



Fredericksburg Extension of the I-95 HOV/HOT Lanes Project

Financial Plan Annual Update

July 31, 2022

State Project Number(s): 0095-089-739, P101, B656-662, D644-653

UPCs:

- 110527 Fred Ex – I95 Express lanes Extension Exit 143 to Exit 133
- 114620 Fred Ex – I95 Express lanes Extension Exit 143 to Exit 133
- 116369 Fred Ex – I95 Express lanes Extension Exit 143 to Exit 133

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EXECUTIVE SUMMARY

This report is the Financial Plan Annual Update for the Fredericksburg Extension of the I-95 HOV/HOT Lanes Project (“Project”). This project is a Concessionaire Project Enhancement under the I-95/395 HOV/HOT Lanes Project Comprehensive Agreement of 2017. 95 Express Lanes LLC (the “Concessionaire”) will be responsible for the design, construction and ongoing operations and maintenance of the Project in accordance with the terms of the *Second Amended and Restated Comprehensive Agreement Relating to the I-95/395 HOV/HOT Lanes Project (“Second ARCA”), dated April 18, 2019*. The Project is a 10-mile extension of the 95 Express Lanes in Stafford County, Virginia, extending from the current southern terminus of the 95 Express Lanes near Route 610 (Exit 143 - Garrisonville Road) in the north, to the vicinity of Route 17 (Exit 133 - Warrenton Road) in the south. I-95 currently operates with three general-purpose lanes in each direction along the Project corridor with a wide center median.

This Annual Update provides the current schedule with project milestones, details of proposed improvements by asset, and risks to the project with potential change orders and executed change orders noted as of April 30, 2022.

As of April 30, 2022, significant progress on the project has included the completion of the Truslow Road Overpass Bridge, demolition of the American Legion Overpass Bridge, erection of the Warrenton Rd Exit from Hot Lanes Southbound (WHS) Flyover Bridge near Route 17, erection of the Russell Road from Hot Lanes Northbound (RHN) Flyover Bridge, the installation of the majority of the remaining bridge foundation piles throughout the project, utility relocations, ITS/TTMS utility bores, the completion of deep drainage elements, grading in the Warrenton General Purpose Route 17 Ramps and along the main alignment of the project in the areas just North and South of Exit 140 Courthouse Road.

The following is a breakdown of the costs between the Concessionaire and the Department. The project has utilized the project’s pooled contingency for change orders, but there has been no significant change in project funding as described in the *Second Amended and Restated Comprehensive Agreement Relating to the I-95/395 HOV/HOT Lanes Project (the “Second ARCA”)* as of the April 30, 2022 data date.

Total Project Cost		
Responsible Party	Initial Financial Plan Estimate	Current Estimate
Concessionaire	\$488,200,000	No change
VDOT	\$40,000,000	No change
TOTAL	\$528,200,000	No change

1. PROJECT DESCRIPTION

1.1. SCOPE OF PROJECT

The Project is a 10-mile extension of the 95 Express Lanes in Stafford County, Virginia. As shown in Figure 1.1 below, the Project will extend along Interstate 95 (I-95) from the current southern terminus of the 95 Express Lanes near Route 610 (Exit 143 - Garrisonville Road) in the north, to the vicinity of Route 17 (Exit 133 - Warrenton Road) in the south. I-95 currently operates with three general-purpose lanes in each direction along the Project corridor with a wide center median.

The typical section will consist of two 12-foot wide travel lanes with full shoulders. Disabled vehicles and emergency responders will be able to use either shoulder during emergency situations.

The proposed project also includes modifications to the existing I-95 Express Lanes by adding access points both northbound and southbound to Marine Corps Base Quantico with construction of two new flyover ramps that will provide access to the main gate via Exit 148 (Russell Road).

