



# Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

## PLANNING COORDINATION ADVISORY COMMITTEE

Wednesday, November 20, 2024, 5:00 p.m.

**Meeting will be held virtually on Zoom platform**

The meeting will be livestreamed on [NVTA's YouTube Channel](#)<sup>1</sup>

### AGENDA

- I. Call to Order/Welcome Chair Colbert

### Action

- II. Summary Notes of June 20, 2024, Meeting
- III. Summary Notes of October 23, 2024, Meeting Chair Colbert  
*Recommended action: Approve meeting notes*

### Discussion/Information

- IV. Projects with Cost Underestimates/ Overruns Mr. Longhi, CFO
- V. NVTA Update Ms. Backmon, CEO

### Adjournment

- VI. Adjourn

**Next Meeting:** *To Be Determined.*

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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 [Planning Coordination Advisory Committee](#) webpage.



## Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

### PLANNING COORDINATION ADVISORY COMMITTEE

**Thursday, June 20, 2024, 5:00 pm**

**Northern Virginia Transportation Authority**

**In-Person Meeting at NVTa Offices, 2600 Park Tower Drive, Vienna, Virginia**

**Live-streamed on YouTube**

### **MEETING SUMMARY**

#### **I. Call to Order/Welcome**

- Mayor Colbert (Town of Vienna), Chair of the Committee, welcomed Committee members and called the meeting to order at 5:10 p.m.
- Attendees: This was an in-person meeting held at NVTa's new offices at 2600 Park Tower Drive, Vienna, VA 22180.
  - **PCAC Members:** Mayor Colbert (Chair, Town of Vienna); Board Member Cunningham (Arlington County); Supervisor Walkinshaw (Fairfax County); Supervisor Franklin (Prince William County); Council Member Bagley (City of Alexandria); Council Member Underhill (City of Falls Church); Council Member Stehle (City of Fairfax); Mayor Milan (Town of Purcellville).  
Alternate: Supervisor Saines (for Supervisor Glass, Loudoun County).
  - **NVTa Staff:** Monica Backmon (Chief Executive Officer); Keith Jasper (Principal, Planning and Programming); Sree Nampoothiri (Senior Manager, Planning and Programming); Harun Rashid (Planning Analytics Manager).
  - **Other:** Rich Roisman (Arlington County); Jaleh Moslehi (Town of Herndon); Staff Aide for Supervisor Saines.

#### **II. Action Items:**

**A. Summary Notes of May 22, 2024, Meeting:** The May 22, 2024, meeting summary was approved unanimously.

#### **B. Review FY2024-2029 Six Year Program Staff Recommendations.**

- Mr. Jasper started his presentation with a short video on NVTa's Six Year Program (SYP) process, which was followed by an overview of this round of project funding recommendations and summary trends in public comments. He then shared more details on the decision-making process for full, partial, and no funding recommendations.
- In this funding cycle, there were 24 eligible candidate projects that were evaluated with a set of quantitative and qualitative considerations, and then presented for public comments. Of these 24 projects, 22 projects are being recommended for funding, focusing on major multi-modal transportation corridors in Northern Virginia, projects that implement transportation technology solutions, and overall maintaining a geographical/modal balance. Two projects were not recommended for funding because they have been previously funded with NVTa Regional Revenues and declared as fully

funded - Blenheim Boulevard (formerly, Old Lee Highway) Multimodal Improvements (City of Fairfax), CC2DCA Multimodal Connection (Arlington County).

