

Virginia Department of Transportation
Transform 66 P3 Project

Appendix

Financial Plan Annual Update

(As of December 31, 2021)

Executive Summary

This document presents the Financial Plan Annual Update (FPAU) for the Transform 66 P3 Project Outside the Beltway (the Project), prepared in accordance with the Federal Highway Administration's (the FHWA's) Major Project Financial Plan Guidance dated December 18, 2014 and in accordance with 23 USC §106(h).

As of December 31, 2021, the Project design phase is approximately 99% complete and construction is well underway throughout the corridor. Only approximately 1 major design work item remains to be completed. I-66 Express Mobility Partners LLC (the Developer) has obtained the necessary permits for the Project. The National Environmental Policy Act of 1969 (NEPA) Reevaluation and the IJR reevaluation were approved by FHWA on June 20, 2019. The Reevaluation covered most of the ATCs developed by FAM Construction, LLC (the Design-Build Contractor). An alternative concept was developed by the Developer to modify the interchange at Nutley Street which requires a second IJR reevaluation. This second IJR package is anticipated to be submitted to FHWA for approval in early 2022. Significant construction progress was made during 2021 and is detailed below. Because of the anticipated extension of the Project Completion into 2023, coupled with additional oversight burdens placed on the Virginia Department of Transportation (the Department) by the Developer based on the way the Developer has elected to deliver the Project, the projected oversight cost of the Department for the Project will exceed the original budget. Change Order 16 signed in February 2020, as detailed below, created pathways to resolve many issues. However, COVID-19 consequences remain the most notable open challenge to the Project. Due to lower traffic volumes during the pandemic, the Department was able to provide accommodations to the Developer to ensure continual Project progress. These accommodations included more than 110,000 hours for daily lane closures and extended long-term closures (i.e., reducing lanes from 4 to 3 travel lanes, long-term ramp closures, closing Cedar Lane bridge to construct it in a single phase). The Department continues to evaluate and resolve problems associated with the COVID-19 pandemic and look for solutions to keep the Project moving towards a successful completion. On July 20, 2021, the Department received a revised COVID claim letter from the Developer indicating approximate costs of \$27.4M through March 2021, with other costs expected to be added to that figure. Currently, the Developer is reporting supply chain concerns with steel fabrication, wall panel supply, and sign gantries, among other items.

Project Background

The Project is a P3 project and the Developer was selected as the best value proposer on November 3, 2016. The FHWA concurred in the award of the Comprehensive Agreement on December 8, 2016, for improvements on the approximately 22-mile corridor of I-66 between U.S. Route 29 near Gainesville in Prince William County and the I-495 Capital Beltway in Fairfax County. The Project achieved Financial Close on November 9, 2017, Service Commencement is expected by December 1, 2022, and Project Completion is expected by the Summer of 2023.

The FPAU provides a review of the sources and uses of the Project funds to date, as well as a listing of estimated costs by major categories. The Initial Financial Plan showed that the Department anticipates the total costs for the Project through Project Completion to amount to \$3,863 million. Of the \$3,863 million, the Developer was to contribute \$3,689 million during the design and construction phase through financing.

The Department will contribute \$204.3 million (see Table 3.1) for the Project development and procurement, contract administration, and oversight during design and construction. Of the \$204.3 million contribution by the Department, the \$100 million incurred for contract administration and oversight is funded through the Concession Fee payment, \$74.5 million is a federal funds, state match funds, and bond proceeds. There is \$5.5M of accounts receivable through third party billings. The estimated shortfall of the \$24.3 million will be funded through other state funds. For the time period covered by the Financial Plan, VDOT is actively working to determine how much is needed and the most appropriate funds source(s).

The following is a breakdown of the costs between the Developer and the Department in the Initial Financial Plan:

Initial Financial Plan Total Project Cost	
Responsible Party	Estimate
Developer	\$3,689,323,225
VDOT	\$173,822,770
Total	\$3,863,145,995

The VDOT annual update serves as a supplement to the Developer’s financial plan and we cannot include the Developer’s current total project cost.

