

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 30 – Funding of Cost Underestimates/Overruns and Transfers

- I. **Purpose.** The purpose of this policy is to establish that project risks due to cost underestimates and/or cost overruns, will not be absorbed by the Northern Virginia Transportation Authority (Authority/NVTA). Upon the adoption of this policy the Authority will not allow the transfer of Authority Regional Revenue Fund project funding between projects.

- II. **General.**
 - A. The funding of cost underestimates/overruns/transfers shifts project risks to the NVTA from the Project Sponsor.
 - B. Any shift of risks by individual Project Sponsors is incompatible with the regional role of the Authority to increase transportation capacity and reduce congestion.
 - C. Project Sponsors are expected to use appropriate, competent professional practices in estimating costs, scheduling and the establishment of contingencies.
 - D. The Authority does not set guidelines for cost estimation, contingency levels, scheduling, preliminary engineering, or any project phases/characteristics, recognizing that Project Sponsors, directly and with their expert consultants, are best positioned to make those decisions and determinations.
 - E. The Authority deploys all available PayGo funds in two-year updates to the Six Year Program. Therefore, the funding of cost underestimates/overruns will reduce the capacity for new and continuing projects.
 - F. Project funding decisions by the Authority are the culmination of a comprehensive evaluation process that is applied consistently across all project funding applications using quantitative and qualitative measures, combined with a formal public comment process. This evaluation process is compliant with NVTA's statutory responsibilities including a requirement that NVTA's funding decisions give priority to projects that achieve the greatest congestion reduction relative to cost.
 - G. The funding of cost underestimates/overruns/transfers will bring into question prior funding decisions of the Authority, which were completed within the parameters required in the Code of Virginia at the time of those decisions.

- III. **Petition for Policy Exemption.**
 - A. Project Sponsor petitions for policy exemptions are not encouraged.
 - B. Project Sponsor petitions for policy exemptions will be examined rigorously.
 - C. Project Sponsors are encouraged to discuss project difficulties with the NVTA Principal, Transportation Planning and Programming (P,TPP) and Chief Financial Officer (CFO) as soon as practical for all parties to attempt to find alternative solutions.
 - D. It is the responsibility of the Project Sponsor to only submit a petition for which the Project Sponsor believes it can proficiently demonstrate factual circumstances supported in currently available and detailed records demonstrating project conditions that are unique, extraordinary in circumstance and could not have been anticipated.

- E. The Authority has the sole right and responsibility to determine the use of Regional Revenue Funds within the parameters and processes required in the Code of Virginia.
- F. All petitions for exemption under this policy will be presented to the Authority for final determination.
- G. Petitions must be presented and considered as part of and within the project selection process of the next available update to the Six Year Program's Call for Regional Transportation Projects (CfRTP).
- H. Petitions received after the current CfRTP deadline will not be reviewed until the next CfRTP.
- I. Petitions must be submitted to NVTA's CFO and P,TPP to provide for an orderly examination and comprehensive NVTA staff review facilitating thorough and comprehensive professional recommendations for NVTA's Chief Executive Officer (CEO) to assess.
- J. The P,TPP will provide requirements for the submission of petitions within the Six Year Program Update CfRTP.
- K. At its sole determination, NVTA may use the services of independent outside consultants, of its choosing, on an on-call basis, to fully examine the petition and to form recommendations. The cost of any on-call consultants used for the petition review will be paid by the Project Sponsor.
- L. 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.
- M. Delays in the receipt of requested Project Sponsor material and responses will result in a recommendation of No Finding. Authority acceptance of a No Finding recommendation will result in the petition, if not withdrawn by the Project Sponsor, being reviewed as part of the next two-year update to the Six Year Program.
- N. The CEO will make recommendations to the Authority's Finance Committee, Program Coordination Advisory Committee (PCAC), Technical Advisory Committee (TAC) and Planning and Programming Committee (PPC).
- O. The PPC will make recommendations to the Authority as part of a Six Year Program update cycle.
- P. Authority petition decisions are final and non-appealable.

Approved: February 13, 2025