- During and after this presentation, committee members requested clarification on several aspects of funding criteria and shared their concerns and suggestions for the recommended action. Below is a highlight:
  - *On Long Term Benefit analysis, does it cover a six-year period (Chair Colbert)?* The HB 2313 funding legislation, that states each locality's benefit should be proportional to its revenue, did not clearly identify a study period or other analysis parameters. Based on recommendations developed by a subcommittee of NVTa's Financial Working Group, comprising of jurisdictional and agency staff and the Council of Counsels, the Authority approved a set of principles to determine Long Term Benefit in its December 11, 2014, meeting. Staff developed a detailed methodology based on these principles, to derive revenue estimates and transportation benefits that are location and trip based.
  - *Will there be any effort to understand and improve the diminishing rate of public comments (Chair Colbert)?* Yes, this will be a part of the "lessons learned" process conducted by NVTa staff after each funding program is adopted. Although positive public comments for a specific project is helpful in funding decision-making, it is not a straight relationship.
  - *How do local priorities impact funding decisions (Supervisor Walkinshaw)?* In most cases, this is a tie-breaking factor when everything else is equal.
  - *Two questions need to be considered when dealing with projects' cost overrun issues – due to changes/maturity level in the design process, or cost escalation due to market fluctuations (Board member Cunningham).* Yes, at the same time, NVTa staff need better communications from project sponsors on any project implementation issues (e.g., via NVTa SPA appendices A/B), and better cost estimates during the application process.
  - *Once a project is approved for funding, does NVTa allow for changes in project scopes (Council member Underhill)?* On a couple of rare occasions, such changes were considered with a reevaluation of the project, including the CRRC analysis.
  - *On the chart showing high numbers of opposing comments for two Loudoun County projects (LDN 029/033), please share staff insight (Council member Underhill).* Most of these opposing comments were from residents in jurisdictions far away from the project impact areas (e.g., City of Falls Church), citing general concerns associated with roadway capacity projects (e.g., suburban sprawl and induced demands).
  - *The CC2DCA Multimodal Connection (Arlington County) is a highly significant regional project, providing a major connection between the high-density Crystal City activity center and the Ronald Reagan Washington National Airport, involving a number of transportation modes – Metrorail, VRE, and the BRT service Metroway. This project was part of the Commonwealth's incentive package to Amazon's second headquarter site selectin process. I am requesting a re-consideration of the staff no-funding recommendation for this project (Board member Cunningham).* On this request, Chair Colbert invited board member Cunningham to present an amendment to the original motion - recommend the Authority to adopt the FY2024-2029 Six Year Program.
- Board member Cunningham proposed an amendment – to reallocate funds from project ARL 022 (Shirlington Bus Station Expansion) to project ARL 023 (CC2DCA Multimodal Connection).

- Committee members and NVTa staff shared the following concerns/comments on the above amendment:
  - In the FY2020-2025 program, the CC2DCA project was declared as fully funded. With the proposed re-allocation, CC2DCA project will still have funding gaps, and future funding for the Shirlington Bus Station project will be uncertain.
  - Funding reallocation from a higher ranked project (Shirlington Bus Station) to a lower one (CC2DCA) requires stronger rationale, and detailed documentation. Also, this reallocation may set a negative precedence for future funding cycles, where there is a risk of lower project cost estimates skewing the CRRC calculations.
  - In this application cycle, other jurisdictions in a similar situation did not submit funding requests, due to above staff concerns.
  - Currently there is no NVTa policy to deal with project cost overrun issue. In the past there was a discussion to create a contingency fund, which was ultimately rejected due to two concerns – difficulties to prioritize allocations to multiple such needs from this fund; and the above-mentioned risk of lower project cost estimates.
- After the above discussion, **the proposed Arlington County amendment failed to pass (4 yeas, 4 nays, 1 abstain).**
- **The first motion was then passed, to recommend the Authority to adopt the FY2024-2029 Six Year Program (7 yeas and 2 nays).**
- In addition, committee members approved the following two motions unanimously:
  - i. Direct staff to evaluate the creation of a policy to address resubmitted projects that have experienced a cost increase.
  - ii. Direct staff to look at a project's long-term benefits to check when a jurisdiction's benefit shares will be balanced.

### III. Discussion/Information Items:

- A. **Preliminary Deployment Plan for Regional BRT System (PDP-BRT):** Mr. Jasper provided a brief status update on the two-part Authority work sessions on this topic. In June/July, work sessions will cover - key findings from Community Engagement process, an overview of analytical approach, and an online survey summary.
- B. **NVTa Update:** Ms. Backmon noted that the Annual Northern Virginia Transportation Roundtable, hosted jointly by NVTa and Intelligent Transportation Society of Virginia (ITSVA), will be held on October 9, 2024, at the new NVTa offices. Additionally, NVTa's inaugural State of the Region's Transportation System forum will be held on October 30, 2024, at the new NVTa offices.

- IV. **Adjourn:** With the proposed SYP update adoption at the July Authority meeting, there are no substantive agenda items for this Committee in July, and the July meeting may be cancelled.  
The meeting was adjourned at 7:05 pm.



# Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

## PLANNING COORDINATION ADVISORY COMMITTEE

Wednesday, October 23, 2024, 6:30 pm

Northern Virginia Transportation Authority

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

Live-streamed on YouTube

## MEETING SUMMARY

### I. Call to Order/Welcome

- Council Member Miles (Town of Dumfries), Vice-chair of the Committee, welcomed Committee members and called the meeting to order at 6:40 p.m.
- Attendees: This was an in-person meeting held at NVRTA's new offices at 2600 Park Tower Drive, Vienna, VA 22180.
  - **PCAC Members:** Council Member Miles (Vice-chair, Town of Dumfries); Supervisor Glass (Loudoun County); Council Member Bagley (City of Alexandria); Mayor Milan (Town of Purcellville).
  - **NVRTA Staff:** Monica Backmon (Chief Executive Officer); Michael Longhi (Chief Financial Officer); Keith Jasper (Principal, Transportation Planning and Programming); Harun Rashid (Planning Analytics Manager).
  - **Other:** Jaleh Moslehi (Town of Herndon).