2021 Annual Update Financial Plan Total Project Cost	
Responsible Party	Estimate
VDOT	\$204,295,086
Concession Fee and other Projects	\$85,375,000
Total	\$289,670,086

The FPAU also provides the current key potential Department risks to the Project with potential change orders.

Subsequent updates to the FPAU will document Project progress and changes to Project funding.

1. Project Description

The NEPA Project is located in Northern Virginia on the 25-mile section of I-66 which extends from U.S. Route 15 in Prince William County east to I-495 Capital Beltway in Fairfax County. This section of I-66 opened to traffic in stages between 1958 and 1964 and has expanded a number of times over its years of service. The highway currently has eight lanes between I-495 Capital Beltway and U.S. Route 15 near the Town of Haymarket, with a single lane restricted to HOV-2 use during the peak hours in the peak direction. The NEPA Project’s environmental analysis, completed pursuant to NEPA, indicates that the west end terminus is just west of U.S. Route 15 Haymarket and its east end terminus is just east of the I-66/I-495 interchange. Based on multiple studies conducted during the NEPA Project development phase, it was determined that developing the NEPA Project in two phases provides the most value. Therefore, the Department requested from FHWA an Operational Independent and Non-Concurrent Construction (OINCC) determination, which was approved by FHWA on April 18, 2017. As a result, the FPAU presents the cost and financial resources related to Phase-1 only to improve the approximately 22-mile corridor on I-66 between U.S. Route 29 in Gainesville and I-495. FHWA published a FONSI in June 2016. For more detail, see EMP Financial Plan Update.

Figure 1.1 - Project Map



Project Update

As of December 31, 2021, the Design-Build Contractor has continued work across the entire corridor. The Design-Build Contractor elected to divide the Project into three segments. Segment 1 is from the western Project terminus to a point approximately halfway between the U.S. 29 and VA 28 interchanges in Centreville. Segment 2 is from this location to a point approximately just east of the Waples Mill Road overpass bridge. Segment 3 is from this location to the eastern terminus of the Project. Maintenance of Traffic patterns are being altered as necessary throughout the Project corridor to accommodate construction needs.

As part of the Project, sixteen (16) change orders have been processed since the initial financial plan. These change orders are provided in more detail in Section 8.

Specifically, the work to date in the field is summarized below:

Segment 1

1. The University Boulevard Park & Ride lot site work is approximately 98% complete. The interim milestone of opening 960 parking spaces was achieved in October 2019.
2. Balls Ford Park & Ride lot site work is approximately 90% complete.
3. MOT Stage II lane shifts to the outside have been completed in 100% of Segment 1.
4. Utility relocations are ongoing throughout Segment 1 with ROW acquisition nearly complete.
5. Fourteen (14) bridges are under construction, of which ten (10) are nearly complete.
6. Fifty-three (53) Retaining Walls are under construction, of which forty-five (45) are fully constructed.

7. Seven (7) Drainage Box Culverts are fully constructed.
8. Two (2) Sound Walls are under construction.
9. Other work being performed includes grading and drainage, paving operations, erosion and sediment control, overhead sign, light/camera pole, and ITS installation.

Segment 2

1. MOT Stage II lane shifts have been completed in 95% of Segment 2.
2. Utility relocations are ongoing throughout Segment 2 with ROW acquisition nearly complete.
3. Twenty-nine (29) bridges are under construction, of which fourteen (14) are nearly complete.
4. Sixty-seven (67) retaining walls are under construction, of which thirty-three (33) are fully constructed.
5. Six (6) pedestrian box culverts are under construction.
6. Eleven (11) drainage box culverts are under construction, of which six (6) are fully constructed.
7. Ten (10) sound walls are under construction.
8. Other work being performed includes grading and drainage, paving operations, erosion and sediment control, overhead sign, light/camera pole, and ITS installation.

