



# **Laskin Road Improvements**

## **Initial Financial Plan**

**February 28, 2019**

State Project #: 0058-134-F02, P101, R201, C501,  
B603 & 0058-134-862, P101, R201, C501  
Federal #: STP-5A03(956) & STP-5A03(950)  
UPC: 12546 & 111711

## Table of Contents

<b>1. Project Description</b> .....	<b>3</b>
Project History .....	3
Environmental .....	4
Project Website .....	5
<b>2. Schedule</b> .....	<b>5</b>
CHART 2.1 – PROJECT SCHEDULE OVERVIEW .....	5
<b>3. Project Cost</b> .....	<b>5</b>
Narrative of Project Cost .....	5
TABLE 3.1 - PROJECT COST BY PHASE .....	6
Cost Estimating Methodology .....	6
<b>4. Project Funds</b> .....	<b>6</b>
TABLE 4.1 - SUMMARY OF PROJECT AUTHORIZATIONS .....	7
TABLE 4.2 - SUMMARY OF PROJECT FUNDING BY SOURCE .....	7
<b>5. Financing Issues</b> .....	<b>8</b>
<b>6. Cash Flow</b> .....	<b>8</b>
TABLE 6.1 – CASH FLOW ANALYSIS .....	8
<b>7. P3 Assessment</b> .....	<b>9</b>
<b>8. Risk and Response Strategies</b> .....	<b>9</b>
<b>9. Annual Update Cycle</b> .....	<b>10</b>

## 1. PROJECT DESCRIPTION

The Laskin Road project is located in the City of Virginia Beach. The project is comprised of two SMARTSCALE projects; UPC 12546 - from Linbay Drive to Red Robin Road, and UPC 111711 - from Republic Road to Linbay Drive. Improvements on these projects will remove the feeder roads on Laskin Road, widen First Colonial Road between I-264 and Laurel Lane and replace the existing bridge over Linkhorn Bay. The proposed typical section is comprised of eight (8) eleven (11) foot lanes on Laskin Road between Republic and Windwood Drive (4-lanes in each direction), six (6) eleven (11) foot lanes between Windwood Drive and Red Robin Road (3-Lanes in each direction) and six (6) eleven (11) foot lanes on First Colonial Road between I-264 and Republic/Laurel Lane. Fourteen (14) foot outside lanes are provided in both directions on Laskin Road for on road bike accommodation with a ten (10) foot sidewalk in the westbound direction and a five (5) foot sidewalk in the eastbound direction, five (5) foot sidewalks are provided on First Colonial Road in both directions.



### Project History

Initially, the original limits for UPC 12546 were from Phillips Avenue to Atlantic Avenue. However, the City of Virginia Beach completed the first phase of the project that extended from Oriole Drive to Atlantic Avenue. For construction and funding purposes, the project limits for UPC 12546 reduced and were established from Republic Road to Oriole Drive. At that time, the preliminary engineering phase and the right of way phase were funded, but the construction phase was not funded.

Project scoping and design efforts commenced and culminated with the project achieving a Design Public Hearing in November 2000. The project's major design features were subsequently approved in October 2001. An Environmental Assessment (EA) was prepared and the Finding of No Significant Impact (FONSI) was issued in 2001. The project received right of way phase authorization in February 2002 with the issuance of Right of Way Notice to Proceed in May 2002. Right of way acquisitions for the original project were completed in October 2014, at which time utility relocations commenced.

In 2016, the City of Virginia Beach submitted a SMARTSCALE application under UPC 12546 for the Laskin Road bridge replacement with project limits from Linbay Drive to Red Robin Road. The project received allocations to fully fund the project. Subsequently, in 2017 the City of Virginia Beach received additional SMARTSCALE allocations to widen Laskin Road to the west, from Republic Road to Linbay Drive. These allocations were programmed under UPC 111711.

The two projects were combined and design advanced with the intent of awarding a single construction contract. Due to the age of the original project, a re-scoping effort on both projects commenced. The renewed scoping process reaffirmed that the project(s) scope remained as originally documented – only the limits of the project(s) had reduced. Since the new combined project limits were encompassed within the original corridor and the scope remained unchanged, the previous Value Engineering Study that had been conducted in December 1997 was deemed to have sufficiently evaluated and implemented cost saving measures. However, given the age of the project and the likelihood of changes in property ownership along the corridor, a second design public hearing for the combined projects was warranted. A reevaluation of the EA was completed and submitted to Federal Highway Administration (FHWA) and on September 27, 2017, FHWA concurred that the EA was still valid (see section that follows entitled Environmental for additional details). A combined Design Public Hearing for both projects was conducted on December 14, 2017 and the project's major design features were subsequently approved on August 15, 2018. Since the completion of the original right of way acquisition, it has been determined that a right of way phase will be required from Republic Road to Linbay Drive under UPC 111711 and additional right of way acquisition was deemed necessary on UPC 12546 as a result of the age of the original easements and design optimization to meet current standards.

