



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # 10

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

December 9, 2020

MOTION

**Made By: Mr. Stinson, Seconded By: Mr. Rucker
Action: Motion Carried, Unanimously**

**Title: SMART SCALE Project Second Budget Increase for I-81 at State Route 75 (Exit 17)
Interchange Modification (UPC 109419)**

WHEREAS, section 33.2-214.1 of the *Code of Virginia*, provides that the Commonwealth Transportation Board (Board) shall develop a statewide prioritization process for certain projects funded by the Board, including those projects allocated funds pursuant to sections 33.2-358, 33.2-370 and 33.2-371 of the *Code of Virginia*, and

WHEREAS, on February 19, 2020, the Board adopted a revised SMART SCALE Prioritization Process to govern screening, scoring and selecting projects for funding pursuant to section 33.2-214.1; and

WHEREAS, Item 12 of the Board's SMART SCALE Prioritization Process provides that a project that has been selected for funding must be re-scored and the funding decision re-evaluated if there are significant changes to either the scope or cost of the project, such that the anticipated benefits relative to funding requested would have substantially changed; and

WHEREAS, Item 12.a. of the Board’s SMART SCALE Prioritization Process further provides that if an estimate increases prior to project advertisement or contract award that exceeds the following thresholds, and the applicant is not covering the increased cost with other funds, Board action is required to approve the budget increase:

- i. Total Cost Estimate <\$5 million: 20% increase in funding requested
- ii. Total Cost Estimate \$5 million to \$10 million: \$1 million or greater increase in funding requested
- iii. Total Cost Estimate > \$10 million: 10% increase in funding requested; \$5 million maximum increase in funding requested; and

WHEREAS, on December 7, 2016, the Board adopted the Six-Year Improvement Program Development Policy that states that any project added to the SYIP with funding from the State of Good Repair Program, High Priority Projects Program, or Construction District Grants Program shall be fully funded; and

WHEREAS, section 33.2-214 of the *Code of Virginia*, provides that “the Board shall only include a project or program wholly or partially funded with funds from the State of Good Repair Program pursuant to § 33.2-369, the High Priority Projects Program pursuant to § 33.2-370, or the Highway Construction District Grant Programs pursuant to § 33.2-371 in the Six-Year Improvement Program if the allocation of funds from those programs and other funding committed to such project or program within the six-year horizon of the Six-Year Improvement Program is sufficient to complete the project or program”; and

WHEREAS, the I-81 at State Route 75 (Exit 17) Interchange Modification Project (Project) was submitted for consideration and selected for \$21.2 million in funding through the Construction District Grant Program (\$12.3 million) and High Priority Projects Program (\$8.9 million) in the first round of the prioritization process pursuant to section 33.2-214.1; and

WHEREAS, the Project was ranked 10 out of 10 projects selected for funding with a score of 1.48; and

WHEREAS, on October 30, 2018, the Board approved a SMART SCALE budget increase of up to \$10.6 million using surplus Bristol Construction District Grant funds (\$7.6 million) and surplus High Priority Projects Program funds (\$3.0 million); and

WHEREAS, the Project was re-scored to have a revised score of .99 and decreased in prioritization by five projects; and

WHEREAS, the Virginia Department of Transportation (VDOT) received bids for the Project on November 18, 2020 and determined that the price proposals were responsive and represented good competition; and

WHEREAS, the current estimated cost for award of the Project exceeds the current budget of \$31.8 million (which takes into consideration the prior SMART SCALE increase approved by the Board) by approximately \$1.5 million; and

WHEREAS, the Virginia Department of Transportation (VDOT) has reviewed the Project's scope to identify opportunities to remain within the current budget while maintaining substantially the same project benefits and has determined that reducing the Project's scope in order to remain within the current budget would render the Project incapable of achieving substantially the same benefits as the original scope; and

WHEREAS, VDOT recommends Board approval of a second SMART SCALE budget increase for the Project in the amount of up to \$1.5 million using surplus Bristol Construction District Grant funds (UPC -21760); and

WHEREAS, this second SMART SCALE budget increase will increase the total SMART SCALE budget to date for the Project from the original amount at project selection of \$21.2 million to \$33.3 million; and

WHEREAS, the Project was re-scored to have a revised score of 0.94 and decreased in prioritization rank by one project; and

WHEREAS, the Project has thus far incurred expenditures totaling \$18.9 million.

