



**Northern Virginia Transportation Authority**  
*The Authority for Transportation in Northern Virginia*

**PLANNING COORDINATION ADVISORY COMMITTEE**

**Wednesday, October 23, 2024, 6:30 p.m.**

**2600 Park Tower Drive, Suite 601**

**Vienna, Virginia 22180**

**Meeting will be held in the 6<sup>th</sup> Floor Conference Room**

The meeting will be livestreamed on [NVTA's YouTube Channel<sup>1</sup>](#)

**AGENDA**

- I. Call to Order/Welcome** Chair Colbert

**Action**

- II. Summary Notes of June 20, 2024, Meeting** Chair Colbert  
*Recommended action: Approve meeting notes*

**Discussion/Information**

- III. Resubmitted Projects with Cost Overruns - Policy Development Update** Mr. Longhi, CFO
- IV. Six Year Program Application Evaluation Process (Verbal Update)** Mr. Jasper, Principal
- V. NVTA Update** Ms. Backmon, CEO

**Adjournment**

- VI. Adjourn**

**Next Meeting: To Be Determined.**

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<sup>1</sup> If technical difficulties arise, the meeting may be audio or video recorded. Any recordings will be made available on the [Planning Coordination Advisory Committee Meetings](#) webpage.



**Northern Virginia Transportation Authority**  
*The Authority for Transportation in Northern Virginia*

**PLANNING COORDINATION ADVISORY COMMITTEE**

**Thursday, June 20, 2024, 5:00 pm**

**Northern Virginia Transportation Authority**

**In-Person Meeting at NVTa Offices, 2600 Park Tower Drive, Vienna, Virginia**

**Live-streamed on YouTube**

**MEETING SUMMARY**

**I. Call to Order/Welcome**

- Mayor Colbert (Town of Vienna), Chair of the Committee, welcomed Committee members and called the meeting to order at 5:10 p.m.
- Attendees: This was an in-person meeting held at NVTa's new offices at 2600 Park Tower Drive, Vienna, VA 22180.
  - **PCAC Members:** Mayor Colbert (Chair, Town of Vienna); Board Member Cunningham (Arlington County); Supervisor Walkinshaw (Fairfax County); Supervisor Franklin (Prince William County); Council Member Bagley (City of Alexandria); Council Member Underhill (City of Falls Church); Council Member Stehle (City of Fairfax); Mayor Milan (Town of Purcellville).  
Alternate: Supervisor Saines (for Supervisor Glass, Loudoun County).
  - **NVTa Staff:** Monica Backmon (Chief Executive Officer); Keith Jasper (Principal, Planning and Programming); Sree Nampoothiri (Senior Manager, Planning and Programming); Harun Rashid (Planning Analytics Manager).
  - **Other:** Rich Roisman (Arlington County); Jaleh Moslehi (Town of Herndon); Staff Aide for Supervisor Saines.

**II. Action Items:**

**A. Summary Notes of May 22, 2024, Meeting:** The May 22, 2024, meeting summary was approved unanimously.

**B. Review FY2024-2029 Six Year Program Staff Recommendations.**

- Mr. Jasper started his presentation with a short video on NVTa's Six Year Program (SYP) process, which was followed by an overview of this round of project funding recommendations and summary trends in public comments. He then shared more details on the decision-making process for full, partial, and no funding recommendations.
- In this funding cycle, there were 24 eligible candidate projects that were evaluated with a set of quantitative and qualitative considerations, and then presented for public comments. Of these 24 projects, 22 projects are being recommended for funding, focusing on major multi-modal transportation corridors in Northern Virginia, projects that implement transportation technology solutions, and overall maintaining a geographical/modal balance. Two projects were not recommended for funding because they have been previously funded with NVTa Regional Revenues and declared as fully

funded - Blenheim Boulevard (formerly, Old Lee Highway) Multimodal Improvements (City of Fairfax), CC2DCA Multimodal Connection (Arlington County).

