



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

May 17, 2022

MOTION

Made By: Mr. Merrill **Seconded By:** Mr. Johnsen

Action: Motion carried, unanimously

**Title: SMART SCALE Project Second Budget Increase for Interstate 81 at Exit 300
Southbound Acceleration Lane Extension UPC 111054 in Warren County**

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

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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, 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, the Highway Construction District Grant Programs pursuant to section 33.2-371, 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, Interstate 81 at Exit 300 Southbound Acceleration Lane Extension UPC 111054 Project (the Project) was previously submitted for consideration and selected for \$3.4 million in funding through the High Priority Projects Program in the second round of the prioritization process pursuant to section 33.2-214.1; and

WHEREAS, the Project was ranked 9 out of 19 projects selected in Round 2 in the Staunton District with a score of 11.1; and

WHEREAS, on June 17, 2020, the Board approved a SMART SCALE budget increase for the Project of up to \$5.1 million using surplus High Priority Project funds; and

WHEREAS, based on the budget increase, the Project was re-scored resulting in a revised score of 4.5 and a decrease in prioritization by seven projects; and

WHEREAS, the Virginia Department of Transportation (VDOT) received bids for the Project on April 27, 2022 and determined that the price proposals were responsive and represented good competition; and

WHEREAS, based on the price proposals received, the current estimated cost for award of the Project exceeds the current budget of \$8.5 million (which takes into consideration the prior SMART SCALE increase approved by the Board) by \$750,741; 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

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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 \$750,741 and use of surplus High Priority Projects Program funds (UPC -21770) to fund the increase; 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 \$3.4 million to approximately \$9.3 million; and

WHEREAS, taking into consideration the proposed SMART SCALE budget increase, the Project was re-scored resulting in a revised score of 4.1 with no change in prioritization rank; and

WHEREAS, the Project has thus far incurred expenditures totaling \$917,274.

NOW THEREFORE BE IT RESOLVED, by the Commonwealth Transportation Board, that the second SMART SCALE budget increase in the amount of up to \$750,741 for the Project is necessary to award and fund the Project and is therefore approved; and

THEREFORE BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board, that is the Board's intent and VDOT is directed to allocate surplus High Priority Project funds (UPC -21770) to fund the budget increase.

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CTB Decision Brief SMART SCALE Project Budget Increase for Interstate 81 at Exit 300 Southbound Acceleration Lane Extension Project UPC 111054 in Warren County

Issue: Interstate 81 at Exit 300 Southbound Acceleration Lane Extension Project (UPC 111054) (the Project) was previously selected for funding under the Commonwealth Transportation Board's (Board) SMART SCALE Prioritization Policy/Process. In June 2020, the Board approved a \$5.1 million budget increase based on a revised Project scope. The Virginia Department of Transportation (VDOT) received bids for the Project on April 27, 2022 and determined that the price proposals were responsive and represented good competition, however, based on the price proposals, the cost to award the Project exceeds the approved budget by \$750,741. VDOT recommends Board approval of a second SMART SCALE budget increase for this Project in the amount of up to \$750,741 and use of surplus High Priority Project funds from UPC -21770 to fund the increase. Board approval of the 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 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

The Interstate 81 at Exit 300 Southbound Acceleration Lane Extension Project (UPC 111054) was previously submitted for consideration and selected for \$3.4 million in funding through the High Priority Projects Program. The Project was ranked 9 out of 19 projects selected for funding in SMART SCALE Round 2 in the Staunton District with a score of 11.1.

On June 17, 2020, based on a revised Project scope, the Board approved a budget increase of up to \$5.1 million for the Project using surplus High Priority Projects Program funds so the Project could continue to advance. At that time, the Project was rescored, resulting in a revised score of 4.5 and a reduced prioritization by 7 projects.

VDOT received bids for the Project on April 27, 2022 and determined that the price proposals were responsive and represented good competition.

However, based on the price proposals, the cost to award the Project exceeds the current budget of \$8.5 million (which takes into consideration the increase from June 2020) by approximately \$750,741.

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. The Project was rescored based on the increased budget, resulting in a score of 4.1, with no change in prioritization.

Thus far, the Project has incurred expenditures of \$917,274.

Based on the foregoing, VDOT recommends Board approval of a second SMART SCALE budget increase for the Project in an amount of up to \$750,741 using surplus High Priority Projects Program funds (UPC -21770) to fund the budget increase.

This second SMART SCALE budget increase will increase the total SMART SCALE budget to date for the Project from \$3.4 million at project selection to approximately \$9.3 million.

Recommendation: VDOT recommends that the Board approve a second SMART SCALE budget increase in the amount of up to \$750,741 for the Project using surplus High Priority Projects Program funds (UPC -21770) to fund the budget increase.

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 Interstate 81 at Exit 300 Southbound Acceleration Lane Extension Project (UPC 111054) and to provide for the Board's intent and direction to fund the increase with surplus High Priority Projects Program funds.

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