

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

**FROM:** Michael Longhi, Chief Financial Officer

**DATE:** July 7, 2016

**SUBJECT:** Draft Revisions to the FY2017 Program First Drawdown Commitment (Policy 17)

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- 1. Purpose.** The Northern Virginia Transportation Authority commits financial resources from the Regional Revenue Fund upon project approval. The purpose of Policy 17 – FY2017 Program First Drawdown Commitment, is to provide a mechanism for the Authority to remove financial (funding) commitments for projects in the FY 2017 Program that are not advancing. These funds would be returned to the Regional Revenue Fund for assignment to future projects.

Policy 17 – FY2017 Program First Drawdown Commitment, currently measures project progress based on the timing of an initial request of a drawdown of project costs, by the end of FY2019. Policy 16 – Standard Project Agreement Activation, requires the governing body of a sponsoring entity to execute the Standard Project Agreement (SPA) on a project within six months of NVTa approval of the project. Working together the two policies set project progress milestones at 6 months and three years. The proposed policy revisions intend to further clarify that a project must be active and progressing, between those two milestones, in accord with the project description approved by the Authority and incorporated in the SPA.

- 2. Suggested Motion.** *I move the Authority adopt the revisions to Policy 17 – FY2017 Program First Drawdown Commitment.*

**3. Background.**

- a. The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. The SPA provides details of expected utilization of the already obligated funds, specifically the cash flow summary detailed in SPA Appendix B.
- b. For the FY2017 Program, projects will be approved based in part, on a commitment of project readiness.
- c. If a project sponsor is unable to complete project activation or make progress – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and de-obligating the funds.

- d. This policy specifically addresses FY2017 projects that are not advancing in accordance with the approved SPA.
- e. The NVTAs funds made available from actions taken under this policy will be returned to the Regional Revenue Fund for future allocation by the Authority.
- f. The draft policy revisions have been reviewed by the NVTAs Governance and Personnel, Finance, Planning and Programming, Technical Advisory, Planning Coordination Advisory, as well as Regional Jurisdiction and Agency Coordinating Committees and Council of Counsel. Committee comments were incorporated into the current proposed draft.

#### **4. Policy Revisions.**

- a. The draft revisions are aimed at ensuring that a project sponsor be able to document project activation/progression within six months of an executed SPA.
- b. Project activation/progression will be documented through monthly reports submitted by project sponsors and reported in the Executive Directors monthly report to the Authority.
- c. The existing Policy 17 language calling for a close dialog between the NVTAs and the project sponsor to ensure an understanding of any project delays remains unchanged.
- d. The Governance and Personnel, Finance, Planning and Programming Committees recommend Authority approval of the attached Policy 17 revisions.

#### **Coordination:**

Governance and Personnel Committee  
Finance Committee  
Planning and Programming Committee  
Technical Advisory Committee  
Planning Coordination Advisory Committee  
Council of Counsel  
Regional Jurisdiction and Agency Coordinating Committee

#### **Attachment:**

Policy Number 17 – FY2017 Program First Drawdown Commitment (Draft Revisions)

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### Policy Number 17 – FY2017 Program First Drawdown/Project Activation Commitment

- I. **Purpose.** The Authority appropriates current and projected financial resources from the Regional Revenue Fund upon project approval. The purpose of this policy is to provide a mechanism for the Authority to remove appropriations for approved FY2017 Program projects that do not submit a first drawdown request by June 30, 2019, or are unable to document project activation/progression within six months of an executed Standard Project Agreement (SPA). These appropriations will be returned to the Regional Revenue Fund for assignment to future projects.
- II. **General.**
- A. This policy will be in effect for all projects approved with FY2017 Regional Revenue Funds.
  - B. The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. Project funding is appropriated at the point that the Authority approves the project. The SPA (covered in Policy 12) provides details of expected utilization and timing of the appropriated funds, specifically the cash flow summary included in Appendix B.
  - C. For the FY2017 Program, projects will be approved based, in part, on project readiness. For the FY2017 Program, project readiness is assessed in part on:
    1. the The first drawdown (initial reimbursement request) being made during FY2017, FY2018, or FY2019, regardless of when the SPA is executed.
    2. Documented project activation/progression starting within the first six months of an executed SPA.
  - D. If a project sponsor is unable to submit an initial reimbursement request by the end of FY2019 – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and the appropriation. This policy specifically addresses projects approved for the FY2017 Program that are not advancing in accordance with their approved SPAs. This includes FY2017 Program projects with approved SPAs that experience delays due to procurement, funding, unforeseen construction-related events, or other issues.
  - E. Any project that is unable to meet the commitment to submit the initial reimbursement request to NVTa by June 30, 2019, ~~regardless of when the SPA is executed, is subject to cancellation, and or is unable to document project activation/progression within the first six months of an executed SPA.~~
  - F. Requests for extension of time must be made to the Executive Director. The Executive Director may request additional information prior to submitting a recommendation to the Finance Committee.
  - G. In all cases, agreement will be sought with the implementing jurisdiction or agency. If agreement is not forthcoming, the Executive Director may take a project cancellation recommendation to the Finance Committee prior to referral to the Authority for action.
  - H. Upon action by the Authority to remove funding all NVTa funds made available from actions taken under this policy will be returned to the Regional Revenue Fund for future allocation by the Authority.

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### III. Responsibilities.

#### A. Project sponsoring jurisdiction or agency

1. Submittal of first drawdown request by June 30, 2019.
2. Document project activation/progression through monthly updates submitted to NVTa and reported in the Executive Director's monthly report to the Authority.
- ~~2~~3. Request cancellation of any projects for which the jurisdiction determines the submittal of first drawdown request by June 30, 2019, or project activation/progression within the first six months of an executed SPA is not possible, or request an extension of the deadline. Any request for an extension must include:
  - a. Basis for current delay.
  - b. Action needed to resolve delay.
  - c. Schedule for completion of actions to resolve delay.
  - d. Revised SPA Appendix B.

#### B. NVTa Executive Director

1. Monitor project progress through requests for reimbursements, submission of project activation/progress reports by project sponsors.
2. Include a report of project status in the Executive Director's monthly report to the Authority. Status reports will be consistent with project progress documented by project sponsors unless otherwise noted.
- ~~1~~3. Accept requests for project cancellation and forward with recommendation to the Finance Committee prior to referral to Authority with recommendation to accept or reject the request.
- ~~2~~4. Receive notice from project sponsors of possible delays in submitting first drawdown request or activating/progressing the project by the deadline.
- ~~3~~5. If no submittal of first drawdown is requested by deadline or no notice of delay received, request information from project sponsor as to reason.
- ~~4~~6. Request additional information, when required to evaluate project sponsor notice of delay or response to request for information on delay.
- ~~5~~7. Evaluate requests for extension of time or other accommodation requested by project sponsor.
- ~~6~~8. Make recommendation to the Finance Committee on action to be referred to the Authority.

Approved by Northern Virginia Transportation Authority: December 10, 2015 ([Add Revision Notation](#))