



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

Planning and Programming Committee (PPC)

Monday, November 18, 2024, 5:00 p.m.

2600 Park Tower Drive, Suite 601

Vienna, Virginia 22180

This meeting will be conducted in person and live-streamed via [YouTube](#)¹

1. Call to Order/Welcome

Chair Wilson

Action Items

2. Approval of June 25, 2024, Meeting Summary Minutes

Chair Wilson

Recommended Action: Approve Meeting Summary Minutes

Discussion/Information Items

3. Projects with Cost Underestimates/Overruns

Mr. Longhi, Chief Financial Officer

4. Six Year Program Application Evaluation Process (Verbal Update)

Mr. Jasper, Principal, Transportation Planning and Programming

5. NVTA Update (Verbal Update)

Ms. Backmon, Chief Executive Officer

6. Adjournment

Chair Wilson

Next Meeting: TBD

¹ If technical difficulties arise, the meeting may be audio or video recorded. Any recordings will be made available on [NVTA's PPC Meeting Webpage](#).



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

PLANNING AND PROGRAMMING COMMITTEE

Monday, June 25, 2024, at 5:00 p.m.

Northern Virginia Transportation Authority

Hosted in-person at NVTa offices, 2600 Park Tower Drive, Vienna, Virginia

Live-streamed on [YouTube](#).

MEETING SUMMARY

I. Call to Order/Welcome:

- Chairman Wilson called the meeting to order at 5:02 p.m.
- Attendees: This meeting was conducted in-person and virtually via Zoom and streamed online via YouTube.
 - **PPC Members:** Mayor Wilson (City of Alexandria), (Remote-Personal); Board Member de Ferranti (Arlington County), Mayor Davis-Younger (City of Manassas), Mayor Olem (Town of Herndon) and Ms. Hynes (CTB Member)
 - **Other Authority Members:** Mayor Read (City of Fairfax)
 - **NVTa Staff:** Monica Backmon (CEO) (Remote); Keith Jasper (Principal); Michael Longhi (CFO); Sree Nampoothiri (Senior Manager), Harun Rashid (Planning Analytics Manager), Griffin Frank (NVTa), Alyssa Beyer (NVTa), Kristen Sarik (NVTa).
 - **Jurisdiction/Agency Staff:** Rich Roisman (Arlington), Wendy Sanford (City of Fairfax).
 - **Others:** None.

Action Items

- II. **Summary Notes of May 6, 2024, Meeting:** The May 6, 2024, Planning and Programming Committee meeting summary was unanimously approved.

III. FY2024-2029 Six Year Program Staff Recommendations:

- Mr. Jasper, Principal, Transportation Planning and Programming, provided a brief overview of the Six Year Program (SYP), indicating that the Authority is currently in its 7th funding cycle.
- Mr. Jasper outlined the key points of the staff recommendations: Of the 24 candidate projects, 19 are recommended to be fully funded, 3 partially funded, and 2 not funded.
- The two projects not recommended for funding are CFX-019 Blenheim Boulevard Improvements from City of Fairfax and ARL-023 CC2DCA Multimodal Connection from Arlington County. The reason for this recommendation is that both projects were approved for funding in the past cycle(s) and as per the last approval(s), these projects were understood to be fully funded but are now requesting additional funds. Also, the CC2DCA Multimodal Connection project was ranked 24th out of

24 candidate projects in the congestion reduction relative to cost (CRRC).