### **Environmental**

An Environmental Assessment was prepared and the Finding of No Significant Impact was issued in 2001. The project limits covered in the EA are from Phillips Avenue to Atlantic Avenue. On December 9, 2002, a Right of Way Reevaluation was submitted for the project limits covered by the 2001 EA/FONSI. A reevaluation of the EA was completed and submitted to FHWA on September 11, 2017. Per agreement with FHWA, the reevaluation of the EA covered from Republic Road to 0.32 mile East of Birdneck Road. On September 27, 2017, FHWA concurred that the EA was still valid.

A preliminary noise analysis was completed for the entire study area. FHWA agreed to let VDOT finalize the noise study under construction phases. The noise analysis was completed for the project limits covered in the 2017 reevaluation of the EA. Based on the noise analysis, one barrier has been identified as being reasonable and feasible located at the Linkhorn Bay Condominiums. One noise barrier was removed due to a large-scale utility conflict.

**Project Website**

Additional information for these projects can be obtained at the link below:

[http://www.virginiadot.org/projects/hamptonroads/laskin\\_road.asp](http://www.virginiadot.org/projects/hamptonroads/laskin_road.asp)

Information on this website will be updated periodically as the project advance through the design stage into construction. Information relating to the public hearing process, displays, construction timeline and citizen signup to receive project public announcements will be available on the project website.

**2. SCHEDULE**

The Laskin Road project is a design-bid-build project. A Pre-Advertisement Conference (PAC) meeting was held on October 11, 2018. The project is projected to require a Type III right of way certification as VDOT continues acquiring the remaining temporary construction easements and finalize the remaining utility relocations. Right of way and utility will not be cleared prior to the scheduled advertisement date. Construction Advertisement is currently scheduled for January 8, 2019 and construction notice to proceed (NTP) is expected by May 24, 2019. The Preliminary Contract Time Determination Report (CTDR) schedule indicates a construction duration of approximately 4 years with a Substantial Completion Date of October 10, 2022 and Final Completion Date of April 14, 2023.

**CHART 2.1 – PROJECT SCHEDULE OVERVIEW**

Task	Start	Finish	1993 to 2018 (25 Years)	YR 2019	YR 2020	YR 2021	YR 2022	YR 2023
Notice to Proceed	Apr-93	Apr-93	◆					
UPC 12546	PE- Design	Apr-93	Dec-18	[Blue bar from Apr-93 to Dec-18]				
	RW/Utilities	Feb-02	May-19	[Green bar from Feb-02 to May-19]				
	Construction	May-19	Apr-23	[Red bar from May-19 to Apr-23]				
UPC 111711	PE- Design	Oct-17	Dec-18	[Blue bar from Oct-17 to Dec-18]				
	RW/Utilities	Sep-18	Aug-20	[Green bar from Sep-18 to Aug-20]				
	Construction	May-19	Apr-23	[Red bar from May-19 to Apr-23]				
Construction Complete	Apr-23	Apr-23						◆

**3. PROJECT COST**

**Narrative of Project Cost**

The current combined total project estimate is \$122,750,000. The project will be delivered as a design-bid-build procurement. The estimates, as well as current expenditures for preliminary engineering (PE), right of way (RW) and construction (CN) costs are summarized by phase and each respective UPC in the table below. The project currently has active PE and RW phases. Total cumulative PE and RW expenditures as of November 30, 2018 are \$42,285,531.

**TABLE 3.1 - PROJECT COST BY PHASE**

UPC	Phase	Estimate	Current Expenditures (11/30/2018)	Balance to Complete
UPC 12546	PE	\$9,480,000	\$8,742,514	\$737,486
	RW	\$35,133,063	\$32,692,374	\$2,440,689
	CN	\$32,546,937	\$0	\$32,546,937
	<b>TOTAL</b>	<b>\$77,160,000</b>	<b>\$41,434,888</b>	<b>\$35,725,112</b>
UPC 111711	PE	\$1,170,000	\$850,643	\$319,357
	RW	\$4,992,976	\$0	\$4,992,976
	CN	\$39,427,024	\$0	\$39,427,024
	<b>TOTAL</b>	<b>\$45,590,000</b>	<b>\$850,643</b>	<b>\$44,739,357</b>
<b>GRAND TOTAL</b>		<b>\$122,750,000</b>	<b>\$42,285,531</b>	<b>\$80,464,469</b>

### Cost Estimating Methodology

The preliminary engineering estimate includes field investigation costs for survey, geotechnical data collection, traffic counts, environmental support, and professional engineering design services to develop design plans and construction documents. Preliminary engineering estimate also includes right of way and utility charges prior to right of way notice to proceed.