Segment 3

1. MOT Stage II lane shifts have been completed in approximately 85% of Segment 3.
2. Utility relocations are ongoing throughout Segment 3 with ROW acquisition nearly complete.
3. Twenty-one (21) bridges are under construction, of which eight (8) are nearly complete.
4. Seventy-four (74) retaining walls are under construction, of which fifty-one (51) are fully constructed.
5. Seven (7) pedestrian box culverts are under construction, of which six (6) are fully constructed.
6. Eighteen (18) drainage box culverts are fully constructed.
7. Thirteen (13) sound walls are under construction, of which two (2) are fully constructed.
8. Other work being performed includes grading and drainage, paving operations, erosion and sediment control, overhead sign, light/camera pole, and ITS installation.
9. Eleven (11) miles of new bike and pedestrian facilities are currently under construction, which includes a 10-ft shared use path (SUP) along I-66.
10. Constructing a temporary realignment of the W&OD Trail within VDOT right-of-way.

Other Major Work Elements

1. Final Design of the Project is about 99% complete in terms of Final Approved for Construction packages.
2. The Permit from DEQ was received on August 7, 2019.
3. The Permit from the Corp of Engineers was received on March 4, 2019 and the modified permit was received in June, 2021.
4. The final segmental noise analysis reports were approved in October 2020. A combined report of all segmental analysis is anticipated in early 2021.
5. The NEPA Reevaluation was approved on June 20, 2019. An addendum to the Reevaluation for the Nutley Street Interchange was discussed but after coordination with FHWA it was determined that the change could be handled

through the normal EQ-200 documentation and the Reevaluation was not necessary. The EQ-200 and EQ-103 were finalized on May 24, 2021.

6. The revised IJR addendum for the Nutley Street Interchange is expected to be submitted in early 2022.
7. The Project-wide Corps of Engineers (COE) 404 permit reevaluation package was sent to COE in December 2019; and approved on April 23, 2020.
8. DEQ issued a Notice of Violation to the Design-Builder on May 8, 2020. The DEQ Consent Order was resolved on May 3, 2021, with the Design-Builder paying the charge of \$24,375 to comply with the Consent Order. The DEQ Consent Order was thereafter terminated on May 26, 2021.
9. The Project is continuing coordination with the US National Park Service, DHR and the consulting parties on landscaping screening and aesthetic treatment for the I-66 westbound elevated access ramp in the viewshed of the Manassas Battlefield National Park regarding Section 106 MOA.
10. Landscaping is being finalized for all three segments.

Project Schedule Status

As of December 31, 2021, the Design-Build Contractor’s schedule indicates a 3-day positive float to their schedule for Toll Day 1 and Project Completion in the December 2021 Monthly Report period. Project Completion is reported by FAM for December 28, 2022. It is noted that Change Order No. 16 conditionally restructures the Project Completion milestone and incentivizes the Developer to achieve Service Commencement before December 1, 2022. In return, the Project Completion milestone is conditionally extended to August 1, 2023, without the application of any Liquidated Damages. If the Developer does not achieve Project Completion by August 1, 2023, then Liquidated Damages will be assessed until the milestone is achieved. The Long Stop Date remains unchanged contractually. It is contractually established as 365 days after Project Completion.

2. Project Cost Estimate

The Department portion of the Initial Financial Plan estimate was \$173,822,770. The estimate was previously revised to \$174,495,086 due to the Department’s under-estimated TIFIA loan closing costs and attorneys’ fees for an increase of \$672,316. In this FPAU, the estimate has been further increased to \$204,295,086 as shown in Table 3.1 for an increase of \$29,800,000 due to executed change orders to date and increased oversight costs. The Developer’s scheduled completion of the major Design activities was scheduled for December 2018. However, the Developer has been unable to complete the Design activities as of December 31, 2021. The Developer has chosen to parse the Design into many smaller packages, which has resulted in multiple additional Design packages the Department has had to review. As a result, the Department projects the Design process to continue into 2022. The Department anticipates its oversight budget increasing as a result of this extended Design period, which is included in Table 3.1.

