



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

**TECHNICAL ADVISORY COMMITTEE**

**Wednesday, October 16, 2024, 7:00 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 Boice

**Action**

- II. Summary Notes of June 20, 2024, Meeting** Chair Boice  
*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: November 20, 2024, 7:00 p.m.**

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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 [Technical Advisory Committee Meetings](#)' webpage.*



## Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

### TECHNICAL ADVISORY COMMITTEE

Wednesday, June 20, 2024, 7:00 p.m.

Northern Virginia Transportation Authority

In-Person Meeting at NVTA Offices, 2600 Park Tower Drive, Vienna, VA

Live-streamed on [YouTube](#)

### MEETING SUMMARY

#### I. Call to Order/Welcome

- The meeting was conducted in-person. Chairman Boice called the meeting to order at 7:18 p.m.
- **Attendees:**
  - **TAC Members:** Randy Boice; Karen Campblin; Michelle Cavucci; Armand Ciccarelli; Kerianne Masters; Frank Spielberg; Dr. Zhu.
  - **NVTA Staff:** Monica Backmon, CEO; Keith Jasper, Principal, Transportation Planning and Programming; Sree Nampoothiri, Senior Manager; Ian Newman, Regional Transportation Planner.
  - **Others:** None.

#### II. Summary Notes of March 20, 2024, Meeting

- Approval of the summary notes of the March 20, 2024, meeting was approved unanimously.

#### III. Summary Notes of May 15, 2024, Meeting

- The summary notes of the May 15, 2024, meeting was approved unanimously.

#### IV. FY2024-2029 Six Year Program Staff Recommendations

- Mr. Jasper, Principal, Transportation Planning and Programming at NVTA, presented an overview of NVTA staff recommendations on the FY2024-2029 Six Year Program (SYP). Staff has recommended 22 out of 24 candidate projects for funding with three of those projects receiving only the partial amount of requested funding. He added that the recommendations continue NVTA's emphasis on multimodal/corridor focus with the technology projects ranking high. It is also noted that the recommended projects are geographically and modally balanced.
- Mr. Jasper gave an overview of previous funding programs. A comparison shows that this SYP has the highest level of funding recommended (\$696,335,252) relative to funding requests with the ratio standing at 74 percent.

- Mr. Jasper noted that a high level of effort went into the public engagement activities and provided a trend of public engagement over all the seven funding programs.
- Mr. Jasper provided a summary of public comments received, including projects receiving high and low levels of support or opposition. A total of 731 comments were received from 178 commenters.
- With one exception, all projects ranked by Congestion Reduction Relative to Cost (CRRC) project rating from 1 to 19 (except #10) and 22 are recommended for full funding. Projects ranked by CRRC project rating 20, 21 and 23 are recommend for partial funding.
- The two projects that are not being recommended for funding are the Blenheim Boulevard (formerly, Old Lee Highway) Multimodal Improvements (CRRC 10) and CC2DCA Multimodal Connection (formerly known as CC2DCA Intermodal Connector) (CRRC 24). Mr. Jasper noted that the reason for this recommendation is that both projects had received previous SYP funding and were understood to be fully funded. The new applications did not include any scope changes. In addition, the CC2DCA project was ranked 24 out of 24 in CRRC project rating.
- The three projects recommended for partial funding are Braddock Road Multimodal Improvements Phase II (Humphries Drive to Southampton Drive), Frontier Drive Extension and Intersection Improvements, and Route 7 Multimodal Improvements (I-495 to I-66). These projects are recommended for partial funding due to their low CRRC ranking, limited available funding, and certain phases of the projects understood to be fully funded as per previous NVTA funding approvals.
- In response to Chairman Boice's question on projects that would have received funding if only CRRC was strictly followed, Mr. Jasper mentioned that the available funds would have run out by the 21<sup>st</sup> ranked project, which wouldn't have received its full request.
- In response to Mr. Ciccarelli's question on how public comments are considered in developing the recommendations, Mr. Jasper noted that public comment is an important factor but legally, CRRC ranking has the priority. He added that when all quantitative and qualitative measures being equal and a decision has to be made between two projects, the project with more public support may be recommended. On further inquiry about the type of comments, Mr. Jasper noted that several comments were similar in nature and some of them had the same language.
- In response to Dr. Zhu's question on feedback to the applicants about the public comments, Mr. Jasper commented that the full list of comments is published on the NVTA website and NVTA staff encourage applicants to review the comments.

- Ms. Cavucci noted that the project costs are increasing due to inflation and other factors and asked how NVTA accounts for this. Mr. Jasper responded that applicants are expected to build inflation/contingency into cost estimates and NVTA staff do not have a mechanism to address this issue in the current SYP process. He noted that there was at least one potential applicant who decided not to submit an application due to cost increase as it understood the process. He added that staff must be fair and cannot change the rules in the middle of the process.
- In response to Ms. Cavucci's question on balancing funding among jurisdictions, Mr. Jasper noted that balancing Long Term Benefit (LTB) will take multiple cycles and will require jurisdictions that are low on LTB to submit more applications and/or larger requests to help balance LTB. In response to Chairman Boice's comment on projects in one jurisdiction benefitting other jurisdictions, Mr. Jasper noted that the model-based LTB evaluation takes it into account. Ms. Backmon added that the Authority had discussed a contingency fund in the past but decided against this approach due to (a) the potential for it leading to applicants lowballing project costs to make their applications appear stronger and (b) the difficulty to decide which of the approved projects is more deserving to receive any reserve funds.
- In response to Mr. Ciccarelli's question on why some projects are partially funded when one of them (Frontier Drive Extension and Multimodal Improvements) could have been fully funded, Mr. Jasper noted that the project had received previous NVTA funding and at that time, the earlier phases (preliminary engineering and right of way) of the projects were understood to be fully funded. Therefore, only the request for later phase (construction) was recommended for funding.
- Motion to endorse the staff recommendations, moved by Ms. Cavucci and seconded by Ms. Campbell, was unanimously approved.

#### **V. Preliminary Deployment Plan for Regional BRT System (PDP-BRT)**

- Mr. Jasper, informed the Committee that part one of a two-part Work Session with the Authority members was held at the June 13<sup>th</sup> Authority meeting. Lessons learned from the best practices and part of public engagement were provided. Part two is anticipated to be held at the July 11<sup>th</sup> Authority meeting.
- Mr. Spielberg noted that he observed the pop-up event held at the Eden Center in Falls Church.

**VI. NVTA Update**

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

**VII. Adjourn**

- The meeting was adjourned at 8:03 p.m. The next meeting is scheduled for July 17, 2024, at 7:00 p.m.

DRAFT

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**FOR:** Chair Randy Boice and Members  
Northern Virginia Transportation Authority Technical Advisory Committee

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

**DATE:** October 10, 2024

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

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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.