The right of way phase estimate includes the actual cost of right of way and easements acquisition, miscellaneous fees associated with real estate closings as part of the project and oversight of the right of way acquisition, payment, and condemnation process. The right of way phase also includes utility design and utility relocation fees.

The project construction cost estimate was developed through VDOT's TrnsPort estimate program and includes roadway, bridge, drainage, maintenance of traffic, signing, markings, signals, lighting, landscape and other incidental elements like noise barrier, etc. The latest TrnsPort estimate was based on the Pre-Advertisement Conference (PAC) plans updated October 26, 2018.

## 4. PROJECT FUNDS

Project funding is demonstrated in the Hampton Roads Transportation Planning Organization's Long Range Transportation Plan and Transportation Improvement Program (TIP), as well as the Commonwealth's Statewide Transportation Program (STIP). There are three (3) federal authorizations associated with UPC's 12546 and 111711, as summarized in Table 4.1.

The preliminary engineering (PE) phase for UPC 12546 was authorized by the FHWA on April 1, 1993 under federal project number STP-5403(252). The right of way (RW) phase for UPC

12546 was authorized by the FHWA on February 19, 2002 under federal project number STP-5403(738). The preliminary engineering (PE) phase for UPC 111711 was authorized by the FHWA under federal project number NHPP-5A03 (873) on December 6, 2017.

**TABLE 4.1 - SUMMARY OF PROJECT AUTHORIZATIONS**

Project Authorization Summary as of (11/30/2018)					
Federal Project	UPC(s)	Phase Classification	Cost	Federal Funds	Advance Construction
STP-5403(252)	12546	PE	\$5,834,948	\$4,667,958	\$0
STP-5403(738)	12546	RW	\$28,456,692	\$24,436,654	\$0
NHPP-5A03(873)	111711	PE	\$1,600,000	\$1,600,000	\$0
<b>TOTAL</b>			<b>\$35,891,640</b>	<b>\$30,704,612</b>	<b>\$0</b>

**Six Year Improvement Program (SYIP) Funding**

Table 4.2 summarizes the funds allocated to the Laskin Road Improvements projects by fund source and year.

**TABLE 4.2 - SUMMARY OF PROJECT FUNDING BY SOURCE**  
(Amounts in 000's)

Funding Source		Previous	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
UPC 12546	EB	\$5,322	\$0	\$0	\$0	\$0	\$5,322
	NHPP	\$8,452	\$6,421	\$0	\$0	\$0	\$14,873
	STP	\$16,362	\$1,932	\$0	\$0	\$0	\$18,294
	701 - Federal	\$417	\$0	\$0	\$0	\$0	\$417
	<b>Federal Subtotal</b>	<b>\$30,553</b>	<b>\$8,353</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$38,906</b>
	State Match	\$3,991	\$0	\$0	\$0	\$0	\$3,991
	Bond Match	\$1,522	\$0	\$0	\$0	\$0	\$1,522
	701 - State Match	\$94	\$0	\$0	\$0	\$0	\$94
	Capital Projects Revenue	\$6,425	\$0	\$0	\$0	\$0	\$6,425
	District Grant	\$7,500	\$0	\$0	\$0	\$1,250	\$8,750
	<b>State Subtotal</b>	<b>\$19,532</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,250</b>	<b>\$20,782</b>
	Accounts Receivable - Local	\$17,072	\$0	\$0	\$0	\$0	\$17,072
	Formula Local Match	\$400	\$0	\$0	\$0	\$0	\$400
	<b>Local Subtotal</b>	<b>\$17,472</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,472</b>
	<b>TOTAL</b>	<b>\$67,557</b>	<b>\$8,353</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,250</b>	<b>\$77,160</b>

Funding Source		Previous	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
UPC 111711	STP	\$2,020	\$558	\$84	\$7,635	\$4,703	\$15,000
	District Grant	\$3,797	\$0	\$0	\$0	\$4,763	\$8,560
	Accounts Receivable - Local	\$22,030	\$0	\$0	\$0	\$0	\$22,030
	<b>TOTAL</b>	<b>\$27,847</b>	<b>\$558</b>	<b>\$84</b>	<b>\$7,635</b>	<b>\$9,466</b>	<b>\$45,590</b>
<b>GRAND TOATL</b>		<b>\$95,404</b>	<b>\$8,912</b>	<b>\$84</b>	<b>\$7,635</b>	<b>\$10,716</b>	<b>\$122,750</b>

## 5. FINANCING ISSUES

The project is fully funded with a variety of federal, state and local funds. There are no financing issues on the project.

