



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
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Agenda item # 14

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 30, 2018

MOTION

Made By: Mr. Stinson, Seconded By: Mr. Miller

Action: Motion Carried

**Title: SMART SCALE Project Budget Increase for I-81 at State Route 75 (Exit 17)
Interchange Modification (UPC 109419)**

WHEREAS, section 33.2-214.1 of the *Code of Virginia*, provides that the Commonwealth Transportation Board (Board) shall develop a statewide prioritization process for certain projects funded by the Board, including those projects allocated funds pursuant to sections 33.2-358, 33.2-370 and 33.2-371 of the *Code of Virginia*, and

WHEREAS, on June 17, 2015 the Board adopted a statewide prioritization policy and process pursuant to section 33.2-214.1 and directed the Commissioner of Highways, the Department of Rail and Public Transportation and the Office of Intermodal Planning and Investment to take all actions necessary to implement and administer the policy and process adopted on June 17, 2015 (collectively the HB2 Prioritization Policy and Process), including but not limited to issuance of a Policy Guide consistent with the intent of the policy and process; and

WHEREAS, on July 28, 2016, the Board rescinded the HB2 Prioritization Policy and Process previously adopted on June 17, 2015 and adopted a revised policy and process to govern screening, scoring and selecting projects for funding pursuant to Section 33.2-214.1 (SMART SCALE Prioritization Process); and

WHEREAS, on October 24, 2017, the Board rescinded the SMART SCALE Prioritization Process previously adopted on July 28, 2016 and adopted a revised SMART SCALE Prioritization Process to govern screening, scoring and selecting projects for funding pursuant to section 33.2-214.1 ; and

WHEREAS, a revised Policy Guide consistent with the SMART SCALE Prioritization Process was issued and posted at SmartScale.org; and

WHEREAS, Item 10 of the Board's SMART SCALE Prioritization Process provides that a project that has been selected for funding must be re-scored and the funding decision re-evaluated if there are significant changes to either the scope or cost of the project, such that the anticipated benefits relative to funding requested would have substantially changed; and

WHEREAS, Item 10.a. of the Board's SMART SCALE Prioritization Process further provides that 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; and

WHEREAS, on December 7, 2016, the Board adopted the Six-Year Improvement Program Development Policy that states that any project added to the SYIP with funding from the State of Good Repair Program, High Priority Projects Program, or Construction District Grants Program shall be fully funded; and

WHEREAS, section 33.2-214 of the *Code of Virginia*, provides that "the Board shall only include a project or program wholly or partially funded with funds from the State of Good Repair Program pursuant to § 33.2-369, the High Priority Projects Program pursuant to § 33.2-370, or the Highway Construction District Grant Programs pursuant to § 33.2-371 in the Six-Year Improvement Program if the allocation of funds from those programs and other funding committed to such project or program within the six-year horizon of the Six-Year Improvement Program is sufficient to complete the project or program"; and

WHEREAS, the I-81 at State Route 75 (Exit 17) Interchange Modification, (Project), was submitted for consideration and selected for \$12.3 million in funding through the District Grant Program and \$8.9 million in funding through the High Priority Projects Program for a total of \$21.2 million in funding in the first round of the prioritization process pursuant to section 33.2-214.1; and

WHEREAS, the Project was the lowest ranked funded project in Round 1 in the Bristol District with a score of 1.484; and

WHEREAS, the Project is in the right of way phase and the current estimated cost for completion of the Project exceeds the approved budget by approximately \$10.6 million; and

WHEREAS, the Virginia Department of Transportation (VDOT) has reviewed the Project scope to identify opportunities to remain within the original budget while maintaining substantially the same project benefits and has determined that the project scope cannot be reduced and maintain substantially the same benefits; and

WHEREAS, VDOT recommends Board approval of a SMART SCALE budget increase in the amount of up to \$10.6 million using cost savings from awarded High Priority Projects statewide and awarded Construction District Grant Projects in the Bristol District, and surplus Construction District Grant Program funds on I-81 Exit 19 (UPC 109440) in the Bristol District.

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the SMART SCALE budget increase of up to \$10.6 million for the Project, using cost savings from awarded High Priority Projects statewide and awarded Construction District Grant Projects in the Bristol District, and surplus Construction District Grant Funds on the I-81 Exit 19 project, is approved provided that the additional SMART SCALE funding is necessary to award and fund the Project.

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CTB Decision Brief
SMART SCALE Project Budget Increase for I-81 at State Route 75 (Exit 17) Interchange Modification (UPC 109419)

Issue: The I-81 at State Route 75 (Exit 17) Interchange Modification (Project) was selected for funding under the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Policy/Process and the current estimated cost for completion of the Project exceeds the approved budget by approximately \$10.6 million. VDOT recommends Board approval of a SMART SCALE budget increase in the amount of up to \$10.6 million using cost savings from awarded High Priority Projects statewide and awarded Construction District Grant Projects in the Bristol District, and surplus Construction District Grant Program funds on I-81 Exit 19 (UPC 109440) in the Bristol District. Board approval of the budget increase is required.

Facts: Item 10 of the Board's SMART SCALE Prioritization Policy/Process, adopted October 24, 2017, provides that a project that has been selected for funding must be re-scored and the funding decision reevaluated if there are significant changes to either the scope or cost of the project, such that the anticipated benefits relative to funding requested would have substantially changed.

Item 10.a. of the Board's SMART SCALE Prioritization Process states that 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

The I-81 at State Route 75 (Exit 17) Interchange Modification (UPC 109419) was submitted for consideration and selected for \$12.3 million in funding through the District Grant Program and \$8.9 million in funding through the High Priority Projects Program for a total of \$21.2 million in funding in the first round of the prioritization process. The Project was the lowest ranked funded project in Round 1 in the Bristol District with a score of 1.484.

The Project is in the right of way phase and the current estimated cost for completion of the Project exceeds the approved budget by approximately \$10.6 million due to higher than estimated costs for right of way total takes, the need to acquire additional parcels, and identification of additional impacts. VDOT has reviewed the Project scope to identify opportunities to remain within the original budget while maintaining substantially the same project benefits and has determined that the project scope cannot be reduced and maintain substantially the same benefits.

VDOT recommends Board approval of a SMART SCALE budget increase in the amount of up to \$10.6 million using cost savings from awarded High Priority Projects statewide and awarded

Construction District Grant Projects in the Bristol District, and surplus Construction District Grant Program funds on I-81 Exit 19 (UPC 109440) in the Bristol District.

Recommendation: Approval of a SMART SCALE budget increase in the amount of up to \$10.6 million using cost savings from awarded High Priority Projects statewide and awarded Construction District Grant Projects in the Bristol District, and surplus Construction District Grant Program funds on I-81 Exit 19 (UPC 109440) in the Bristol District.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the SMART SCALE budget increase.

Result, if Approved: If approved, funds will be transferred so that the project can advance.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None