The following are key features of the project:

- Ten miles of new two-lane reversible Express Lanes (with full shoulders) from the existing southern terminus at Route 610 to Route 17 North (Exit 143 to Exit 133) and approximately 1.5 miles of an additional reversible Express Lane within the existing 95 Express Lanes south of Garrisonville Road (Route 610) New Express Lanes access points, including flyover ramps at the Route 17 terminus and Quantico area and a direct, reversible ramp connection at (Old) Courthouse Road
- Seven new bridge structures:
 - Express Lanes mainline across Potomac Creek
 - Northbound general purpose (GP) lanes flyover entrance to Express Lanes north of Route 17
 - Northbound Express Lanes flyover exit to GP lanes and Russell Road
 - Southbound GP lanes flyover entrance to Express Lanes south of Russell Road
 - Southbound Express Lanes flyover to GP lanes and Route 17 at Southern Terminus
 - American Legion Road overpass (demolish and rebuild existing structure)
 - Truslow Road overpass (demolish and rebuild existing structure)
- Interface and direct connection with the Virginia Department of Transportation's Rappahannock River Crossing – Southbound Project, including a new general-purpose lane exit ramp at Route 17
- All-electronic tolling with same rules as 95 Express Lanes
- Five VDOT-directed changes, to be paid via UPC 116369:
 - Additional widening along the I-95 Southbound General-Purpose Lane exit to Route 17. This additional widening will allow for the *future* provision of a choice lane at the Route 17 exit.
 - Adjustments to construction between the on ramp from Russell Road to I-95 Southbound and the flyover exit from I-95 Southbound to the Express Lanes. These adjustments allow for the future construction of an auxiliary lane between the on-ramp and exit to Express Lanes
 - Project integration with the I-95 Northbound Rappahannock River Crossing Project (I-95 NB RRC). The final configuration I-95 NB RRC project was developed after the

award of this Express Lanes extension project. As a result, the configuration of the southern-most portion of the Express Lanes must be adjusted.

- Changes to ITS installation to facilitate changes in devices including gates, DMS signing, CCTV, and associated infrastructure for the Northbound Express Lanes Entrance Ramp from Route 17 and the I-95 NB Local Lanes being completed by the Northbound Rappahannock River Crossing (NBRRC) Project.
- Additional design costs associated with deconflicting Noisewall U-U, associated barrier, and drainage with the NBRRC design.

The primary objective of the Project is to extend the High Occupancy Toll (HOT) lanes (Express Lanes) on I-95 further south to provide additional capacity in the corridor, which will be available at no charge to HOV 3+ vehicles, and open to other permitted vehicles for a user fee (toll). The future Fredericksburg Extension Express Lanes will be subject to the same operating rules and regulations as the existing 95 Express Lanes, and when complete will operate together with the future 395 Express Lanes as a single fully-integrated 95 Express Lanes facility between the Potomac and Rappahannock Rivers.

The Fred Ex Project was developed as a Concessionaire Project Enhancement under the *Amended and Restated Comprehensive Agreement Relating to the I-95/395 HOV/HOT Lanes Project* (the “First ARCA”). 95 Express Lanes LLC (the “Concessionaire”) is responsible for the design, construction and ongoing operations and maintenance of the Project in accordance with the terms of the Second ARCA.