- During and after this presentation, committee members requested clarification on several aspects of funding criteria and shared their concerns and suggestions for the recommended action. Below is a highlight:
  - *On Long Term Benefit analysis, does it cover a six-year period (Chair Colbert)?* The HB 2313 funding legislation, that states each locality's benefit should be proportional to its revenue, did not clearly identify a study period or other analysis parameters. Based on recommendations developed by a subcommittee of NVTAs Financial Working Group, comprising of jurisdictional and agency staff and the Council of Counsels, the Authority approved a set of principles to determine Long Term Benefit in its December 11, 2014, meeting. Staff developed a detailed methodology based on these principles, to derive revenue estimates and transportation benefits that are location and trip based.
  - *Will there be any effort to understand and improve the diminishing rate of public comments (Chair Colbert)?* Yes, this will be a part of the "lessons learned" process conducted by NVTAs staff after each funding program is adopted. Although positive public comments for a specific project is helpful in funding decision-making, it is not a straight relationship.
  - *How do local priorities impact funding decisions (Supervisor Walkinshaw)?* In most cases, this is a tie-breaking factor when everything else is equal.
  - *Two questions need to be considered when dealing with projects' cost overrun issues – due to changes/maturity level in the design process, or cost escalation due to market fluctuations (Board member Cunningham).* Yes, at the same time, NVTAs staff need better communications from project sponsors on any project implementation issues (e.g., via NVTAs SPA appendices A/B), and better cost estimates during the application process.
  - *Once a project is approved for funding, does NVTAs allow for changes in project scopes (Council member Underhill)?* On a couple of rare occasions, such changes were considered with a reevaluation of the project, including the CRRC analysis.
  - *On the chart showing high numbers of opposing comments for two Loudoun County projects (LDN 029/033), please share staff insight (Council member Underhill).* Most of these opposing comments were from residents in jurisdictions far away from the project impact areas (e.g., City of Falls Church), citing general concerns associated with roadway capacity projects (e.g., suburban sprawl and induced demands).
  - *The CC2DCA Multimodal Connection (Arlington County) is a highly significant regional project, providing a major connection between the high-density Crystal City activity center and the Ronald Reagan Washington National Airport, involving a number of transportation modes – Metrorail, VRE, and the BRT service Metroway. This project was part of the Commonwealth's incentive package to Amazon's second headquarter site selectin process. I am requesting a re-consideration of the staff no-funding recommendation for this project (Board member Cunningham).* On this request, Chair Colbert invited board member Cunningham to present an amendment to the original motion - recommend the Authority to adopt the FY2024-2029 Six Year Program.
- Board member Cunningham proposed an amendment – to reallocate funds from project ARL 022 (Shirlington Bus Station Expansion) to project ARL 023 (CC2DCA Multimodal Connection).

- Committee members and NVTA staff shared the following concerns/comments on the above amendment:
  - In the FY2020-2025 program, the CC2DCA project was declared as fully funded. With the proposed re-allocation, CC2DCA project will still have funding gaps, and future funding for the Shirlington Bus Station project will be uncertain.
  - Funding reallocation from a higher ranked project (Shirlington Bus Station) to a lower one (CC2DCA) requires stronger rationale, and detailed documentation. Also, this reallocation may set a negative precedence for future funding cycles, where there is a risk of lower project cost estimates skewing the CRRC calculations.
  - In this application cycle, other jurisdictions in a similar situation did not submit funding requests, due to above staff concerns.
  - Currently there is no NVTA policy to deal with project cost overrun issue. In the past there was a discussion to create a contingency fund, which was ultimately rejected due to two concerns – difficulties to prioritize allocations to multiple such needs from this fund; and the above-mentioned risk of lower project cost estimates.
- After the above discussion, **the proposed Arlington County amendment failed to pass (4 yeas, 4 nays, 1 abstain).**
- **The first motion was then passed, to recommend the Authority to adopt the FY2024-2029 Six Year Program (7 yeas and 2 nays).**
- In addition, committee members approved the following two motions unanimously:
  - i. Direct staff to evaluate the creation of a policy to address resubmitted projects that have experienced a cost increase.
  - ii. Direct staff to look at a project’s long-term benefits to check when a jurisdiction’s benefit shares will be balanced.