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the second SMART SCALE budget increase in the amount of up to \$1.5 million for the Project is necessary to award and fund the Project and is therefore approved; and

NOW THEREFORE BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board, that is the Board's intent and VDOT is directed to allocate surplus Bristol Construction District Grant funds (UPC -21760) to fund the budget increase.

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CTB Decision Brief
SMART SCALE Project Second Budget Increase for I-81 at State Route 75 (Exit 17)
Interchange Modification (UPC 109419)

Issue: The I-81 at State Route 75 (Exit 17) Interchange Modification Project (UPC 109419) (Project) was selected for funding under Round 1 of the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Policy/Process. In October 2018, the Board approved a \$10.6 million budget increase. The Virginia Department of Transportation (VDOT) received bids for the Project on November 18, 2020 and determined that the price proposals were responsive and represented good competition. The estimated cost for award of the Project exceeds the approved budget by approximately \$1.5 million. VDOT recommends Board approval of a second SMART SCALE budget increase in the amount of up to \$1.5 million using surplus Bristol Construction District Grant funds.

Facts: Item 12 of the Board's SMART SCALE Prioritization Process, adopted February 19, 2020, provides that a project that has been selected for funding must be re-scored and the funding decision reevaluated if there are significant changes to either the scope or cost of the project, such that the anticipated benefits relative to funding requested would have substantially changed.

Item 12.a. of the Board's SMART SCALE Prioritization Process states that if an estimate increases prior to project advertisement or contract award that exceeds the following thresholds, and the applicant is not covering the increased cost with other funds, Board action is required to approve the budget increase:

- i. Total Cost Estimate <\$5 million: 20% increase in funding requested
- ii. Total Cost Estimate \$5 million to \$10 million: \$1 million or greater increase in funding requested
- iii. Total Cost Estimate > \$10 million: 10% increase in funding requested; \$5 million maximum increase in funding requested

The I-81 Exit 17 Interchange Modification Project was submitted for consideration and selected for \$21.2 million in funding through both the Construction District Grant Program (\$12.3 million) and the High Priority Projects Program (\$8.9 million) during Round 1 of the SMART SCALE Prioritization Process.

The Project was ranked 10 out of 10 projects selected for funding with a score of 1.48.

On October 30, 2018, the Board approved a budget increase of up to \$10.6 million for the Project using surplus Bristol Construction District Grant funds (\$7.6 million) and surplus High Priority Projects Program funds (\$3 million) so the Project could continue to advance to the right of way phase.

VDOT received bids for the Project on November 18, 2020 and determined that the price proposals were responsive and represented good competition.

However, the current estimated cost for award of the Project exceeds the current budget of \$31.8 million (which takes into consideration the increase from October, 2018) by approximately \$1.5 million.

VDOT has reviewed the Project's scope to identify opportunities to remain within the original budget while maintaining substantially the same project benefits and has determined that reducing the Project's scope in order to remain within the current budget would render the Project incapable of achieving substantially the same benefits.

VDOT recommends Board approval of a second SMART SCALE budget increase for the Project in an amount of up to \$1.5 million using surplus Bristol Construction District Grant funds (UPC -21760).

This second SMART SCALE budget increase will increase the total SMART SCALE budget to date for the Project from \$21.2 million at project selection to \$33.3 million.

Recommendation: VDOT recommends that the Board approve a second SMART SCALE budget increase in the amount of up to \$1.5 million for the Project using surplus Bristol Construction District Grant funds.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the SMART SCALE budget increase for the I-81 Exit 17 Interchange Modification Project (UPC 109419) and state the Board's intent and direction to fund the increase with surplus Construction District Grant funds from the Bristol District.

Result, if Approved: If approved, funds will be transferred so that the Project can be awarded.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None