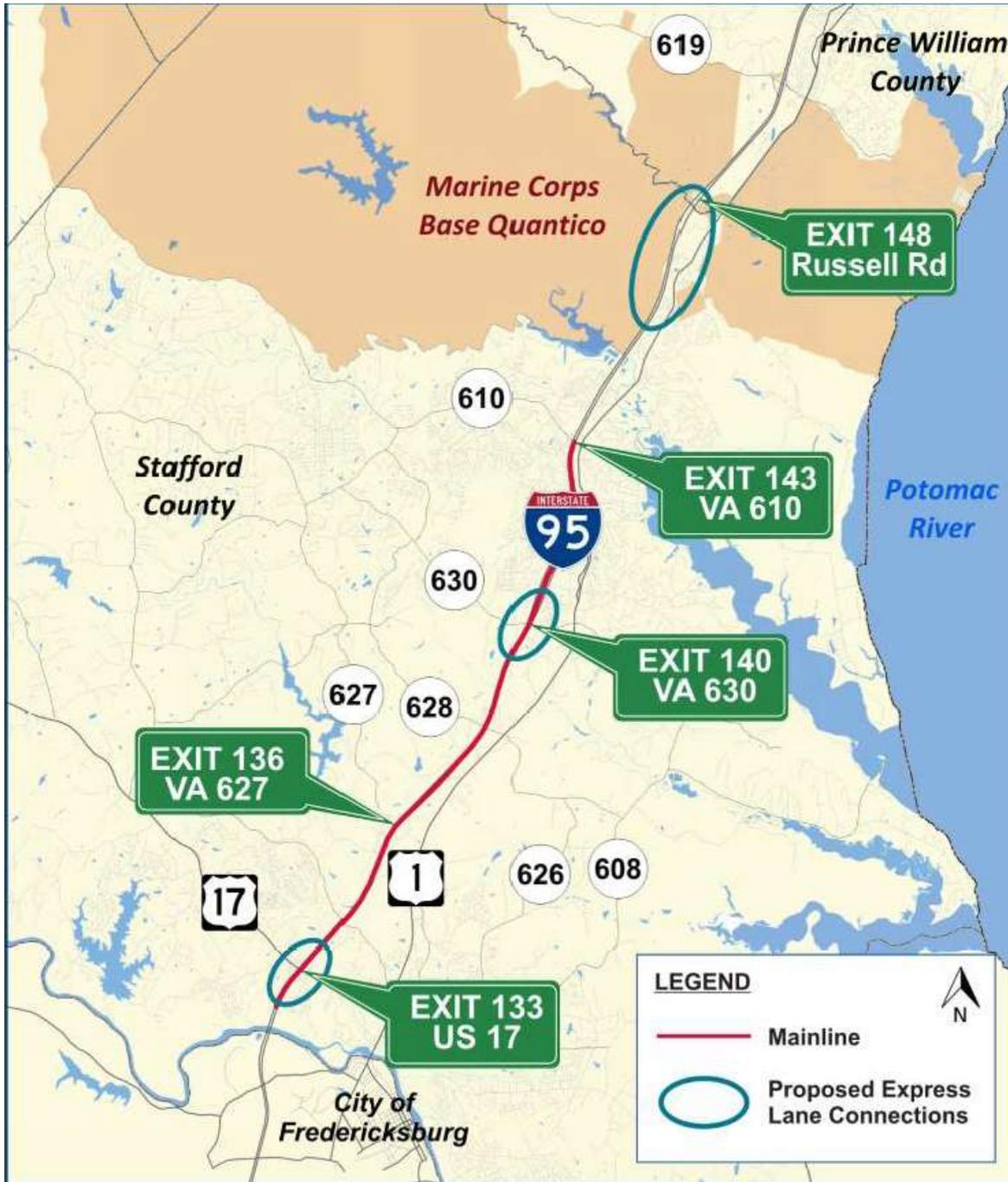


Figure 1.1 Project Map

1.2. NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) DECISION DOCUMENTS

Environmental Assessment (EA) and Finding of No Significant Impact (FONSI): VDOT and FHWA studied the environmental consequences of improvements to I-95 through the City of Fredericksburg and the Counties of Spotsylvania, Stafford, Prince William, and Fairfax in the 2011 Environmental Assessment (EA). Following issuance of a Finding of No Significant Impact (FONSI) in 2011, VDOT completed conversion of the HOV lanes to Express Lanes from Dumfries to the Capital Beltway. In addition, in 2014, VDOT

completed construction of the first portion of Express Lanes approved with the 2011 FONSI, extending from Dumfries to near VA 610/Garrisonville Road (Exit 143) in Stafford County.

On August 31, 2017, VDOT in cooperation with FHWA completed the I-95 HOT Lanes Project Revised Environmental Assessment (EA) and issued the document for public availability. NEPA Public Information Meetings were held on March 21 and 22, 2017. The Location and Design Public Meeting was held on September 25, 2017. A Finding of No Significant Impact (FONSI) was signed on March 19, 2018.

1.3. PROJECT WEBSITE

- The Department’s Project website: http://www.virginiadot.org/projects/fredericksburg/i-95_express_lanes_fredericksburg_extension.asp
- VDOT P3 Office Project website: <http://www.p3virginia.org/projects/i-95-express-lanes-extension-atlantic-gateway/>
- The Concessionaire’s Project website: <https://www.expresslanes.com/projects/fredericksburg-extension>

2. SCHEDULE

The initial baseline schedule reflects a commitment to a Service Commencement Date based on anticipated Design-Build (DB) Notice to Proceed (NTP), and the Final Completion Date no later than 180 days following the Service Commencement Date.

Figure 2.1 shows general schedule duration.