- Mr. Jasper informed the Committee that the Technical Advisory Committee (TAC) and Planning Coordination Advisory Committee (PCAC) met on June 20, 2024. The TAC endorsed the staff recommendations unanimously while the PCAC endorsed the staff recommendations by a vote of 7-2.
- Mr. Jasper informed the Committee that the PCAC unanimously passed two additional motions that directed NVTa staff to:
 - Evaluate a policy to address resubmitted projects that have experienced a cost increase.
 - Look at projected Long Term Benefit (LTB) ten years into the future to understand when balance can be achieved.
- Mr. Jasper noted that the recommendations developed by the PPC will become the recommendations to the Authority.
- Mayor Read noted that she understands the staff recommendations but requested the Committee to move \$5.4 million from the \$18,332,754 staff recommended for CFX-018 Northfax Network Improvements - Northfax East-West Road project to CFX-019 Blenheim Boulevard Multimodal Improvements project since the Blenheim Boulevard project is almost ready to start construction and this funding is needed to meet cost increases due to inflation. She added that other funding opportunities were explored but the results of them will not be known till the end of the year.
- Chair Wilson confirmed the request and clarified that the City of Fairfax will pursue other funding sources for the funding gap this will create for the CFX-018 Northfax Network Improvements - Northfax East-West Road project. Mayor Read affirmed.
- In response to Chair Wilson's question, Mr. Jasper noted that there is precedence in moving funds from one project to another, but it happened at the Authority meeting after discussion, not at the committee level since committees can only make recommendations.
- In response to Chair Wilson's inquiry regarding the lack of recommendation for the CC2DCA Multimodal Connection project, Mr. Jasper explained that the project was fully funded under past approval and holds the lowest ranking in the congestion reduction relative to cost (CRRC), which NVTa is legally obligated to prioritize in its funding choices. He further mentioned that reallocating funds to a lower-ranked project could lead to legal complications.
- Ms. Hynes pointed out that SMART SCALE, at the state level, requires projects to be fully funded at the time of approval. Applicants must navigate a thorough process to secure any additional funding. One of the criteria for determining additional funding is whether the project would have received a recommendation in that funding cycle if the new cost estimate had been available at the time of approval. Other criteria included how fast the project can be completed. She added that the Authority needs to develop a clear policy/process.
- Board Member de Ferranti supported the need to develop a policy similar to the State.
- Ms. Backmon noted that the swap requested by the City of Fairfax will fully fund Blenheim Boulevard project. She added that any policies developed by the Authority must adhere to the legal requirements.

- In response to Ms. Hynes's question on whether the City can come back for the \$5.4 million gap this swap will create on the Northfax project, Mr. Longhi noted that past precedence is not to support additional funding in such cases.
- Board Member de Ferranti requested moving staff-recommended \$11.6 million for the Shirlington Bus Station Expansion project to the CC2DCA Multimodal Connection project.
- In response to Mayor Olem's request for clarification on why the project was not funded, Mr. Jasper explained that prior funding had rendered the project fully funded at that point. Ms. Backmon added that the CC2DCA project was rated the lowest in the CRRC ranking.
- Board Member de Ferranti noted that the project received state funding as part of Amazon HQ2 development but is a regionally significant project due to its connection from Crystal City and Reagan National airport. He added that though Shirlington Bus Station Improvements project is important to the county, CC2DCA Multimodal Connection is a more important project locally and regionally.
- In response to Ms. Hynes' clarification question that since only two projects are not recommended for funding at all, moving funding may not impact legal requirement to follow CRRC rating, Mr. Jasper noted that for CC2DCA the request is to move funds from a higher ranked project to lower ranked project.
- Ms. Hynes thanked the staff for the recommendations and noted that the Committee can still make recommendations as it wishes. She added that considering the funding situation with the state, looking for state support for this project may not be feasible. She further added that since the VRE/Amtrak station and Crystal City Metro station second entrance being fully funded, this third piece to the location needs to be fully funded for a smooth implementation of all the components.
- Board Member de Ferranti moved a motion to reallocate \$5.4 million from the staff recommended -018 Northfax Network Improvements - Northfax East-West Road project to CFX-019 Blenheim Boulevard Improvements and reallocate the staff-recommended \$11.6 million from ARL-022 Shirlington Bus Station Expansion project to ARL-023 CC2DCA Multimodal Connection project. The motion was seconded by Ms. Hynes. The motion was passed unanimously.
- Mayor Wilson left the meeting at about 5:40 p.m. and Ms. Hynes took over the Chair responsibility.
- Ms. Hynes made a motion to endorse the two motions passed by the PCAC. Motion was seconded by Board Member de Ferranti.
- Mr. Jasper restated the two motions as passed by the PCAC on June 20th:
 - Evaluate a policy to address resubmitted projects that have experienced a cost increase.
 - Look at projected Long Term Benefit (LTB) ten years into the future to understand when balance can be achieved.
- Board Member de Ferranti asked if NVTA staff had thoughts on the motions and Mr. Longhi noted that the NVTA had discussed a cost contingency in 2016/2017, and the year and a half-long process ended with the Regional Advisory Panel recommending not moving forward with contingency due to several challenges identified.
- Ms. Hynes noted that SMART SCALE has a balance entry account and the balance from any project goes to that account and any overages will be drawn

