



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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Agenda item # 11

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

January 17, 2023

MOTION

Made By: Mr. Laird, **Seconded By:** Dr. Smoot

Action: Motion Carried, Unanimously

Title: SMART SCALE Project Budget Increase and Priority Transportation Funds Transfer for Southern Connector (UPC 105907) in the City of Waynesboro

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 December 8, 2021, 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 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; 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

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iii. Total Cost Estimate > \$10 million: 10% increase in funding requested; \$5 million maximum increase in funding requested; and

WHEREAS, section 33.2-214 requires projects funded wholly or partially with funds from the State of Good Repair Program pursuant to section 33.2-369, the High Priority Projects Program pursuant to section 33.2-370, or the Highway Construction District Grant Programs pursuant to section 33.2-371, or the Interstate Operations and Enhancement Program pursuant to section 33.2-372, or capital projects funded through the Virginia Highway Safety Improvement Program pursuant to section 33.2-373 in the Six-Year Improvement Program to be fully funded within the six-year horizon of the Six-Year Improvement Program; and

WHEREAS, the Southern Connector (UPC 105907) in the city of Waynesboro (Project) was submitted for consideration and selected for \$12,611,870 in funding through the Staunton Construction District Grant Program in the first round of the prioritization process pursuant to section 33.2-214.1 with a total cost of \$16,088,466; and

WHEREAS, the Project was ranked 15 out of 18 projects selected in Round 1 in the Staunton District with a score of 1.8; and

WHEREAS, the District estimates that the project needs an additional \$5,598,473 ahead of project advertisement;

WHEREAS, further delay in identifying funds to support advertisement of the project as soon as possible will only exacerbate the budget shortfall; and

WHEREAS, the City of Waynesboro has applied for a grant from the Virginia Economic Development Partnership to construct onsite water and sewer utilities to serve the adjacent economic development sites to coincide with road construction; and

WHEREAS, the Board was briefed on a proposed SMART SCALE budget increase for the Project in December 2022; and

WHEREAS, subsequent to the Board's briefing on the proposed SMART SCALE budget increase for the Project in December 2022, the City of Waynesboro has agreed to transfer \$2,668,820 in Priority Transportation Funds (PTF) from UPC 120641 Broad Street Streetscape project in the City of Waynesboro to the Project; and

WHEREAS, VDOT recommends Board approval of a revised SMART SCALE budget increase of \$2,929,653 using surplus Staunton Construction District Grant Program funds (UPC - 21768);

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WHEREAS, VDOT recommends a transfer of \$2,668,820 in Priority Transportation Funds (PTF) from UPC 120641 Broad Street Streetscape project in the City of Waynesboro, which was funded with surplus Priority Transportation Funds (PTF) after SMART SCALE Round 4, to the Project to fund the remaining shortfall; and

WHEREAS, the City of Waynesboro will be responsible for identifying funding to fully fund the Broad Street Streetscape project (UPC 120641) or adjusting the scope of that project to be within the revised budget; and

WHEREAS, taking into consideration the revised proposed SMART SCALE budget increase of \$2,929,653, the Project was re-scored resulting in a revised score of 1.4, with no reduction in rank; and

WHEREAS, as of December 9, 2022, the Project has incurred expenditures of \$4,792,155.

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the revised SMART SCALE budget increase of \$2,929,653 for the Project, using surplus Staunton Construction District Grant Program funds (UPC -21768) is approved; and

BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board, that the transfer of \$2,668,820 in PTF from UPC 120641 Broad Street Streetscape project in the City of Waynesboro to the Project is approved; and

BE IT FURTHER RESOLVED; by the Commonwealth Transportation Board, that the City of Waynesboro will be responsible for identifying funding to fully fund the Broad Street Streetscape project (UPC 120641) or adjusting the scope of that project to accommodate the revised budget.