### III. Discussion/Information Items:

- A. **Preliminary Deployment Plan for Regional BRT System (PDP-BRT):** Mr. Jasper provided a brief status update on the two-part Authority work sessions on this topic. In June/July, work sessions will cover - key findings from Community Engagement process, an overview of analytical approach, and an online survey summary.
- B. **NVTA Update:** Ms. Backmon noted that the Annual Northern Virginia Transportation Roundtable, hosted jointly by NVTA and Intelligent Transportation Society of Virginia (ITSVA), will be held on October 9, 2024, at the new NVTA offices. Additionally, NVTA’s inaugural State of the Region’s Transportation System forum will be held on October 30, 2024, at the new NVTA offices.

- IV. **Adjourn:** With the proposed SYP update adoption at the July Authority meeting, there are no substantive agenda items for this Committee in July, and the July meeting may be cancelled.

The meeting was adjourned at 7:05 pm.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**FOR:** Chair Mayor Colbert and Members  
Northern Virginia Transportation Authority Planning Coordination  
Advisory Committee

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

**DATE:** October 10, 2024

**SUBJECT:** Resubmitted Projects with Cost Overruns – Policy Development Update

**1. Purpose:** To inform the Northern Virginia Transportation Authority (NVTA) Technical Advisory Committee (TAC) 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:** 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.

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. Funding of the reserve was initiated in FY2015 with use of the reserve prohibited until a use policy was approved by the Authority.

At the October 5, 2016, meeting, the Authority acted based on the Finance Committee and Advisory Panel recommendations, to eliminate the Contingency Reserve, essentially stopping the funding of project cost overruns. The associated 2016 staff report for this Authority action is attached.

**3. Discussion Items:** This staff report will organize and present current requirements, Finance Committee and Advisory Panel Conclusions (from 2015/16), Policy Considerations - 2024.

**a. Current Requirements:** The Standard Project Agreement (SPA), which must be in place for projects to start using Regional Revenue funds, addresses cost overruns through several clauses as presented in sequential order:

- I. Recipient Entity's Obligations - A.8.** Promptly notify NVTA's CEO of any additional project costs resulting from unanticipated circumstances and provide to NVTA detailed estimates of additional costs associated with those circumstances. (Project Sponsor Name) understands that it will be within NVTA's sole discretion whether to provide any additional funding to the Project in such circumstances and that NVTA will do so only in accordance with NVTA's approved Project Selection Process and upon formal action and approval by NVTA. (Project Sponsor Name) shall timely provide to NVTA a complete and accurate update to Appendix

B, if NVTA approves funding of any additional Project costs for the Project under this Paragraph.

- II. NVTA's Obligations - B.4. Route all \_(Project Sponsor Name)\_'s supplemental requests for funding from NVTA under Paragraphs A.5 and A.8 of this Agreement to NVTA's CEO. NVTA's CEO will initially review those requests and all supporting documentation with NVTA's CFO. After such initial review, NVTA's CEO will make a recommendation to NVTA's Finance Committee for its independent consideration and review. NVTA's Finance Committee will thereafter make a recommendation on any such request to NVTA for final determination by NVTA.
  - III. NVTA's Obligations - B.7. Make guidelines available to \_(Project Sponsor Name)\_ to assist the parties in carrying out the terms of this Agreement in accordance with applicable law.
  - IV. Appropriations Requirements 1. Nothing herein shall require or obligate any party to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by their respective governing bodies.
- b. **2015/16 Finance Committee and Advisory Panel Conclusions:** The following panel conclusions detail the policy considerations, which lead to the 2016 decision by the Authority to not fund cost overruns.

These conclusions are extracted from the 2015/16 work of the Finance Committee and Advisory Panel. As the Advisory Panel was focused on policy implications associated with a contingency reserve, that wording has been clarified (use of the term cost overruns, and funding cost overruns instead of Contingency Reserve) to reflect funding cost overruns directly with PayGo funding.

Cost overruns could be triggered by underestimation, unforeseeable circumstances, circumstances that were predictable or other issues such as cost estimate errors. The term overrun is thus used generically.