Table 3.1 - Estimated Department’s Project Costs by Cost Element (YOES) as of December 31, 2021

UPC	Description	Phase	Current Estimates
54911	RTE 66 – Preliminary Engineering	PE	\$8,622,770
105239	I-66 PPTA – Study	PE	\$12,295,664
105500	I-66 Tier II	PE	\$53,576,652
110496	Transform I-66 Oversight Project	PE	\$15,000,000
		CN	\$114,800,000
Total			\$204,295,086

Expenditures to Date and Cost to Complete

Of the current estimate of \$204,295,086, the Department had incurred \$184,250,395 of capital costs as of December 31, 2021 for development and procurement, including Tier 1 and Tier 2 NEPA, preliminary engineering, and Project development and studies. Out of the projected construction oversight estimate of \$114,800,000, the Department incurred \$96,145,430 of capital costs for construction activities for a balance to complete of \$20,044,691 to oversee the Project through the Project Completion and Project close-out as shown in Table 3.2.

See Table 3.2 for the Department’s capital expenditures to date and anticipated capital costs to complete the Project.

Table 3.2 - Department’s Capital Expenditures							
UPC	Description	Phase	Initial Financial Plan	2019 and 2020 Annual Update*	2021 Current Estimate	Current Expenditures as of December 31, 2021	Balance to Complete
54911	RTE 66 – Preliminary Engineering	PE	\$8,622,770	\$8,622,770	\$8,622,770	\$8,622,770	\$0
105239	I-66 PPTA – Study	PE	\$11,500,000	\$12,295,664	\$12,295,664	\$12,295,664	\$0
105500	I-66 Tier II	PE	\$53,700,000	\$53,576,652	\$53,576,652	\$53,576,652	\$0
110496	Transform I-66 Oversight Project	PE	\$15,000,000	\$15,000,000	\$15,000,000	\$13,609,879	\$1,390,121
		CN	\$85,000,000	\$85,000,000	\$114,800,000	\$96,145,430	\$18,654,570
Total			\$173,822,770	\$174,495,086	\$204,295,086	\$184,250,395	\$20,044,691

*There was no change from the 2019 to the 2020 Annual Update for current estimate.

As part of the Project, the Developer provided a Concession Fee payment of approximately \$579 million. A portion of the Concession Fee is being used for additional transportation improvements in the 66 Outside the Beltway corridor through projects recommended by Northern Virginia Transportation Authority (NVTA) and approved by the Commonwealth Transportation Board. Fairfax County recommended 4 projects (Table 3.3) that are being constructed as part of the I-66 Project because they are integral to the ongoing 66 Design and Construction.

Table 3.3 - Concession Fee Projects

UPC	Description	Phase	Initial Budget Request	2021 Annual Update	Current Estimate	Current Expenditures as of December 31, 2021	Balance to Complete
112780	Monument Drive Pedestrian Facility	CN	\$3,800,000	\$3,800,000	\$3,800,000	\$793,096	\$3,006,904
112781	Jermantown Road Bridge Widening –	CN	\$11,000,000	\$9,500,000	\$9,500,000	\$7,717,841	\$1,782,159
112779	Poplar Tree Road Bridge Widening –	CN	\$6,000,000	\$2,600,000	\$2,600,000	\$2,600,000	\$0
112778*	I-66 Mainline Widening at Rte. 29	CN	\$40,000,000	\$57,500,000	\$57,500,000	\$53,811,485	\$3,688,515
Total			\$60,800,000	\$73,400,000	\$73,400,000	\$64,922,422	\$8,477,578

* The original budget request for this UPC reflected the extent of the scope of work known at that time. As the scope of work became more defined, the budget request was increased from \$40 million to \$57.5 million to reflect the required scope. Additional funding for UPC 112778 was provided by Fairfax County.

As part of the Fairfax County Comprehensive Plan, it was decided that a Shared Use Path (SUP) would be constructed along Braddock/Walney and Compton Roads with tie-in connections to the future or proposed SUP at those locations. To avoid coordination conflicts between the 1-66 OTB and the County Plan, certain portions of the SUP identified below (Table 3.4), will be designed and constructed as part of the 66 Project.

