



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # New Business 1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

May 15, 2019

MOTION

Made By: Mr. Malbon, Seconded By: Mr. Johnsen
Action: Motion Carried, Unanimously

Title: SMART SCALE Project Second Budget Increase for Laskin Road Widening (UPC 12546) and Laskin Road Phase 1-A (UPC 11711) Projects

WHEREAS, Item 10 of the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Process, as adopted on October 24, 2017, 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

Resolution of the Board

SMART SCALE Project Second Budget Increase for Laskin Road Widening (UPC 12546) and Laskin Road Phase 1-A (UPC 111711) Projects

May 15, 2019

Page 2 of 4

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 Laskin Road Widening Project (Round 1 Project) was submitted for consideration and selected for \$10.0 million in funding through the Construction District Grant Program in the first round of the prioritization process pursuant to section 33.2-214.1 and the Laskin Road Phase 1-A Project (Round 2 Project) was submitted for consideration and selected for \$15.0 million in funding through the Construction District Grant Program in the second round of the prioritization process pursuant to section 33.2-214.1; and

WHEREAS, it was determined that the Round 1 Project and the Round 2 Project should be advanced and delivered together; and

WHEREAS, the Round 1 Project was ranked 11 out of 21 projects selected for funding with a score of 2.109; and

WHEREAS, the Round 2 Project was ranked 20 out of 25 projects selected for funding with a score of 6.30; and

WHEREAS, on October 30, 2018, the Board approved a budget increase of up to \$1.25 million for the Round 1 Project and up to \$8.56 million for the Round 2 Project using undistributed balances of Hampton Roads Construction District Grant funds, subject to an additional \$9.2 million provided by the City of Virginia Beach for the collective cost increase for the Projects so the Projects could continue to advance through right of way and advertisement; and

WHEREAS, the Virginia Department of Transportation (VDOT) received bids for the Round 1 and Round 2 projects on March 20, 2019 and determined that the price proposals were responsive and represented good competition; and

WHEREAS, the current estimated cost for award of the Round 1 Project exceeds the current budget (which takes into consideration the prior SMART SCALE increase approved by the Board) by approximately \$8.9 million; and

Resolution of the Board

SMART SCALE Project Second Budget Increase for Laskin Road Widening (UPC 12546) and Laskin Road Phase 1-A (UPC 111711) Projects

May 15, 2019

Page 3 of 4

WHEREAS, the current estimated cost for award of the Round 2 Project exceeds the current budget (which takes into consideration the prior increase approved by the Board) by approximately \$10.2 million; and

WHEREAS, the Virginia Department of Transportation (VDOT) has reviewed the Projects' scopes to identify opportunities to remain within the original budget while maintaining substantially the same project benefits and has determined that reducing the Projects' scopes in order to remain within the current budgets would render the Projects incapable of achieving substantially the same benefits as the original scope; and

WHEREAS, the City of Virginia Beach has identified an additional \$8.1 million to support the second collective cost increase for the Round 1 Project and Round 2 Project; and

WHEREAS, VDOT recommends Board approval of a second SMART SCALE budget increase for the Projects in the amount of up to \$5.7 million for the Round 1 Project and up to \$5.3 million for the Round 2 Project using undistributed balances of Hampton Roads Construction District Grant funds and statewide High Priority Projects funds provided to the Hampton Roads district for selection of Round 3 SMART SCALE projects for a total second SMART SCALE budget increase of \$11.0 million; and

WHEREAS, the additional funding for the second project increase contemplated herein and to be provided by the City of Virginia Beach and SMART SCALE represents a total second project budget increase of \$19.1 million; and

WHEREAS, this second SMART SCALE budget increase will increase the total SMART SCALE budget to date for the Round 1 project from \$10 million to \$16.96 million and will increase the total SMART SCALE budget to date for the Round 2 project from \$15 million to \$28.86 million, for a combined total SMART SCALE budget of \$45.82 million, and a combined SMART SCALE increase of \$20.8 million; and

WHEREAS, this second increase, taking into consideration other fund sources, will increase the total project budget to date for the Round 1 project from \$57.6 million to \$86.1 million and will increase the total project budget to date for the Round 2 project from \$29.0 million to \$55.79 million, for a combined total project budget of \$141.89 million and a combined total project increase of \$ 55.25 million; and

WHEREAS, the revised SMART SCALE score for the Round 1 project has decreased from 2.11 to 1.25, which is still above the lowest ranked funded project in the Hampton Roads District, and the revised SMART SCALE score for the Round 2 project has decreased from 6.3 to 3.27, which is still above the lowest ranked funded project in the Hampton Roads District; and

WHEREAS, the Round 1 project has thus far incurred expenditures totaling \$43.11 million and the Round 2 project has incurred expenditures totaling \$1.46 million.