from the account. She requested that the staff evaluate this. Ms. Backmon noted that while the staff will explore these options, it's important to ensure they align with NVTAs legal obligations. She added that the LTB cannot expect full restoration in every SYP cycle and that achieving balance may require multiple cycles and additional factors.

- The motion to endorse the two motions passed by the PCAC was passed unanimously.

Discussion Items

IV. Preliminary Deployment Plan for a Regional Bus Rapid Transit System (PDP-BRT):

- Mr. Jasper, Principal, Transportation Planning and Programming, briefed the Committee that NVTAs staff held Part 1 of a two-part Work Session with the Authority at its June 13 meeting. The second part is anticipated to be held at the July 11 meeting.

V. NVTAs Update:

- Ms. Backmon noted that the Annual Transportation Roundtable, hosted by NVTAs and Intelligent Transportation Society of Virginia (ITS-VA), will be held on October 9, 2024, and NVTAs State of the Region's Transportation Network will be held on October 30, 2024, both at the new NVTAs offices.

VI. Adjourn:

- The next meeting date will be decided later.
- The meeting was adjourned at 5:54 p.m.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

3.

MEMORANDUM

FOR: Chair Justin Wilson and Members
Northern Virginia Transportation Authority Planning and Programming Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: November 7, 2024

SUBJECT: Projects with Cost Underestimates/Overruns

1. **Purpose:** To inform the Northern Virginia Transportation Authority (NVTa) Planning and Programming Committee (PPC) of efforts to develop a policy by the end of the calendar year, to address resubmitted projects that have experienced a cost overrun.
2. **Background:**
 - a. At the July 11, 2024, Authority meeting, a directive was made for Authority staff to return with a proposal to develop a policy to deal with resubmitted projects that have experienced a cost increase, by the end of the calendar year.
 - b. The fundamental aspects of this directive (funding cost overruns) were reviewed by the Authority's Finance Committee in 2015 and 2016. Additionally, a regional Advisory Panel was established by the Chief Executive Officer, to collect key insights from regional jurisdiction staff regarding the composition of a policy to fund project cost overruns through the establishment of a Contingency Reserve.
 - c. At the October 5, 2016, meeting the Authority acted, based on the Finance Committee and Advisory Panel recommendations, to eliminate the funding of project cost overruns and no longer pursue the development of a related policy. The associated 2016 staff report for this Authority action is attached.
 - d. The attached material was presented to the Authority on October 17, 2024. And, presented to the Technical Advisory Committee (TAC) on October 16th, the Planning Coordination Advisory Committee (PCAC) on October 23rd. Additionally, this material was shared with the Regional Jurisdiction and Agency Coordinating Committee (RJACC) on September 26th with an opportunity for further discussion on October 24. RJACC will receive an update on November 21st with a further opportunity for regional discussion.
 - e. The TAC and PCAC did not have meeting quorums and were therefore unable to take official action.
3. **Discussion Items:** The policy development process, informed by prior Authority action, must be guided by whether the Authority is willing to fund cost underestimates/overruns or not.
 - a. **Funding Cost Underestimates/Overruns.**

- I. A policy based on this direction will need to address the issues noted in the earlier 2015/2016 work of the Advisory Panel and Finance Committee as well incorporate lessons learned over the last eleven years.
- II. Prior efforts to form a policy identified 47 issues which will need to be addressed within the policy. The 47 issues cannot address all possible circumstances which will grow exponentially as experiences broaden.
- III. Addressing the issues involved in the implementation of such a policy will necessitate the expansion of Authority staff and the use of independent external consultants.
- IV. Implementation of such a policy must occur within the two-year update to the Six Year Program (SYP) call for projects, evaluation and ranking processes to maintain compliance with the Authority's legal requirements.

b. Not Funding Cost Underestimates/Overruns.

