



Requesting Funding for Project Cost Increases

Guidance for N.C. Public Airports and Consultants

Many factors affect the cost of airport infrastructure development projects at every stage. In some cases, state and federal funds may be available to cover those increased costs. In some cases, they may not, leaving airports responsible for paying those additional costs.

This guidance outlines how airports should help monitor cost increases at every stage and how to request additional funding when needed to cover costs increases.

Keep in mind that federally funded projects may have limited or no additional funds to draw on to cover cost increases.

When requesting funds, cost estimates should include 100 percent of the total cost of the project, including design, construction and administration.

Additionally, when communicating with regional airport project managers (APMs) about your projects, please include the airport identifier, project title and WBS number, if available, to prevent confusion and expedite the review. This will clarify your request as they may be managing multiple, similarly named projects across their regions.

Cost Increases Prior to Construction Award

Airports should take the following steps to keep project cost estimates as up to date as possible before requesting funds from NCDOT:

- Update project costs in EBS each year during the annual call for projects.
 - Estimates should be based on current costs the airport or engineer are receiving on relevant projects.
 - Any estimate increase of \$2 million or 25% or more must include a written explanation for review and concurrence.
- When changes in construction costs arise during alternatives analyses, environmental



assessments or design, costs should be updated in EBS for the next phase of work.

- In rare occurrences, after bidding, redesign may allow value engineering to reduce overall costs. Contact your APM.

Cost Increases at Time of Grant Award

When an airport is ready for funding, the airport should confirm the cost estimates with their APM. This must be accomplished **before** the grant is submitted for board approval for state funds and Request for Aid submitted for federal funds.

This is particularly important for projects funded with State Transportation Improvement Program (STIP) funds, which are programmed years in advance and may require cost estimate adjustments before funding can be requested.

For design projects, ensure:

- The master contract is current.
- The scope is reviewed and concurred upon.
- The Independent Fee Estimate is complete.
- A full [A code](#) budget breakdown and confirmation of construction funding (or plan) is provided.
- The airport has matching funds and is ready to begin the project.



For construction projects, ensure:

- The master contract is current.
- The 100% construction estimate is provided.
 - Any estimated increase of \$2 million or 25% or more must include a written explanation for review and concurrence.
- A minority goal is set.
- The construction administration (CA) and inspection resident project representative (RPR) is included, or other funding identified.
- The airport has matching funds and is ready to bid within 90 days.
- A full [A code](#) budget breakdown and confirmation of total funding is provided, including the funding types.

Cost Increases After the Project Begins

Once the grant is executed and the project begins, the airport and its designated representative should track expenses and work items throughout the project to quickly determine overruns, need for new items and/or need for additional time.

The status of these items should be communicated to the APM early and often to ensure expenses are eligible for funding and additional funds are available to reimburse them

When communicating with the APM, airports should know the source of funding for each project. Some funding types cannot be amended for additional funds. And keep in mind the time of year when requesting additional funds. NCDOT Aviation obligates the full state budget each year and may not have available funds toward the end of the state fiscal year.

While an additional cost may be an eligible expense, NCDOT Aviation may not have available budget in the given fiscal year to cover the increased costs. In these cases, the airport is responsible for paying these project expenses up front for possible reimbursement at a later date, if approved in advance.

When submitting costs increases to APMs, airports should:

- Identify the need and **get approval prior to work beginning.**
 - Including an estimate of anticipated additional cost is a good start if the cost cannot be quantified.
 - Any estimate increase of \$2 million or 25% or more must include a written explanation.
- Include additional professional engineering firm (PEF) costs.
- Include additional project time.
- Provide a comprehensive [A code](#) budget breakdown of existing awarded funds.
- Present the need in 100% funding format, noting the fund type or types.

Cost Increases After Work is Complete

When requesting additional funds to cover costs increases after the work is complete:

- Identify the need.
- Provide the exact cost of overruns/new work.
- Explain why the work was required and not included in original bid items/amounts.
- Include additional professional engineering firm (PEF) costs.
- Include additional project time.
- Provide a comprehensive [A code](#) budget breakdown of existing awarded funds.
- Present the need in 100% funding format. noting the fund type or types.

Note that additional funds may be deemed ineligible for construction administration services, particularly for federal funds, if approval was not obtained in advance. NCDOT may find those costs eligible, but funds may not be immediately available.

For these reasons, it is imperative that airports obtain approval in advance for all expenditures that vary from the bid. Remember, the airport is responsible for all contract expenses, regardless of reimbursement.