Figure 2.1 Schedule Overview circa 2020 (Initial Schedule)

Task	Start	Finish	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year5 2023
Notice to Proceed	04/19	04/19	◆				
Design	04/19	03/20					
RW/Utilities	04/19	12/19					
Construction	06/19	03/23					
Service Commencement	October 2022						
Final Completion	March 2023						

As of April 30, 2022, base Design of the project is complete, utility relocation is ongoing, and construction is ongoing. The schedule overview shown in Figure 2.1 was updated in the 2020 report from the original schedule and shows longer Design and RW/Utilities durations.

Figure 2.2 Schedule Update circa 2021

Task	Start	Finish	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year5 2023
Notice to Proceed	04/19	04/19	◆				
Design	04/19	03/20					
RW/Utilities	04/19	12/19					
Construction	06/19	03/23					

In the Spring of 2021, the Design-Build Joint Venture began submitting schedule updates indicating significant potential delays to the project construction as displayed in Figure 2.2. These delays are attributed by the Design-Builder to impacts associated with an ongoing Design-Build contract dispute regarding entitlement for differing conditions for the mitigation of Potomac Clays. No notice or dispute proceedings to the comprehensive agreement have been received at this time by VDOT.

The Design-Builder’s schedule at that time indicated a service commencement date over 500 days late; however, the Concessionaire disputed that schedule. In absence of an agreed to schedule VDOT in discussions with the Concessionaire, for the purposes of this report, estimated an approximate 6-9 month increase in the construction duration.

Subsequently, the Design-Builder and Concessionaire have begun negotiations to resolve the aforementioned dispute. At this time the contractual dates within the Second ARCA have not been altered and VDOT awaits a formal recovery schedule resulting from these negotiations. VDOT understands based on discussions with the Concessionaire that the dates included in Figure 2.3 represent the intended recovery schedule expected from the Design-Builder.

Figure 2.3 Schedule Update circa 2022

Task	Start	Finish	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year5 2023
Notice to Proceed	04/19	04/19	◆				
Design	04/19	03/20					
RW/Utilities	04/19	12/19					
Construction	06/19	12/23					
Mainline Opening to Traffic			August 2023				
Service Commencement			December 2023				
Final Completion			May 2024				

The 2021 annual update also acknowledged risks associated with ongoing difficulties in negotiations between Stafford County and the Design-Builder regarding sanitary sewer betterments. At the time of this update, the Design-Builder has received an executed betterment agreement from Stafford County resolving the issue. Remaining risks include Stafford County’s receipt of the required environmental clearances and permitting to begin the betterment work.

3. PROJECT COST

The current base cost of the Project, as defined by the Second ARCA, is \$488.2 million in year-of-expenditure dollars. This cost includes all costs necessary to perform the preliminary engineering (including the cost of NEPA and other environmental documentation), traffic analysis (IMR), right-of-way, environmental mitigation, construction, project management, public outreach, traffic management system improvements, congestion management plans, and costs of external third party work.

Table 3.1 details the Concessionaire’s contribution of \$488.2 million which does not include financing costs and payments to the Department. Table 3.2 details the Department’s development, oversight, and construction costs of \$40 million associated with the Project.

Table 3.1 Concessionaire’s Capital Expenditures

UPC No.	Phase	Initial Financial Plan Estimate	Current Estimate	Current Expenditures as of April 30, 2022	Balance to Complete
114620	RW	\$2,500,000	\$2,500,000	\$400,527.72	\$2,095,056.28
	CN	\$485,700,000	\$485,700,000	\$296,581,936.00	\$189,118,064.00
Total		\$488,200,000	\$488,200,000	\$296,982,463.72	\$191,213,120.28

*RW monies transferred to VDOT

**Includes \$4,000,000 transferred to VDOT in consideration for Change Orders related to the Southbound Rappahannock River Crossing / FedEx overlap

Table 3.2 Department’s Capital Expenditures

UPC No.	Phase	Initial Financial Plan Estimate	Current Estimate	Current Expenditures as of April 30, 2022	Balance to Complete
110527	PE	\$7,000,000	\$7,000,000	\$5,864,493.41	\$1,135,506.59
	RW	\$500,000	\$500,000	\$708,349.60	(\$208,349.60)
	CN	\$32,500,000	\$27,500,000	\$8,215,028.63	\$19,284,971.37
Total		\$40,000,000	\$35,000,000	\$14,787,871.64	\$20,212,128.36

*Reflects current phase allocations, District anticipates a transfer of PE balance into CN phase7

**110527 RW Phase Expenditures shown in Cardinal incorrectly indicate acquisitions that should be attributed to 114620. Journal entries are under way to make this correction.

