Matter Experts are engaged during validation**
- **Use risk checklist during validation**
- **Additional Central Office L&D Estimate Validation**
 - **Application requests of greater \$50M in SMART SCALE funds**
 - Estimate reviewed & certified by State L&D Engineer (~ 30 Applications)
 - **Thorough review of Preliminary Engineering, Right of Way and Construction estimates of all projects that have a Construction Estimate greater than \$10M (Tier 2) and have one or more of the following risks:**
 - Environmental
 - Right of Way
 - Design and Construction

SMART SCALE At-Risk Project Definition

- **Any SMART SCALE project with a potential SMART SCALE budget increase that meets or exceeds the thresholds established by the Board after scoping is complete**
- **Any SMART SCALE project with a scope change that results in a revised score less than the lowest ranked funded project in the district for that cohort of projects**

SMART SCALE At-Risk Project Identification

- **Project schedule and budgets reviewed monthly**
- **Follow Re-evaluation Process if changes are requested**
 - **Project scope must be reviewed to identify opportunities to remain within the original budget while maintaining substantially the same project benefits**
- **Districts, CO L&D, and IID work together to identify at-risk projects. Of those identified, some:**
 - **Are recoverable (still at an early stage of development)**
 - **Have increases covered by the applicant**
 - **Will require CTB action to cover increase**
- **VDOT Executive Team review of at-risk projects**
- **Quarterly briefings to CTB**

October Status

310 projects have been selected for funding in Rounds 1 & 2

93% of SMART SCALE projects are currently on or under budget

Number of Projects	Percentage of Total	SMART SCALE Budget Status
2	0.7%	Budget increase approved by CTB
31	10.0%	Released budget surplus at award
4	1.3%	Budget increase within threshold at award
14	4.8%	Potential budget issue above threshold

October Status (continued)

- **14 highway projects with a potential budget increase above thresholds**
 - 6 projects will be monitored as they are early in development and are likely to be recoverable (none have completed scoping)
 - 4 projects will be reviewed for opportunities to bring the budget in line with available funding and brief the CTB in December, if necessary (all have completed scoping or are about to close scoping)
 - 1 project will be briefed to the CTB, but additional coordination with the locality is warranted prior to CTB action
 - 3 projects require CTB action to continue to advance on schedule

Current Unprogrammed and Surplus Balances

District	Unprogrammed	Surplus	Total
Bristol DGP	\$0.00M	\$4.65M	\$4.65M
Culpeper DGP	\$0.45M	\$0.13M	\$0.58M
Fredericksburg DGP	\$3.18M	\$0.01M	\$3.19M
Hampton Roads DGP	\$11.03M	\$3.80M	\$14.83M
Lynchburg DGP	\$0.74M	\$0.74M	\$1.48M
NOVA DGP	\$0.00M	\$0.24M	\$0.24M
Richmond DGP	\$2.21M	\$0.00M	\$2.21M
Salem DGP	\$0.00M	\$0.69M	\$0.69M
Staunton DGP	\$0.00M	\$0.02M	\$0.02M
Statewide HPP	\$0.00M	\$25.7M	\$25.7M
Total	\$17.61M	\$35.98M	\$53.59M

*Balances as of October 2018

Project Briefing

- **Northern Virginia - Government Center Pkwy Extension (UPC 109299) in Fairfax City**

NOVA: Government Center Pkwy Extension (UPC 109299)

- Project submitted by Fairfax City in Round 1
- RW and utilities underestimated
- Project is locally administered and in PE at preliminary field inspection
- Potential budget increase of \$1.9M
- Additional coordination with locality is warranted prior to CTB action
- Options to address
 - Require locality to fund
 - Increase SMART SCALE budget
 - Cancel
- Next Steps
 - Work with city to value engineer to realign scope with budget
 - Work with city to identify options to cover shortfall
 - Update CTB in December

	Original Application
Total \$	\$3.14M
SMART SCALE \$	\$3.14M (DGP)
Score	13.47
Funding Scenario	8/19
Expended as of 10/22/18	\$104,907

Projects for CTB Action

- **3 projects require CTB action on a budget increase in order to avoid additional schedule delays**
 - **I-81 Exit 17 Interchange Modification (UPC 109419) in Bristol (in RW)**
 - **Laskin Road Widening (UPC 12546) in Hampton Roads (in RW)**
 - **Laskin Road Phase 1-A (UPC 111711) in Hampton Roads (ready to start RW)**
- **Potential CTB actions include**
 - **Approve/reject a SMART SCALE budget increase up to a specified cap**
 - **Approve/reject a scope change**
 - **Cancellation of project**