## 6. CASH FLOW

The Laskin Road Improvement project's annual cash expenditures are based on the project schedule developed by the VDOT Design Team. Table 6.1 below is a cash flow analysis for the project. It shows the comparison of previously expended and projected expenditures by fiscal year by phase against the total annual allocations. The project's cash flow analysis will be updated annually as expenditures are incurred.

**TABLE 6.1 – CASH FLOW ANALYSIS**  
(Amounts in 000's)

Expenditures		Previous	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
UPC 12546	PE	\$8,743	\$737	\$0	\$0	\$0	\$9,480
	RW	\$32,692	\$2,441	\$0	\$0	\$0	\$35,133
	CN	\$0	\$0	\$10,849	\$10,849	\$10,849	\$32,547
UPC 111711	PE	\$851	\$319	\$0	\$0	\$0	\$1,170
	RW	\$0	\$4,993	\$0	\$0	\$0	\$4,993
	CN	\$0	\$0	\$13,142	\$13,142	\$13,142	\$39,427
Cumulative Expenditures		\$42,286	\$50,776	\$74,767	\$98,759	\$122,750	\$122,750
Total Annual Allocations		\$95,404	\$8,912	\$84	\$7,635	\$10,716	\$122,750
Cumulative Allocations		\$95,404	\$104,315	\$104,399	\$112,034	\$122,750	\$122,750
Cash Flow per Year		\$53,118	\$53,539	\$29,632	\$13,275	\$0	

## **7. P3 ASSESSMENT**

As noted in the Project History section, the Laskin Road Improvements Project is ready for advertisement and receipt of bids. Developed as a design-bid-build project, the Project would not generate sufficient market demand or interest as a P3, nor would it demonstrate significant project efficiencies to effectively leverage private sector innovation and expertise under a P3 procurement under the Public Private Partnership Transportation Act of 1995, as amended (PPTA).

A P3 assessment of the Laskin Road Improvements Project would include a qualitative and quantitative assessment using the Public Sector Analysis and Competition (PSAC) Guide, a companion guide to the 2017 PPTA Manual and Guidelines.

The PSAC process assesses the potential costs, risks and opportunities associated with the financing, design, construction and operation of the project by VDOT as well as developing and comparing the benefits of different project delivery options; however it is not warranted for this Project.

Effectively, any analysis of the project would illustrate that procuring the Project under the PPTA would not be in the public's best interest.

## **8. RISK AND RESPONSE STRATEGIES**

VDOT conducted a systematic process of identifying, analyzing, and responding to project risks throughout the plan development process. During each milestone submission, all team members conducted intensive information gathering and discovery of project characteristics and design components within their field of expertise. Throughout design development, team members presented risks and opportunities that were compiled into a Project Assessment Matrix that assessed the probability of each risk occurring and its impact. Risk responses were developed with each risk either being accepted, mitigated, transferred, or avoided. The categories of project risks encompassed environmental approvals, geotechnical/subsurface conditions, right-of-way issues, permits, differing site conditions, utilities, third-party requirements and agreements, the local jurisdiction (City of Virginia Beach), and funding/budget constraints.

Additionally, District Construction personnel conducted two risk workshops for the Laskin Road project(s) on Wednesday, September 5 and Friday, November 2, 2018. These workshops focused on constructability functions and construction phase execution goals based upon a design-bid-build delivery. Risk participants identified a total of 91 individual risks, based on the assumption that the project would be delivered through a Design-Bid-Build process. Participants found the following four (4) project risks to be the most significant:

- Right of way acquisition and utility relocation schedule
- Maintenance of Traffic (MOT) and Sequencing of Construction (SOC)
- Aggressive schedule to meet construction advertisement date
- Project’s fixed budget

Each of the above risks has a high level of complexity and the potential, if not continually addressed and mitigated throughout project delivery, to have a major impact on the project’s cost and/or schedule (i.e., both the pre-advertisement schedule and the post-award schedule). Importantly, several risks are highly dependent upon and influenced by other risks, with the most notable being: (a) MOT/SOC given the constraints of construction in a heavily urbanized environment; (b) the project’s fixed budget; and (c) the aggressive schedule to meet the advertisement date. These risks were perceived to impact resource allocation, quality of work, post-award risk of change orders, and a variety of other issues.

## 9. ANNUAL UPDATE CYCLE

The submission date of the Initial Financial Plan is February 28, 2019. The first annual update will be submitted by February 28, 2020 and will be based on a “data as of” date of November 30, 2019. Future annual updates will be submitted by February 28<sup>th</sup> of that year, with a “data as of” date of November 30 of that year.