Table 3.3 Other Projects Expenditure

UPC No.	Phase	Initial Financial Plan Estimate	Current Estimate	Current Expenditures as of April 30, 2022	Balance to Complete
116369	CN	\$0	\$5,000,000	\$1,914,275.53	\$3,085,724.47
Total		\$0	\$5,000,000	\$1,914,275.53	\$3,085,724.47

UPC 116369 was created since the Initial Financial Plan. The monies included in UPC 116369 were directed from the \$40 million oversight budget within UPC 110527 and are to be utilized for VDOT directed change orders within the Fred Ex project. Since the inception of the project, VDOT has identified five project changes as described in Section 1.1 of this document. The funds in this UPC will be directed to those costs.

4. PROJECT FUNDS

4.1 DEPARTMENT PROJECT FUNDING SOURCES

Table 4.1 reflects the summary of funding by sources of the project as of April 30, 2022.

Table 4.1 Summary of Project Funding by Source

UPCs	Funding Sources	Previous (for initial financial plan)	FY21	Current FY22
	<i>Federal Funds</i>			
110527	Fast Lanes Grant	\$35,000,000	\$35,000,000	\$35,000,000
116369	Fast Lanes Grant	\$5,000,000	\$5,000,000	\$5,000,000
	Total	\$40,000,000		\$40,000,000

Table 4.2 lists the associated Federal Projects that make up the Project contract.

Table 4.2 Summary of Project Authorizations (as of April 30, 2022)

Federal Project No.	UPC	Phase	Cost	Federal Funds	Advance Construction
NHPP-000S(345)	110527	PE	\$8,750,000	\$7,000,000	\$0
NHPP-000S(345)	110527	RW	\$625,000	\$500,000	\$0
NHPP-000S(345)	110527	CN	\$34,375,000	\$27,500,000	\$0
NHPP-000S(345)	116369	CN	\$6,250,000	\$5,000,000	\$0
Total			\$50,000,000	\$40,000,000	\$0

Project funding is demonstrated in the 2045 Fredericksburg Area Metropolitan Planning Organization’s (FAMPO) Long Range Transportation Plan and FY 2018-2021 Transportation Improvement Program (TIP), as well as the Commonwealth’s FY 2018-2021 Statewide Transportation Program (STIP).

4.2. CONCESSIONAIRE PROJECT FUNDING SOURCES

Table 4.3 reflects the Concessionaire’s funding sources. The funding sources have been updated since the initial Financial Plan.

Table 4.3 Summary of Project Financing by Source during Construction (as of April 30, 2022)

Type of Financing	Nominal (\$ million)	% of Total	Benchmark Interest Rate if applicable
TIFIA	-	0.0%	State and Local Government Series Rate
Private Activity Bonds (PABs)	\$277.02	33.38%	UST
Equity	\$531.60	64.06%	N/A
Concessionaire Committed Contingency	\$21.25	2.56%	N/A
Total Sources	\$829.87	100.0%	

5. FINANCING ISSUES

Financing for the Concessionaire’s contribution to the total costs are the responsibility of the Concessionaire. Financing sources are listed in Table 5.1 and have been updated since the initial Financial Plan.

Table 5.1 Cost of Financing (as of April 30, 2022)

Type of Financing	Nominal (\$million)
Equity Commitment Fee	\$22.09
TTMS LC Fee	\$0.78
DB LC Fee	\$1.44
Financial Close LC Fee	\$0.11
Total	\$24.42

6. CASH FLOW

Table 6.1 shows the Department project funding per year.

Table 6.1 Department’s Project Funding by Year (\$million)

Anticipated Funding Distribution (\$million)	Thru FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
VDOT Funds	*\$12.0	\$40.0, (\$12.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$40.0
Total Cumulative Sources	\$12.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0

*\$12.0M advanced funding from Toll Facilities Revolving Account; to be replaced by the Commonwealth Transportation Board upon Financial Close

Table 6.2 reflects the Department funding and anticipated expenditure per year for the project.