BRISTOL: I-81 Exit 17 Interchange Modifications (UPC 109419)

- **Project submitted by Town of Abingdon in Round 1**
- **RW estimate has increased**
- **Project is VDOT administered and authorized for RW total takes**
- **Recommended CTB action**
 - + \$4.6M from DGP surplus balance entry
 - + \$3M from anticipated surplus on I-81 Exit 19 (UPC 109440)
 - + \$3M from HPP surplus balance entry

 - \$10.6 SMART SCALE budget increase
- **Additional options**
 - Balance from DGP Round 3
 - Cancel Town of Abingdon UPC 110794 Rt 11/140 Int Imp and UPC 110793 Rt 11/19 Int Imp for a total of \$2.817M in DGP
 - Cancel project

	Original Application	Current
Total \$	\$21.2M	\$31.8M
SMART SCALE \$	\$21.2M (\$12.3 DGP+\$8.9M HPP)	\$31.8M (increase of \$10.6M)
Score	1.48	0.99
Funding Scenario	10/10	Drops 5 spots below lowest ranked funded project; would have funded Climbing Lane I77 NB to Exit 32 in Wythe County for SS\$10.57M leaving an additional \$10.6M HPP available for Step 4
Expenditures as of 10/22/18		\$1,306,153

HAMPTON ROADS: Laskin Rd Projects

- **Laskin Rd Widening project submitted by the City of Virginia Beach in Round 1**
 - Project is an old legacy project that first began PE in 1993
 - SMART SCALE application was for construction
 - \$17.2M in cost overruns in the PE and RW phases were addressed previously using formula, local and non-SMART SCALE funds
- **Laskin Rd Phase 1-A project submitted by the City of Virginia Beach in Round 2**
- **Both projects are being advanced together**
- **City has added scope and there are other increases due to underestimated RW and CN**
- **Combined SMART SCALE estimate increase of \$19.0M**
 - \$9.2M to be provided by the City
 - \$9.8M SMART SCALE increase requested
- **Recommended CTB action**
 - Split increase with the City
 - Balance from DGP deallocation balance entry and unprogrammed DGP balance entry
- **Additional options**
 - Require locality to fund
 - Cancel project

HAMPTON ROADS: Laskin Rd Widening (UPC 12546)

- **Project submitted by the City of Virginia Beach in Round 1**
- **Underestimated CN; added scope**
- **Project is VDOT administered and in RW on hold; being delivered with UPC 111711**
- **Recommended CTB action**
 - + \$1.17M provided by City of Virginia Beach
 - + \$1.25M DGP surplus and unprogrammed DGP balance entries
 - \$2.42M budget increase
- **Additional options**
 - Require locality to fund
 - Cancel project

	Original Application	Current
Total \$	\$57.6M	\$77.2M (\$17.2M in formula, local and non-SMART SCALE funds allocated to cover expenditures associated with legacy project not included in application)
SMART SCALE \$	\$10.0M (DGP)	\$11.25M (increase of \$1.25M) \$1.17M to be provided by City
Score	2.11	1.87
Funding Scenario	11/21	No change in rank; an additional \$1.25M DGP funding would have been required to fund App ID Indian River Road Phase VII-A in Virginia Beach (Step 3) leaving App ID 589 Rappahannock River Crossing SB short \$1.25M in Step 4
Expenditures as of 10/22/18		\$40,994,750

HAMPTON ROADS: Laskin Rd Phase 1-A (UPC 111711)

- **Project submitted by the City of Virginia Beach in Round 2**
- **Underestimated RW, utilities and CN; added scope**
- **Project is VDOT administered and is on hold pending RW authorization; being delivered with UPC 12546**
- **Recommended CTB action**
 - + \$8.03M provided by City of Virginia Beach
 - + \$8.56M DGP surplus and unprogrammed DGP balance entries
 - \$16.6M budget increase
- **Additional options**
 - Require locality to fund
 - Delay project to rescope within available budget and re-evaluate
 - Cancel project

	Original Application	Current
Total \$	\$29.0M	\$45.6M
SMART SCALE \$	\$15.0M (DGP)	\$23.56M (increase of \$8.56M) \$8.03M to be provided by City
Score	6.30	4.01
Funding Scenario	20/25	New rank 23/25; Hampton Roads DGP unallocated balance after Round 2 would have decreased from \$11.0M to \$2.5M
Expenditures as of 10/22/18		\$726,288

Next Steps

- **Consider action on Laskin Road projects and I-81 Exit 17**
- **Updated briefing in December**
- **Quarterly reports**
- **Additional reports as needed**

