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# Highway Division

## Major Projects Discussion

**November 7, 2017**

## Major Projects Discussion

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### Major Projects Discussion

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- Today's agenda:
  - › Construction phase overruns policy – final for discussion
  - › Design phase overruns policy – draft for discussion
- General considerations for the policies:
  - › Applies to all projects with a estimated total cost in excess of \$15 million
  - › Applies to overruns in excess of contingencies including in the total cost
  - › Major projects are the statutory Owner's Rep requirement (in excess of \$50 million)
- Schedule:
  - › Draft construction policy was discussed at the October Capital Programs Committee meeting
  - › Draft design policy for discussion at today's Capital Program Committee
  - › Complete final policies for Joint Board of Director's meeting on November 13<sup>th</sup>

## Major Projects Discussion

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### Final policy for discussion regarding increased funding for active construction projects

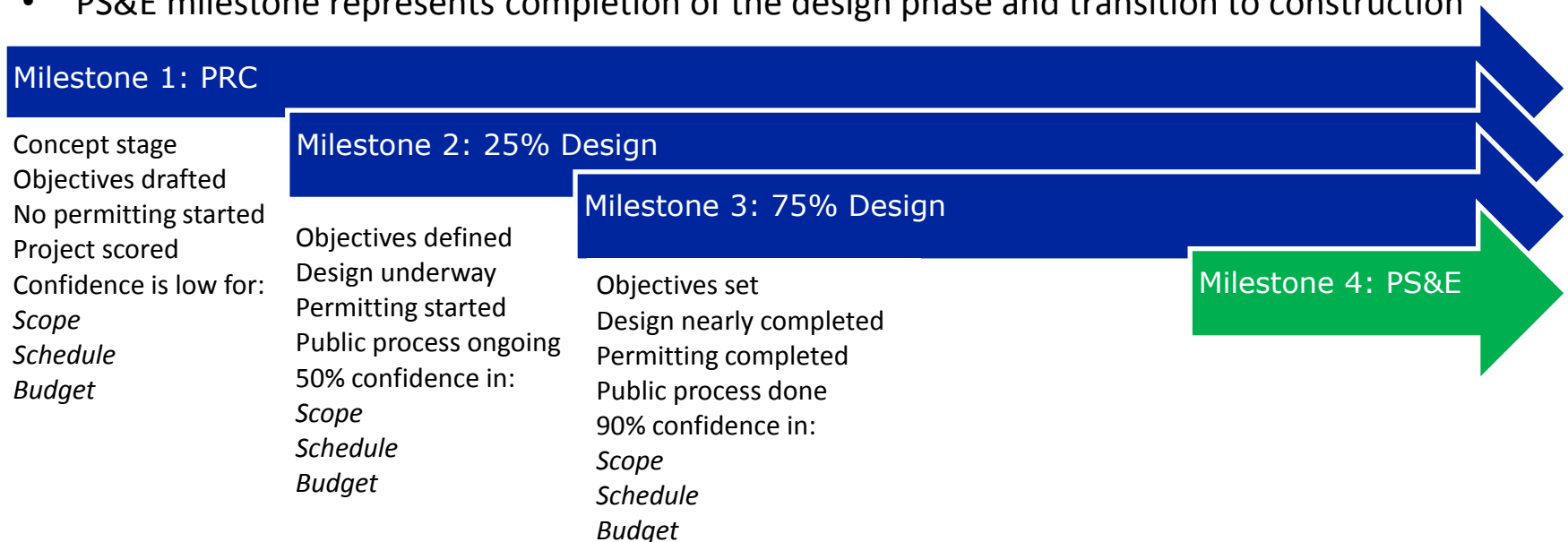
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- Policy: if a project exceeds its original budget, including contingency, by more than the following conditions, Highway Division will seek the Board's approval for additional funding.
  - Projects \$15 million to \$50 million – 10% of project cost, including budgeted contingency
  - Projects \$50 million or greater – \$5M above project cost, including budgeted contingency
- Policy applies to all projects with a estimated cost of \$15 million or greater for consistency with the current Board of Directors' delegated signatory authority.
- As part of the approval process, Highway Division will:
  - Detail what caused the original budget to be exceeded
  - Steps that have been taken to limit the cost increase and/or time delay
  - Impacts are to the existing or proposed schedule, residents and other stakeholders
  - Identify the source of the additional funds and any resulting trade offs

## Major Projects Discussion

Design phase is the advancement of the scope, schedule and budget for individual projects from concept (PRC) to final design (Project Schedule and Estimate (PS&E))

- Highway Division uses a series of milestones to advance projects from concept to final design
- Guidelines are used to advance the scope, schedule and cost estimate at each milestone
- Each stage has inherent confidence levels
- PS&E milestone represents completion of the design phase and transition to construction



## Draft policy for discussion regarding increased funding for projects in the design phase

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- Scope, schedule and budget will change dramatically as the projects advance through the design phase based on purpose and objectives, site conditions, design standards, public comment and right-of-way acquisitions (temporary and permanent)
- Policy: if a project exceeds its original budget at the 25% stage, including contingency, by more than the following conditions, Highway Division will seek the Board's approval to advance the project to the next stage of design
  - Projects \$15 million to \$50 million – 10% of estimated cost, including contingency
  - Projects \$50 million or greater – \$5M above estimated cost, including contingency
- Policy applies to all projects with a estimated cost of \$15 million or greater for consistency with the current Board of Directors' delegated signatory authority.
- As part of the approval process, Highway Division will:
  - Detail changes since the PRC or concept submission
  - Steps that have been taken to limit the cost increase and/or time delay
  - Impacts to the existing or proposed schedule, residents and other stakeholders
  - Identify the source of the additional funds and any resulting trade offs