Table 6.2 Department’s Anticipated Expenditures by Year (\$million)

UPC No. 110527	Thru FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
PE	\$5.2	\$0.4	\$0.0	\$0.0	\$0.0	\$5.6
RW	\$0.0	\$0.1	\$0.4	\$0.0	\$0.0	\$0.5
CN	\$0.5	\$2.5	\$6.4	\$7.5	\$7.0	\$23.9
Pooled Contingency (CN)					\$5.0	\$5.0
Total Cumulative Uses	\$5.7	\$3.0	\$6.8	\$7.5	\$12.0	\$35.0

UPC No. 116369	Thru FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
PE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
RW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CN	\$0.3	\$2.4	\$1.3	\$0.0	\$0.0	\$4.0
Contingency (CN)					\$1.0	\$1.0
Total Cumulative Uses	\$0.3	\$2.4	\$1.3	\$0.0	\$1.0	\$5.0

Table 6.3 reflects a summary of the sources and uses of funds during construction for the Developer. This summary reflects the Developer’s own plan of finance; this plan has been updated since the initial Financial Plan.

Table 6.3 Concessionaire’s Sources and Uses during Construction (\$million; as of April 30, 2022)

	Thru FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
TIFIA						\$0.00
Private Activity Bonds (PABs)	\$0.00	\$143.14	\$82.87	\$33.43	\$17.59	\$277.02
Equity	\$78.66	\$5.25	\$0.00	\$65.51	\$382.16	\$531.59
Concessionaire Committed Contingency					\$21.25	\$21.25
Total Sources	\$78.66	\$148.39	\$82.87	\$98.94	\$421.00	\$829.86
Development Costs	\$17.84	\$3.16	\$0.00	\$0.00	\$3.34	\$24.34
Construction Costs	\$15.82	\$52.49	\$52.18	\$63.00	\$114.01	\$297.50
Insurance	\$0.00			\$0.00	\$5.40	\$5.40
Oversight	\$0.00	\$5.28	\$4.75	\$6.54	\$11.91	\$28.48
Concessionaire Committed Contingency					\$21.25	\$21.25
TTMS Costs	\$0.00	\$2.72	\$4.38	\$9.10	\$10.51	\$26.70
Payments to VDOT	\$45.00	\$65.88	-		\$232.00	\$342.88
Funding of project & financing reserves		\$13.10		\$0.00	\$0.72	\$13.82
Financing Costs		\$5.77	\$21.57	\$20.30	\$21.86	\$69.50
Total Uses	\$78.66	\$148.39	\$82.87	\$98.94	\$421.00	\$829.86

7. P3 ASSESSMENT

In 1995, the Public-Private Transportation Act (PPTA) was signed into law, and was amended and re-enacted in 2005. PPTA allows for private entities to solicit VDOT to develop and/or operate and maintain transportation facilities in which VDOT determines a demonstrated need. In November 2005, the conceptual proposal submitted by Fluor and Transurban was selected by the PPTA Advisory Panel. As proposed at that time, the proposed improvements would expand the HOV system in the I-95/I-395 corridor and apply the High Occupancy Toll (HOT) concept. As a result of this action, VDOT, in cooperation with FHWA, initiated an environmental analysis to convert the existing HOV facility to a HOT lanes facility.

VDOT and FHWA studied the environmental consequences of improvements to I-95 through the City of Fredericksburg and the Counties of Spotsylvania, Stafford, Prince William, and Fairfax in the 2011 Environmental Assessment (EA). Following issuance of a Finding of No Significant Impact (FONSI) in December 2011, VDOT completed conversion of the HOV lanes to Express Lanes from Dumfries to the Capital Beltway.

In 2012, VDOT and the Concessionaire entered into a Comprehensive Agreement for the development of the I-95 Express Lanes. The I-95 Express Lanes project was opened to traffic in December 2014. The Comprehensive Agreement allows for the future development of the extension of the I-95 Express Lanes along the I-395 corridor similar to the limits originally proposed in 2005. In 2015, VDOT signed a Development Framework Agreement with 95 Express to extend the I-395 Express Lanes as a Concessionaire’s Enhancement under the Comprehensive Agreement. The Framework Agreement stipulated the general scope of work for the I-395 Express Lanes Northern Extension project, and specified that a long-term transit investment with annual transit payments by the Concessionaire would be required.