### II. Action Items:

- A. **Summary Notes of June 20, 2024, Meeting:** Due to the absence of a quorum, the June 20, 2024, meeting summary was tabled.

### III. Discussion/Information Items:

#### A. Resubmitted Projects with Cost Overruns – Policy Development Update:

- Mr. Jasper explained the context of this topic to address the project cost overrun issue. Based on this committee's recommendation on June 20, 2024, the Authority directed NVRTA staff to develop a policy for handling resubmitted projects with cost overruns.
- Mr. Longhi stated that in FY2015, the Authority established a contingency reserve. However, after reviewing its potential use for addressing cost overruns, the decision was made against utilizing it for that purpose and subsequently eliminated the reserve. Mr. Longhi outlined several reasons for eliminating the funding of cost overruns, including the potential to shift risk from the project sponsor to NVRTA; the possibility of impacting the project evaluation and selection process by increasing NVRTA funds beyond the original agreement; and could cause project sponsors to reduce their project contingency,

relying on NVTa to provide additional funds needed to complete the project. Mr. Longhi then outlined additional policy considerations that have emerged since the initial review of cost overruns in FY2015/2016.

- Following the update, committee members provided clarification through the following questions/comments:

- (Mayor Milan) *Are we addressing the issues raised in 2015-16 that resulted in the elimination of the contingency fund?* First, we need to decide if the Authority wants to fund project cost overruns. Depending on the outcome, staff will either draft a new policy to fund cost overruns, addressing all issues raised earlier on its applications, or a policy to not fund cost overruns. Staff recommendation is not to fund cost overruns.

- (Council member Bagley) *Within the current project contract (SPA), there exist mechanisms to discuss cost escalation issues, is project phasing an answer to better address this?* This depends on project types; Some projects are naturally subject to longer implementation timelines, which can lead to cost escalations. Note that a project funding application that declares itself to be fully funded, gets an advantage in the evaluation process.

- (Council member Bagley) *Are we to provide formal recommendations in this meeting?* We do not have a quorum, and this was also presented as an information item in this meeting. Staff will offer a set of recommendations to the Authority in November (November 14 meeting) and will come back to this committee for formal recommendations. However, some direction to move forward from this committee will be helpful for staff to draft the next set of recommendations.

- After this discussion, committee members shared similar concerns as presented by Mr. Longhi to fund cost overruns, and informally expressed their support to not fund project cost overruns.

**B. Six Year Program Application Evaluation Process (Verbal Update):**

- Mr. Jasper explained how NVTa's adopted Core Values of Equity, Safety, and Sustainability could be considered for project evaluation for the upcoming Six Year Program. In the last funding program cycle (FY2024-2029), committee members expressed concerns of double counting in the evaluation process, where core values were considered in both quantitative and qualitative processes. To address this issue, in the next funding cycle (Call for Regional Transportation Projects anticipated in May 2025), NVTa staff will consider keeping the evaluation of core values outside of the formal evaluation workflow, but with a mandatory requirement for applicants to submit a core value statement for each application.
- Committee member discussion:
  - (Council member Bagley) *As NVTa's funding programs evolve, are we considering the short-mid-long term effects of 'induced demands' due to roadway capacity*

*projects? Committee members will certainly feel comfortable in signing off on funding recommendations with knowledge on prior NVTA projects' impacts on travel demands.* Staff is fully aware of this issue, and constantly seeking additional data sources to monitor and quantify NVTA projects' transportation impacts. These effects may take a considerable amount of time to fully manifest, and there might be other external factors that affect travel demands. NVTA's modeling process considers some short-term effects of increasing roadway capacities. Also, we cannot discuss induced demand without considering the increase in population and employment in the region. MWCOC-TPB's recent travel survey reveals that lower income populations are three times more likely to drive to work due to challenges with housing affordability. We need to be cognizant of the complexities and nuances of the 'induced demand' effects. According to NVTA staff analyses, lane-miles added with NVTA funding are very similar to lane-miles added with transit and active transportation modes.