- 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. (4.i)
- II. The Advisory Panel noted that under the terms of the NVTA 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. (4.j)
- III. Funding cost overruns has the potential to shift project risk in some measure from the project sponsor to the NVTA. The Advisory Panel determined the NVTA should not absorb this risk. (4.a)
- IV. 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. (4.f)

- V. 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 raised questions as to:
  - 1. The sufficiency of the funding level of any Contingency Reserve or reduction in PayGo.
  - 2. How will NVTA staff recommendations be formulated?
  - 3. Is there an equity issue when some project sponsors may have committed additional local funds for the cost overruns while others are depending on the NVTA to fund cost overruns? (4.g)
- VI. The Advisory Panel recognized NVTA project evaluation and selection processes (which are based on total project cost) could be impacted through the appropriation of additional NVTA funding, beyond the original agreed amount (4.h):
  - 1. Cost is a (statutorily required) consideration in the NVTA project selection decision, additional costs would impact the score and may have changed the initial funding decisions. (4.h.1)
  - 2. The ability and willingness of NVTA to fund cost overruns may induce some project submitters to reduce their project contingency or other cost factors in their project estimates. Therefore, NVTA's willingness to fund cost overruns for a stated purpose of reducing the risk of not achieving completion of a project, may unintentionally cause a broader risk shift. (4.h.2)
  - 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. (4.h.3)
  - 4. Past project performance (requests for additional funds for the prior agreed upon project scope) would need to be made a formal part of the contingency request and possibly future project evaluation processes. (4.b)
  - 5. The NVTA Contingency Reserve (or additional PayGo) had been referred to as a 'last resort' option. The Advisory Panel questioned how NVTA, at current staffing levels (2015/16) would be able to ensure other options are exhausted. (4.C)
  - 6. If additional funding were to be offered, the Advisory Panel recommended localities be required to commit their Local Distribution (30%) funds as part of the 'other options' noted above prior to making a contingency request. However, this raised additional questions:
    - a. What if the locality 30% funds are already committed by contract or other governing body action?

- b. Are there equity issues with Agencies since they do not receive 30% funds?
  - c. 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.) (4.d.)
7. 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 application and assessment process.

**c. Policy Considerations – 2024:** Since the Advisory Panel concluded its work in 2016, NVTA has the benefit of almost a decade of additional experience. This experience provides additional policy considerations. Points I thru III are contextual.

- I. Accuracy of cost estimates is critical to the integrity of Congestion Reduction Relative to Cost (CRRC) calculations.
- II. Applicants are responsible for including sufficient contingency in their original funding requests to mitigate the impact of future cost overages/underestimates.
- III. While the pandemic affected supply chains resulting in cost escalations, project delivery was already lagging in many cases.
- IV. Should NVTA provide additional funding if project delivery delays were the primary cause of cost escalations? How will NVTA know?
- V. Should additional funding be considered if cost underestimates were the cause (see next bullet.)? How will NVTA be able to determine?
- VI. Parameters to be addressed, if the Authority approves costs overrun funding policy:
  - 1. Will the policy be retroactive?
  - 2. Project Sponsors must document which other funding sources have been sought.
  - 3. Should overrun funding be delayed until those applications have been determined to be successful or not?
  - 4. If project transfers are approved, donor and donee projects should not be allowed to submit future applications for the same projects.
  - 5. Should NVTA not fund Right of Way, Utility Relocation or Construction costs unless the project has completed the Preliminary Engineering phase or is at 30%, 50% or 70% design? OR
  - 6. Exceptions are only permissible with a Governing Body resolution stating that no resubmittals to NVTA will be made.



7. No transfers of Regional Revenues between projects under any circumstances.

- 4. Next steps:** RJACC has had an initial discussion in September, and further discussions are anticipated in October and November. Other scheduled committee meetings to discuss concerns and consider whether a policy to fund cost overruns should be established and if so, what the contents should be are:
- a. Technical Advisory Committee (TAC) on October 16<sup>th</sup>
  - b. Finance Committee on October 17<sup>th</sup>
  - c. Planning Coordination Advisory Committee (PCAC) on October 23<sup>rd</sup>
  - d. Planning and Programming Committee (PPC) on November 18<sup>th</sup> to discuss concerns and consider whether a policy should be established to fund cost overruns and will seek feedback and guidance.

**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

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- 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 NVTA 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 NVTA, 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 NVTA 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 NVTA Contingency Reserve and in light of the above considerations, the Advisory Panel recommended to the NVTA 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.