In June 2017, VDOT and the Concessionaire entered into the *Amended and Restated Comprehensive Agreement Relating to the I-95/395 HOV/HOT Lanes Project* (the “First ARCA”). The First ARCA defines “Southern HOT Lanes” as any toll lanes in the median of Interstate 95 general purpose lanes (in either or both directions) and not specifically part of the general purpose lanes. The First ARCA categorizes the Southern HOT Lanes as an Alternative Facility that can be developed and constructed by the Concessionaire as a Concessionaire Project Enhancement.

On June 29, 2017, the parties entered into the *Advanced Development Framework Agreement for the Fredericksburg Extension of the I-95 HOV/HOT Lanes*, as amended, establishing a process for the Concessionaire to submit to the Department a proposal (the “Binding Proposal”) to develop the Fred Ex Project as a Concessionaire Project Enhancement under the First ARCA.

On January 11, 2018, the Department accepted the Binding Proposal submitted on November 30, 2017, as supplemented on December 22, 2017 and on January 9, 2018, for the purpose of proceeding to memorialize the details of the Fred Ex Project within the *Second Amended and Restated Comprehensive Agreement Relating to the I-95/395 HOV/HOT Lanes Project* (the “Second ARCA”).

Risk allocation analysis was conducted in parallel with project development and procurement activities, and the Department in coordination with stakeholder groups conducted risk workshops in multiple stages to identify and allocate risks to the party that can best manage them. The first risk workshop was conducted on February 9-10, 2017 to identify risks that could potentially impact the project costs and schedule, as well as whether the risks were associated with specific project components. Risks were also evaluated per the different delivery options in consideration. The second workshop was conducted February 22, 2018, to update the draft risk register created during the first risk workshop given the project scope refinements over the past 12 months, and determination of design, build, finance, operate, and maintain delivery method for the project. Mitigation strategies were reevaluated, discussed, and documented for each risk event.

Table 7.1 shows the P3 Key Milestones.

Table 7.1 P3 Key Milestones

Key Milestones	Date
Advanced Development Framework Agreement	October 26, 2017
DB Request for Qualifications (RFQ)	January 17, 2018
Final Interchange Justification Report (IJR)	March 2018
EA FONSI Approval	March 19, 2018
DB Request for Proposal (RFP)	March 27, 2018
Notice of Award Letter to successful DB Offeror	November 2018
Commercial Close	April 18, 2019
DB Notice to Proceed (NTP)	April 30, 2019
Financial Close	April 30, 2019
Construction NTP	July 19, 2019
Service Commencement	October 2022
Final Completion	March 2023

*Milestone dates described within this table are based on the dates as enumerated in the Second ARCA and modifications thereto as of the data date of April 30, 2022.

8. RISK AND RESPONSE STRATEGIES

A Cost Estimate Review (CER) was performed by FHWA on November 7-8, 2018 to review the cost and schedule estimates for the completion of the Project. The most significant cost threats for the project were identified and are reflected in Table 8.1.

Table 8.1 Department’s Risk Factors

Risk Description	Cost (\$millions) ¹	Probability
Change order during construction	\$3.0	100%
Scope validation	\$2.0	90%
Large scope change	\$15.0	15%
Overlap with the southbound collector-distributor project	\$1.5	33%
Truslow Road Bridge (ATC)	\$2.0	50%
Route 17 Exit Ramp (ATC)	\$0.8	33%

During the CER, uncertainties in the project estimates such as base variability, inflation, market conditions, and risk events were modeled by the review team to reflect the opinions of the subject matter experts interviewed. Then a Monte-Carlo simulation was used to incorporate the uncertainties into project cost forecast curves that represent a range of costs and completion dates for the project. The Monte-Carlo simulation resulting 70% confidence level was \$438 million, below the adjusted project base cost of \$449.8 million in CER. This indicates that the remaining project contingency is reasonable to fund to the 70% confidence level.