- C. **NVTA Update:** Mr. Jasper noted that NVTA's inaugural State of the Region's Transportation Network event will be held on October 30, 2024, at the new NVTA offices. At this event, NVTA staff will present several metrics related to transportation system performance, establishing a benchmark for NVTA staff to report changes in the future. In response to a committee member's question, Mr. Jasper mentioned that this event will not be live-streamed, but staff can report back to this committee on event proceedings.

- IV. **Adjourn:** Mr. Jasper noted that due to Thanksgiving Holidays in November, the next meeting of the PCAC is scheduled for the 3rd Wednesday in November (Nov. 20), at 5:00 p.m. (virtual).  
The meeting was adjourned at 7:55 pm.

# NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

## MEMORANDUM

**FOR:** Chair Linda Colbert and Members  
Northern Virginia Transportation Authority Planning Coordination Advisory Committee

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

**DATE:** November 7, 2024

**SUBJECT:** Projects with Cost Underestimates/Overruns

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- 1. Purpose:** To inform the Northern Virginia Transportation Authority (NVTa) Planning Coordination Advisory Committee (PCAC) 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:**
  - a.** 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.
  - b.** 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.
  - c.** At the October 5, 2016, meeting the Authority acted, based on the Finance Committee and Advisory Panel recommendations, to eliminate the funding of project cost overruns and no longer pursue the development of a related policy. The associated 2016 staff report for this Authority action is attached.
  - d.** The attached material was presented to the Authority on October 17, 2024. And, presented to the Technical Advisory Committee (TAC) on October 16<sup>th</sup>, the Planning Coordination Advisory Committee (PCAC) on October 23<sup>rd</sup>. Additionally, this material was shared with the Regional Jurisdiction and Agency Coordinating Committee (RJACC) on September 26<sup>th</sup> with an opportunity for further discussion on October 24. RJACC will receive an update on November 21<sup>st</sup> with a further opportunity for regional discussion.
  - e.** The TAC and PCAC did not have meeting quorums and were therefore unable to take official action.
  - f.** A presentation and discussion opportunity for the Planning and Programming Committee (PPC) is scheduled for November 18<sup>th</sup>.



**3. Discussion Items:** The policy development process, informed by prior Authority action, must be guided by whether the Authority is willing to fund cost underestimates/overruns or not.

**a. Funding Cost Underestimates/Overruns.**

- I. A policy based on this direction will need to address the issues noted in the earlier 2015/2016 work of the Advisory Panel and Finance Committee as well incorporate lessons learned over the last eleven years.
- II. Prior efforts to form a policy identified 47 issues which will need to be addressed within the policy. The 47 issues cannot address all possible circumstances which will grow exponentially as experiences broaden.
- III. Addressing the issues involved in the implementation of such a policy will necessitate the expansion of Authority staff and the use of independent external consultants.
- IV. Implementation of such a policy must occur within the two-year update to the Six Year Program (SYP) call for projects, evaluation and ranking processes to maintain compliance with the Authority's legal requirements.

**b. Not Funding Cost Underestimates/Overruns.**

- I. A policy to not fund cost underestimates/overruns will be relatively easy to draft.
- II. If the Authority chooses to direct the development of a policy to not fund cost underestimates/overruns, it can choose to leave an avenue open for project sponsors to submit a petition for additional funding under extraordinary circumstances which could not have been anticipated.
- III. Such a petition process would need to include, but not be limited to:
  1. Provisions to ensure the petitions are only reviewed in the context of an update to the SYP.
  2. Petitions should be submitted to the Chief Financial Officer (CFO) and Principal, Transportation Planning and Programming (P,TPP) to provide for an orderly examination and comprehensive NVTA staff review facilitating comprehensive professional recommendations for NVTA's Chief Executive Officer (CEO) to assess.
  3. 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.
  4. NVTA must have provisions to use the services of independent outside consultants on an on-call basis, to fully examine the petition and form recommendations. (Cost to be paid by project sponsors.)
  5. The on-call services will limit the need to preemptively hire full-time NVTA staff.

6. The CEO will make recommendations to the Authority's Finance Committee, PCAC and PPC.
7. The PPC will make recommendations to the Authority as part of a SYP update suite of projects for new funding.
8. Any recommendations will be made within the context of a two-year update to the SYP.

**IV. Authority Staff Recommendation.**

1. NVTa staff recommends the development of a policy to not fund cost underestimates/overruns. A draft of this policy can be ready for the December 2024 Authority meeting.
2. If the Authority accepts the recommendation to not fund cost underestimates/overruns, but desires to include a petition process, staff requests a policy delivery extension to the February 2025 Authority meeting.
3. If the Authority desires a policy to fund cost underestimates/overruns staff request an extension of 10 months to September 2025 and a moratorium on such funding until the policy is in place.

**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.

