

Attachment 1

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 29 – Project Activation, Monitoring and De-Appropriation

- I. **Purpose.** The purpose of this policy is to provide a mechanism for the Authority to monitor project activation, progress and appropriation in accordance with project descriptions and Standard Project Agreements (SPA). The monitoring activities in the policy are designed to set benchmarks and guidelines for the evaluation of de-appropriation (cancellation) of project funding.

Expenditure reimbursement requests presented later than the existing cash flow schedule (as documented on the SPA Appendix B form), result in disruption of the Authority's cash management, liquidity and investment programs.

Expending tax exempt financing through bonds issued by the Authority later than originally projected, may present Internal Revenue Service arbitrage compliance issues.

Undertaking any form of debt to meet project sponsor expenditure projections that do not materialize, will result in unnecessary debt service expenses, reducing PayGo funds for other projects.

II. **Key Definitions.**

- A. **Adopted Project** – A project which has been approved by the Authority for inclusion in the Six Year Program, and updates, but for which an appropriation has not been made.
- B. **Appropriation** - The formal approval for the expenditure of public funds by the governing body of a governmental jurisdiction. Appropriations are made for the full amount of a project in the first fiscal year the project is approved for funding, by the Authority.
- C. **Appropriated Project** - A project which was approved for inclusion in the Six Year Program and which has received an appropriation for the project amount.
- D. **De-appropriate** – Removal of an appropriation resulting in the cancellation of the project.
- E. **Project Sponsor** – Jurisdiction, Agency or representative submitting a project request to the Authority which was subsequently adopted.
- F. **Six Year Program** - The Six Year Program (SYP) is a short-term constrained funding program which has been formally adopted for the development or acquisition of a series of regionally significant transportation improvement projects. The SYP has specific planned projects, each of which is identified for specific amounts of funding, starting in specific fiscal years.
- G. **SYP Updates** - Updates to the Six Year Program are expected to occur approximately every two years, on a schedule approved by the Authority. SYP updates will add additional adopted projects approximately four to five years ahead of the expected appropriation.

- H. Substantive drawdown – A request for reimbursement which through the incurrence of directly relevant project costs clearly demonstrates project start up and/or progress. The Executive Director may accept the documented expenditure of funds from other sources, directly appropriated to the project, as a substitute for the expenditure of Authority funds.

III. General.

- A. This policy will be in effect for all Regional Revenue Fund projects approved by the Authority and supersedes Policy 24 and Policy 25.
- B. There are three milestones which the Authority will use to assess project progress:
 - 1. Standard Project Agreement (SPA) approval by the Authority for a project within three months of the appropriation of Regional Revenue Funds.¹
 - 2. Project activation/progression documented through monthly updates submitted to NVTA and reported in the Executive Director's monthly report to the Authority for appropriated projects.
 - 3. Project sponsor's submission of an initial substantive drawdown on appropriated funds within 18 months of the initial appropriation of Regional Revenue Funds, demonstrating meaningful project progress.
- C. For any project at risk of missing one of these three milestones, the project's sponsor may request an extension of time from the Executive Director.
- D. The Executive Director may request additional information from the project sponsor in making a decision on an extension recommendation.
- E. Agreement on project status will be sought with the implementing jurisdiction or agency.
- F. If agreement is not reached, the Executive Director may take a project de-appropriation recommendation to the Finance Committee prior to referral to the Authority for action.
- G. Project sponsors must keep their SPA-Appendix A and B forms up to date. Appendix B's can be updated in accordance with Policy 20. III B. 2.
- H. All funds de-appropriated from actions taken under this policy will remain in the Regional Revenue Fund for future appropriation by the Authority.
- I. Projects which had funds de-appropriated may reapply for funding during the next call for projects. Such applications will need to meet the application requirements of that SYP update cycle.
- J. The Executive Director may extend SPA deadlines for adopted projects in proportion to the number of months no meetings were held by the Authority within the next three months after project appropriations.

IV. Responsibilities.

A. Project sponsoring jurisdiction or agency primary responsibilities:

¹ For example, a project approved in year four of the Six Year Program, must have its SPA approved within three months of the Authority's appropriation action for year four as opposed to within three months of the adoption of the Six Year Program.

1. Completion of SPAs within three months of Authority appropriation of Regional Revenue Funds to the project.
2. Document project activation/progression on appropriated projects through monthly updates submitted to NVTa for inclusion in the Executive Director's monthly report to the Authority.
3. Submittal of initial substantive drawdown on appropriated projects within 18 months of the Authority's appropriation of Regional Revenue Funds for the project.
4. Proactively inform the Executive Director of material circumstances which may delay or otherwise impede the prospects for successful start, draw down of project funds or completion of adopted and appropriated projects included in the SYP.
5. Proactively inform the Executive Director of appropriated project scheduling issues, providing a revised timeline to be submitted on SPA Appendix A forms with action steps required for timely completion of the project.
6. Proactively inform the Executive Director of adopted project scheduling issues, providing information as to a revised timeline to be submitted with action steps required to timely project completion.
7. Proactively request cancellation of an appropriated or adopted project if the project sponsor determines the project is no longer necessary or executable.
8. Provide additional project information upon request.
9. Provide continued updates as necessary to the project SPA – Appendix A and B forms (Tables B-2 and B-3) reimbursement timing/schedule for appropriated projects.

B. NVTa Executive Director.

1. Monitor project progress through requests for reimbursements and submission of project activation/progress reports by project sponsors.
2. Include a report of appropriated 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.
3. Receive notice from project sponsors of possible delays in submitting drawdown requests or activating/progressing the project by the deadline.
4. Request information, when required, to evaluate project sponsor notice of delay or to request information on delay.
5. Receive and evaluate notices from project sponsors of adopted projects included in the SYP which are facing schedule or other risks which may impede their successful completion.
6. Accept requests for appropriated or adopted project cancellations from project sponsors and forward with a recommendation to the Finance Committee in advance of submission to the Authority with a recommendation to accept or reject the request.

7. Evaluate requests for extension of time or other accommodations requested by project sponsor.
8. Make recommendations to the Finance Committee on project de-appropriations to be referred to the Authority.

Approval by the Finance Committee: March 21, 2019

Approved by Northern Virginia Transportation Authority: April 11, 2019