Since the original risk evaluation and Cost Estimate Review, the following have changed:

- Truslow Road Bridge (ATC) is no longer a consideration
- VDOT has elected to proceed with the Route 17 Exit Ramp (ATC)

¹ Cost associated with each risk represents the likeliest cost.

- VDOT has elected to proceed with a separate owner-directed change, modifications not to preclude a southbound auxiliary lane between Russell Road and the southbound flyover to the Express Lanes).
- 95 Express has reached agreement with VDOT with regard to “pivoting” the FredEx construction design at the HWN ramp near Route 17 on 95 Northbound to accommodate the ultimate build condition created by NB Rappahannock River Crossing. This should result in a net construction deduct for work in this area.
- 95 Express has issued contract adjustments (work orders and scope validation items) totaling \$7,290,991.
 - \$4,465,427.00 of which have come out of the pooled contingency fund (none of which have been of a size and scope that require VDOT approval).
 - \$2,825,564.00 was funded directly by VDOT (see Table 8.2)
- The Concessionaire and Design-Builder entered a binding arbitration for determination of entitlement for project compensation and time relating to alleged differing site conditions regarding Potomac Clays. The Concessionaire and Design-Builder subsequently entered mediation to further negotiate the underlying. As of this data date no change has been made to the Second ARCA with regarding to this matter. VDOT does not anticipate additional compensation on it’s part relating to this matter with any costs being subject to the pooled contingency currently allocated to the project.

Table 8.2 Change Orders

UPC	Change Order Description	Change Order Amount	Change Order Amount (Actual Amount Paid as of April 30, 2022)
116369	Russell Rd Engineering	\$173,965.94	\$173,965.94
116369	Route 17 GP Engineering	\$132,501.51	\$132,501.51
116369	Future Lane Accommodation	\$748,552.28	\$282,886.56
116369	Russell Rd Construction	\$558,258.27	\$110,972.98
116369	NB RRC Scope Swap	\$1,212,286.00	\$1,212,286.00

9. ANNUAL UPDATE CYCLE

The Annual Update Cycle will represent work status through April 30th of each calendar year. The Annual Update will be presented on or before the deadline of July 31th of each calendar year.

10. SUMMARY OF COST CHANGES SINCE LAST YEAR’S FINANCIAL PLAN

No significant cost changes have occurred since last year’s financial plan. One additional potential cost change may occur in the subsequent period pending a modification of the Second ARCA to reflect updated dates for the project recovery schedule expected in the near term. It is anticipated that any costs associated with the agreement between the Concessionaire and the Design-Builder will be borne by the Concessionaire and the existing Project Pooled Contingency fund.

11. COST AND FUNDING TRENDS SINCE INITIAL FINANCIAL PLAN

Concessionaire expenditures on Construction Phase in FY22 fell significantly short of those forecasted in the FY21 plan. This is largely due to the issues discussed below in Section 12.

Two significant changes have previously occurred including:

- 95 Express re-financed the project in July of 2019, largely utilizing Private Activity Bonds. VDOT does not anticipate that this has any impact on the project. This update is reflected in Table 4.2.
- VDOT established UPC 116369, reprogramming monies from the UPC 110527 oversight funds. These monies have been directed towards owner directed changes, as described in Table 8.2. This is highlighted in Table 3.3.

12. SUMMARY OF SCHEDULE CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

This Financial Plan Annual Update represents work status through April 30, 2022. As noted in Section 2, Service Commencement of the Project is still contractually designated for October 2022 with Final Completion of the entire project contractually required in March 2023 in accordance with the Second ARCA. See Section 13 for additional information on the current schedule trends and anticipated changes thereto.

13. SCHEDULE TRENDS SINCE INITIAL FINANCIAL PLAN

In April 2021, the Design-Build Joint Venture's schedule was received by the Concessionaire indicating delays of approximately 500 days in the service commencement and final construction completion. These updates were disputed by the Concessionaire. This matter is currently in dispute resolution between the Concessionaire and Design-Builder. VDOT has requested a control schedule update or re-baseline from the Concessionaire for reliance in continued project management, cost control, and public relations activities until such time that the Design-Builders project schedule and subsequently the Second ARCA is updated to reflect a mutually agreed to completion date. It should be noted that productivity and billings on the project have increased significantly beyond that contemplated in these previous schedule submissions by the Design-Builder.