- I. A policy to not fund cost underestimates/overruns will be relatively easy to draft.
- II. If the Authority chooses to direct the development of a policy to not fund cost underestimates/overruns, it can choose to leave an avenue open for project sponsors to submit a petition for additional funding under extraordinary circumstances which could not have been anticipated.
- III. Such a petition process would need to include, but not be limited to:
 1. Provisions to ensure the petitions are only reviewed in the context of an update to the SYP.
 2. Petitions should be submitted to the Chief Financial Officer (CFO) and Principal, Transportation Planning and Programming (P,TPP) to provide for an orderly examination and comprehensive NVTa staff review facilitating comprehensive professional recommendations for NVTa's Chief Executive Officer (CEO) to assess.
 3. The progress of petition reviews will be dependent on the promptness, completeness and clarity of project sponsor responses to NVTa inquiries. Such inquiries must be expected to be in-depth and thorough.
 4. NVTa must have provisions to use the services of independent outside consultants on an on-call basis, to fully examine the petition and form recommendations. (Cost to be paid by project sponsors.)
 5. The on-call services will limit the need to preemptively hire full-time NVTa staff.
 6. The CEO will make recommendations to the Authority's Finance Committee, PCAC and PPC.

7. The PPC will make recommendations to the Authority as part of a SYP update suite of projects for new funding.
8. Any recommendations will be made within the context of a two-year update to the SYP.

IV. Authority Staff Recommendation.

1. NVTa staff recommends the development of a policy to not fund cost underestimates/overruns. A draft of this policy can be ready for the December 2024 Authority meeting.
2. If the Authority accepts the recommendation to not fund cost underestimates/overruns, but desires to include a petition process, staff requests a policy delivery extension to the February 2025 Authority meeting.
3. If the Authority desires a policy to fund cost underestimates/overruns staff request an extension of 10 months to September 2025 and a moratorium on such funding until the policy is in place.

Attachment: Recommendation to Eliminate Contingency Reserve – October 5, 2016

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY****MEMORANDUM**

FOR: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Mayor Parrish, Chairman, Finance Committee

DATE: October 5, 2016

SUBJECT: Recommendation to Eliminate Contingency Reserve

1. **Purpose:** Present Advisory Panel Contingency Reserve Recommendations.
2. **Suggested Motion:** *I move the Authority approval of the elimination of the Contingency Reserve in the Regional Revenue Fund as recommended by the NVTA Advisory Panel and reviewed by the NVTA Finance Committee.*
3. **Background:** The Finance Committee requested staff research and report on the establishment of two reserve funds. One reserve for project contingency (Contingency Reserve) and the other to set aside funds for future large scale projects (Transportation Project Reserve). The Executive Director established an Advisory Panel to examine and make recommendations on both reserves. Participation on the Advisory Panel was open to representatives of all member jurisdictions. Participation of jurisdiction transportation and finance representatives was especially welcomed.

After several meetings the Advisory Panel prepared this recommendation for the Contingency Reserve. The Advisory Panel also formulated a recommendation on the Transportation Project Reserve which is presented in a separate report.

4. **Comments:** The Finance Committee expressed an interest in establishing a Contingency Reserve within the Regional Revenue Fund to provide funding to achieve completion of approved Authority projects encountering cost overruns.

