



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # 8

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

January 19, 2021

MOTION

Made By: Mr. Brown, Seconded By: Mr. Rucker

Action: Motion Carried, Unanimously

**Title: SMART SCALE Project Budget Increase and Cancellation
Richmond-Henrico Turnpike Northern and Southern Segments
(UPC 110911 and 111716) – Richmond District**

WHEREAS, the Commonwealth Transportation Board's (Board) Six-Year Improvement Program Development Policy adopted December 7, 2016 states that a project that has been selected for funding through either the High Priority Projects Program or Highway Construction District Grant Program may be cancelled only by action of the Board. In the event that a project is not advanced to the next phase of construction when requested by the Board, the locality or metropolitan planning organization may be required, pursuant to § 33.2-214 of the Code of Virginia, to reimburse the Virginia Department of Transportation (VDOT) for all state and federal funds expended on the project; and

WHEREAS, Item 12 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 12.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, Item 13 of the Board’s SMART SCALE Prioritization Process adopted February 19, 2020 states that a project that has been selected for funding must be initiated and at least a portion of the programmed funds expended within one year of the budgeted year of allocation or funding may be subject to reprogramming to other projects selected through the prioritization process. In the event the Project is not advanced to the next phase of construction when requested by the Commonwealth Transportation Board, the locality or metropolitan planning organization may be required, pursuant to § 33.2-214 of the Code of Virginia, to reimburse VDOT for all state and federal funds expended on the project; and

WHEREAS, Item 22 of the Board’s SMART SCALE Prioritization Process adopted February 19, 2020 states that surplus Construction District Grant Funds no longer needed for the delivery of a project will remain in the applicable Construction District Grant Program and may not be used in other districts, and further, provides that such surplus funds may either be reserved to address budget adjustments for current SMART SCALE projects or for allocation in the next solicitation cycle for SMART SCALE; and

WHEREAS, the Richmond-Henrico Turnpike Northern Segment UPC 110911 (Northern Project) was submitted by Henrico County for consideration and selected for \$3,567,000 in funding through the Construction District Grant Program in the second round of the prioritization process pursuant to section 33.2-214.1; and

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WHEREAS, the Richmond-Henrico Turnpike Southern Segment UPC 111716 (Southern Project) was submitted by Henrico County for consideration and selected for \$2,023,820 in funding through the Construction District Grant Program and \$6,081,180 in funding through the High Priority Projects Program in the second round of the prioritization process pursuant to section 33.2-214.1; and

WHEREAS, Henrico County has requested the Board to cancel their application for the Northern Project to facilitate an aggressive delivery schedule in support of an economic development opportunity using all county funds and transfer all Construction District Grant funds to the Southern Project so that both projects will remain fully funded and be delivered; and

WHEREAS, both the Northern Project and Southern Project are in the design phase; and

WHEREAS, VDOT recommends Board action to cancel the Northern Project and transfer all Construction District Grant funds to the Southern Project to ensure the successful delivery of both projects.

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the Northern Project, Richmond-Henrico Turnpike Northern Segment UPC 110911, is hereby cancelled.

BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board that all Construction District Grant funds allocated to the Northern Project be transferred to the Southern Project, Richmond-Henrico Turnpike Southern Segment UPC 111716.

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CTB Decision Brief
SMART SCALE Project Budget Increase and Cancellation
Richmond-Henrico Turnpike Northern and Southern Segments
(UPC 110911 and 111716) – Richmond District

Issue: The Richmond-Henrico Turnpike Northern Segment UPC 110911 (Northern Project) was submitted by Henrico County for consideration and selected for \$3,567,000 in funding through the Construction District Grant Program. The Richmond-Henrico Turnpike Southern Segment UPC 111716 (Southern Project) was submitted by Henrico County for consideration and selected for \$2,023,820 in funding through the Construction District Grant Program and \$6,081,180 in funding through the High Priority Projects Program in the second round of the prioritization process. Henrico County has requested the Board to cancel their application for the Northern Project to facilitate an aggressive delivery schedule in support of an economic development opportunity using all county funds and transfer all Construction District Grant funds to the Southern Project so that both projects will remain fully funded and be delivered. CTB approval is needed for cancellation of the Northern Project pursuant to the Six-Year Improvement Program Development Policy adopted by the Board on December 7, 2016. CTB approval of the SMART SCALE budget increase for the Southern Segment is needed pursuant to the Board's SMART SCALE Prioritization Policy/Process.

Facts: Both the Northern Project and Southern Project are in the design phase.

The Board's Six-Year Improvement Program Development Policy adopted December 7, 2016 states that a project that has been selected for funding through either the High Priority Projects Program or Highway Construction District Grant Program may be cancelled only by action of the Board. In the event that a project is not advanced to the next phase of construction when requested by the Board, the locality or metropolitan planning organization may be required, pursuant to § 33.2-214 of the Code of Virginia, to reimburse the Department for all state and federal funds expended on the project.

Item 12 of the Board's SMART SCALE Prioritization Policy/Process, adopted February 19, 2020, 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 12.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

Item 13 of the Board's SMART SCALE Prioritization Process adopted February 19, 2020 states that a project that has been selected for funding must be initiated and at least a portion of the programmed funds expended within one year of the budgeted year of allocation or funding may be subject to reprogramming to other projects selected through the prioritization process. In the event the Project is not advanced to the next phase of construction when requested by the Commonwealth Transportation Board, the locality or metropolitan planning organization may be required, pursuant to § 33.2-214 of the Code of Virginia, to reimburse the Department for all state and federal funds expended on the project.

Item 22 of the Board's SMART SCALE Prioritization Process adopted February 19, 2020 states that Surplus Construction District Grant Funds no longer needed for delivery of a project will remain in the applicable Construction District Grant Program and may not be used in other districts. In addition, this item provides that such surplus funds may either be reserved to address budget adjustments for current SMART SCALE projects or for allocation in the next solicitation cycle for SMART SCALE.

Recommendation: VDOT recommends that the Board cancel the Northern Segment UPC 110911 project and transfer all Construction District Grant funds to the Southern Segment UPC 111716 to ensure the successful delivery of both projects.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to cancel the Northern Segment UPC 110911 project and transfer all Construction District Grant funds to the Southern Segment UPC 111716.

Result, if Approved: If approved, the Northern Project will be removed from the Six-Year Improvement Program and all Construction District Grant funds will be transferred to the Southern Project.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None