



**Dave Heineman**  
Governor

# STATE OF NEBRASKA

**DEPARTMENT OF NATURAL RESOURCES**  
**Ann Bleed**  
Acting Director

IN REPLY TO:

## POLICY STATEMENT XI

## OPERATIONS

### PROJECT COST INCREASES

#### I. PURPOSE

This policy statement is intended to provide local project sponsors, the Nebraska Natural Resources Commission (Commission), and the Director of Natural Resources (Director) with guidance regarding Nebraska Resources Development Fund (NRDF) assistance for cost overruns incurred by the sponsors of approved projects.

The Commission recognizes that cost overruns can occur during project development for a variety of reasons and can be associated with a specific project component or with an entire project. Reasons include but are not limited to:

- (1) Inaccurate cost estimates in the project application and feasibility report;
- (2) Project upgrading by the sponsor between the feasibility report and final design;
- (3) Changes made during final design by the sponsor or other planning agency;
- (4) Construction bids higher than the engineer's estimate;
- (5) Change orders during construction due to soils, geology, etc.;
- (6) Inflation during the course of project development; and,
- (7) Variance from construction schedule.

#### II. POLICY

- (1) Project sponsors are to notify the Director of any anticipated cost overruns as soon as they are recognized. The Director will inform the Commission and may call upon the sponsor to discuss the circumstances at the next regularly-scheduled Commission meeting.
- (2) Any cost overruns on a project or specified component thereof resulting from changes made or authorized by the sponsor without the prior consent of the Commission or the Director will not be eligible for cost-share assistance.
- (3) The Commission will consider all other cost overruns or schedule changes on a case-by-case basis. The factors associated with the overruns will be analyzed as will the extent to which such overruns should have been anticipated when the project application was prepared. The Commission will determine the appropriate level of cost-share for those cost overruns it considers to be eligible for additional NRDF assistance.

This Policy Statement was adopted by the Nebraska Natural Resources Commission on the 2<sup>nd</sup> day of May, 1991, and was reaffirmed by the Commission on the 6<sup>th</sup> day of April, 2006.

Chairman, Nebraska Natural  
Resources Commission

ATTEST

Acting Director of Natural Resources