Initial funding of the reserve occurred with the FY2016 budget adoption with the provision that the reserve could not be utilized until a policy covering its use was adopted by the Authority. In FY2017, the reserve level was funded at \$8,573,894 in keeping with an objective of maintaining the reserve at 3.8% of Regional Revenue Fund annual revenues. The Advisory Panel, through policy development meetings made the following observations related to the reserve:

- a. A contingency reserve has the potential to shift project risk in some measure from the project sponsor to the NVTA. The Advisory Panel believes the NVTA should not absorb this risk.

- b. Past project performance would need to be made a formal part of the contingency request and possibly future project evaluation processes.
- c. The Contingency Reserve had been referred to as a 'last resort' option. The Advisory Panel questioned how the NVTa, at current staffing levels would be able to ensure other options are exhausted.
- d. If a Contingency Reserve were to be offered, the Advisory Panel recommended localities be required to commit their 30% funds as part of the 'other options' noted above prior to making a contingency request. However this raised additional questions:
 - 1. What if the locality 30% funds are already committed by contract or other governing body action?
 - 2. Are there equity issues with Agencies since they do not receive 30% funds?
 - 3. Should and how will project sponsors be required to affirm they have no other financial options other than to request contingency use? (Given the complexity and scope of the various fund structures and budgeting as well as accounting methods, this could be extraordinarily complex, intrusive and staff time consuming.)
- e. Having a contingency reserve and thus a portion of project risk being transferred to the NVTa would necessitate the requirement for project contingency assumptions to be disclosed as part of the project descriptions. This disclosure would then become part of the project assessment process.
- f. The Advisory Panel questioned if contingency costs could be meaningfully disclosed without the additional disclosure of all cost components. Such disclosure would be expensive, time consuming, while potentially adding little value to the actual project.
- g. The Advisory Panel cautioned that in an environment of broad economic changes such as inflationary labor, raw and finished material cost increases, a significant number of projects could face escalating costs at the same time for the same reasons. This potential raised questions as to:
 - 1. The sufficiency of the funding level of the Contingency Reserve.
 - 2. How will NVTa staff recommendations be formulated?
 - 3. Is there an equity issue when some project sponsors may have committed additional local funds to the project contingency while others are depending on the NVTa contingency reserve?
- h. The Advisory Panel recognized NVTa project evaluation and selection processes could be impacted through the application of Contingency Reserve funds:
 - 1. Cost is a consideration in the NVTa project selection decision, additional costs would impact the score and may have changed the initial funding decisions.
 - 2. The existence of a NVTa contingency reserve may induce project submitters to reduce their project contingency or other cost factors in their project estimates. Therefore, the existence of a contingency reserve with a stated purpose of reducing the risk of not achieving completion of a project, may unintentionally cause a broader risk shift.

3. Multi-phase projects have an opportunity to absorb cost increases through future requests for sequential phase funding. Those costs would then be part of the next project description, evaluation and rating.
 - i. The Advisory Panel recognized that few if any project grants from other sources came with the expectation that a contingency fund would be available to a project sponsor.
 - j. The Advisory panel noted that under the terms of the NVTAs Standard Project Agreement (SPA) the project sponsor agrees to provide a complete project as described in the SPA and therefore has already agreed to and conceivably planned for contingencies.
 - k. While no formal requests for use of the Contingency Reserve has been received by the NVTAs, project status discussions have indicated there is approximately \$24 million in potential project cost overruns, which is almost 3 times the current targeted contingency level.
 - l. Increasing the contingency level to \$24 million would have reduced FY2017 PayGo by almost 10% and increased the need for debt financing.
 - m. Replenishing a contingency reserve on an annual basis will make a significant reduction in PayGo resources, thereby delaying future NVTAs project awards or forcing a greater reliance on debt financing.
5. **Advisory Panel Recommendation:** After careful consideration of the benefits and drawbacks related to a NVTAs Contingency Reserve and in light of the above considerations, the Advisory Panel recommended to the NVTAs Finance Committee that a Contingency Reserve not be established.
6. **Next Steps:** If the Authority eliminates the Contingency Reserve, the reserve funding designation of \$8,573,893.78 will become fund balance in the Regional Revenue Fund. These funds will then be available for future FY2018 Project Program decisions by the Authority.