Resolution of the Board

SMART SCALE Project Second Budget Increase for Laskin Road Widening (UPC 12546) and Laskin Road Phase 1-A (UPC 111711) Projects

May 15, 2019

Page 4 of 4

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the second SMART SCALE budget increase in the amount of up to \$5.7 million for the Round 1 Project and up to \$5.3 million for the Round 2 Project, is necessary to award and fund the projects and is therefore approved, provided that the additional SMART SCALE funding approved herein is matched by an additional \$8.1 million in funding from the City of Virginia Beach; and

NOW THEREFORE BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board, that is the Board's intent to allocate undistributed balances of Hampton Roads Construction District Grant funds funds provided to the Hampton Roads district for selection of Round 3 SMART SCALE projects to fund the budget increase.

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CTB Decision Brief
SMART SCALE Project Second Budget Increase for Laskin Road Widening (UPC 12546)
and Laskin Road Phase 1-A (UPC 111711) Projects

Issue: The Laskin Road Widening (UPC 12546) and Laskin Road Phase 1-A (UPC 111711) Projects (collectively, Laskin Road projects) were selected for funding under the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Policy/Process and the current estimated cost for award of the Project exceeds the approved budget by approximately \$19.1 million. The City of Virginia Beach has identified \$8.1 million to support the cost increase. VDOT recommends Board approval of a SMART SCALE budget increase in the amount of up to \$11.0 million using balances of Hampton Roads Construction District Grant funds and statewide High Priority Projects funds provided to the Hampton Roads District for selection of Round 3 SMART SCALE projects. Board approval of a second 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 Laskin Road Widening Project (Round 1 Project) was submitted for consideration and selected for \$10.0 million in funding through the Construction District Grant Program in the first round of the prioritization process. The Laskin Road Phase 1-A Project (Round 2 Project) was submitted for consideration and selected for \$15.0 million in funding through the Construction District Grant Program in the second round of the prioritization process. It was determined that the Round 1 Project and the Round 2 Project should be advanced and delivered together.

The Round 1 Project was ranked 11 out of 21 projects selected for funding with a score of 2.109; and the Round 2 Project was ranked 20 out of 25 projects selected for funding with a score of 6.30.

On October 30, 2018, the Board approved a budget increase of up to \$1.25 million for the Round 1 Project and up to \$8.56 million for the Round 2 Project using undistributed balances of Hampton Roads Construction District Grant funds subject to a \$9.2 million match provided by the City of Virginia Beach for the collective cost increase for the Projects so the Projects could continue to advance through right of way and advertisement

The Virginia Department of Transportation (VDOT) received bids for the Round 1 and Round 2 projects on March 20, 2019 and determined that the price proposals were responsive and represented good competition.

However, the current estimated cost for award of the Round 1 Project exceeds the current budget (which takes into consideration the increase from October, 2018) by approximately \$8.9 million. The current estimated cost for award of the Round 2 Project exceeds the current budget (which takes into consideration the increase from October, 2018) by approximately \$10.2 million.

VDOT has reviewed the Projects' scopes to identify opportunities to remain within the original budget while maintaining substantially the same project benefits and has determined that reducing the Projects' scopes in order to remain within the current budget would render the Projects incapable of achieving substantially the same benefits.

The City of Virginia Beach has identified an additional \$8.1 million to support the collective cost increase for the Round 1 Project and Round 2 Project.

VDOT recommends Board approval of a second SMART SCALE budget increase for the Round 1 Project in an amount of up to \$5.7 million and for the Round 2 Project in an amount up to \$5.3 million, for a total second SMART SCALE budget increase for the Projects in the amount of up to \$11.0 million, using undistributed balances of Hampton Roads Construction District Grant funds and statewide High Priority Projects funds provided to the Hampton Roads District for selection of Round 3 SMART SCALE projects.

Collectively, the additional funding sought and to be provided by the City of Virginia Beach and SMART SCALE for the second Project increase totals \$19.1 million.

This second SMART SCALE budget increase will increase the total SMART SCALE budget to date for the Round 1 project from \$10 million to \$16.96 million and will increase the total SMART SCALE budget to date for the Round 2 project from \$15 million to \$28.86 million, for a combined total SMART SCALE budget of \$45.82 million, representing a combined SMART SCALE project increase of \$20.8 million.

This second increase, taking into account other fund sources, will increase the total project budget to date for the Round 1 project from \$57.6 million to \$86.1 million and will increase the total project budget to date for the Round 2 project from \$29.0 million to \$55.79 million, for a combined total project budget of 141.89 million and a combined total project increase of \$ 55.25 million.

Recommendation: VDOT recommends that the Board approve a second SMART SCALE budget increase in the amount of up to \$5.7 million for the Round 1 Project and up to \$5.3 million for the Round 2 Project using undistributed balances of Hampton Roads Construction District Grant funds provided to the Hampton Roads district for selection of Round 3 SMART SCALE projects, provided that the additional SMART SCALE funding is matched by an additional \$8.1 million in funding from the City of Virginia Beach.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the SMART SCALE budget increase for the Laskin Road projects and state the Board's intent to fund the increase with undistributed balances of Construction District Grant funds from the Hampton Roads District.

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

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None