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CTB Decision Brief
**SMART SCALE Project Budget Increase and Priority Transportation Funds Transfer for
the Southern Connector (UPC 105907) in the City of Waynesboro**

Issue: The Southern Connector UPC 105907 (Project) was selected for funding in the first round of the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Process and the current estimated cost of the Project exceeds the approved budget by \$5,598,473. The Board was briefed on a proposed SMART SCALE budget increase in December 2022. Subsequent to the Board's briefing, the City of Waynesboro has identified/proposed funds to cover a portion of the shortfall and reduce the proposed SMART SCALE budget increase. As a result, the Virginia Department of Transportation (VDOT) recommends Board approval of a SMART SCALE budget increase in the amount of \$2,929,653 using surplus Staunton Construction District Grant Program funds from UPC -21768. VDOT further recommends, consistent with the City's proposal, that the remainder of the shortfall, \$2,668,820, be provided by a transfer of funds from UPC 120641 Broad Street Streetscape in the City of Waynesboro, which was funded with surplus Priority Transportation Funds (PTF) after SMART SCALE Round 4. The City of Waynesboro will, in turn, be responsible for identifying funding to fully fund the Broad Street Streetscape project (UPC 120641) or adjusting the scope of that project to accommodate the revised budget. Board approval of the SMART SCALE budget increase is required.

Facts: Item 12 of the Board's SMART SCALE Prioritization Policy/Process, adopted December 8, 2021, 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 Southern Connector UPC 105907 (Project) was submitted for consideration and selected for \$12,611,870 in funding through the Staunton Construction District Grant Program. The Project's total cost at selection was \$16,088,466. The Project was ranked 15 out of 18 projects selected for funding in Round 1 in the Staunton District with a score of 1.8. Subsequent to selection, the City of Waynesboro provided an additional \$1,282,920 in leveraged funding.

The District estimates that the project needs an additional \$5,598,473 to advertise for a revised total cost of \$22,969,859. Further delay in identifying funds to support advertisement of the project as soon as possible will only exacerbate the budget shortfall. In addition, the City of

Waynesboro has applied for a grant from the Virginia Economic Development Partnership to construct onsite water and sewer utilities to serve the adjacent economic development sites to coincide with road construction.

Subsequent to the Board's briefing on the proposed SMART SCALE budget increase for the Project in December 2022, the City of Waynesboro has agreed to transfer \$2,668,820 in Priority Transportation Funds (PTF) from UPC 120641 Broad Street Streetscape project in the City of Waynesboro to the Project. Further, the City of Waynesboro will be responsible for identifying funding to fully fund the Broad Street Streetscape project (UPC 120641) or adjusting the scope of the project accommodate the revised budget.

As a result, the remaining SMART SCALE budget shortfall is \$2,929,653. The Project was rescored based on the increased SMART SCALE budget of \$15,541,523 (\$12,611,870 + \$2,929,653), resulting in a score of 1.4 with no change in rank.

As of December 9, 2022, the Project has incurred expenditures of \$4,792,155.

Based on the foregoing, VDOT recommends Board approval of a revised SMART SCALE budget increase for the Project in the amount of \$2,929,653 using surplus Staunton Construction District Grant Program funds (UPC -21768), with the condition that the remaining budget shortfall of \$2,668,820 be transferred from UPC 120641 Broad Street Streetscape project in the City of Waynesboro. The City of Waynesboro will be responsible for identifying funding to fully fund the Broad Street Streetscape project (UPC 120641) or adjusting the scope of the project to accommodate the revised budget.

Recommendation: Approval of a revised SMART SCALE budget increase in the amount of \$2,929,653 using surplus Staunton Construction District Grant Program funds (UPC -21768). Approval of a transfer of \$2,668,820 in PTF from UPC 120641 Broad Street Streetscape project in the City of Waynesboro to the Project.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the revised SMART SCALE budget increase for the Southern Connector UPC 105907 and to provide for the Board's intent and direction to partially fund the increase with \$2,929,653 in surplus Staunton Construction District Grant Program funds (UPC -21768). The resolution will also include language approving the transfer of \$2,668,820 in PTF from UPC 120641 Broad Street Streetscape project in the City of Waynesboro to the Southern Connector Project.

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