Table 3.4 - Shared Use Path

UPC	Description	Phase	Initial Estimate	2021 Current Estimate	Current Expenditures as of December 31, 2021	Balance to Complete
115936	Compton Rd Shared Use Path I-66 OTB Underpass	PE	\$109,000	\$606	\$605	\$0
		CN	\$966,000	\$1,074,394	\$644,730	\$429,664
116083	Walney Rd and Braddock Rd Shared Use Paths	PE	\$640,000	\$606	\$605	\$0
		CN	\$3,510,000	\$4,149,394	\$3,927,164	\$222,230
Total			\$5,225,000	\$5,225,000	\$4,573,104	\$651,896

*Funding provided by Fairfax County

3. Project Funding

The Project is funded through a combination of private capital (debt and equity) raised against future toll revenue and funds payable by the Department.

Department Project Funding Sources

Table 4.1 reflects the summary of funding by source for the Project as of December 31, 2021.

Table 4.1 - Summary of Project Funding by Source							
Funding Sources	Initial Financial Plan FY19	FY20	FY21	FY22	Current FY23	FY24	Total
Federal Funds							
Federal Demonstration A/R*	\$980,000						\$980,000
MAP 21 NHPP	\$15,867,610						\$15,867,610
MAP 21 NHPP – Soft Match	\$3,966,903						\$3,966,903
MAP 21 NHPP Exempt	\$11,516,397						\$11,516,397
MAP 21 NHPP Exempt – Soft Match	\$2,879,099						\$2,879,099
RSTP	\$7,338,122						\$7,338,122
Interstate NHS	\$15,213,758						\$15,213,758
Interstate (CNS301)	\$3,251,089						\$3,251,089
Subtotal	\$61,012,978						\$61,012,978
State Funds							
Interstate NHS State Match	\$2,403,630						\$2,403,630
Interstate State Match	\$352,312						\$352,312
CTB Formula – High Priority	\$1,956,752						\$1,956,752
CTB Formula – PPTA	\$500,000						\$500,000
RSTP Match	\$1,834,530						\$1,834,530
Subtotal	\$7,047,224						\$7,047,224
Other Funds							
Bond Proceeds - CPR	\$6,231,844						\$6,231,844
FRAN Bond Proceeds	\$203,040						\$203,040
Concession Fee Funds	\$78,919,450	\$18,012,329	\$3,068,221				\$100,000,000**
Accounts Receivable				\$5,250,000	\$291,504		\$5,541,504
Subtotal	\$85,354,334	\$18,012,329	\$3,068,221	\$5,250,000	\$291,504		\$105,541,504
Total	\$153,414,536	\$18,012,329	\$3,068,221	\$5,250,000	\$291,504		\$180,036,590
Additional State Funds to be provided						\$24,258,496	\$24,258,496***
							\$204,295,086

*Federal Demonstration A/R received under contract ID 1561.

**For the time period covered by the Financial Plan, the commitment of Concession Fees is \$100 million on UPC 110496.

***For the time period covered by the Financial Plan, VDOT is committed to providing the necessary funding and is actively working to determine how much is needed and the most appropriate funds source(s).

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

Table 4.2 - Project Authorization Summary as of December 31, 2021					
Federal Project	UPC(s)	Phase Classification	Cost	Federal Funds	Advance Construction (A/C)
NH-0661-300	54911	PE	\$8,050,000	\$7,440,000	\$0
NH-0661-300	105239	PE	\$4,638,290	\$4,638,290	\$0
NH-0661-300	105500	PE	\$61,806,797	\$47,954,688	\$0
NHPP-0661361	110496	PE	\$15,000,000*	\$0	\$12,000,000
Total			\$89,495,087	\$60,032,978	\$12,000,000

* Although UPC 110496 is fully funded with concession funds and third party billings, a federal agreement with advanced construction has been authorized. At this point no additional federal funds are on the Project and therefore, the A/C should not be converted at this time

Project funding is demonstrated in the National Capital Region Transportation Planning Board’s (TPB) Long Range Transportation Plan and Transportation Improvement Program (TIP), as well as the Commonwealth’s Statewide Transportation Program (STIP).

Table 4.3 - Interest Earned on Concession Fee as of December 31, 2021*						
Federal Project	Concession Fee and Future Interest Earnings	FY2020	Current 2021	2022 Projected	2023 Projected	2024 Projected
N/A	\$144,492,510	\$18,012,329	\$12,174,466	\$530,341	\$844,013	\$29,551

* Concession Fee and Future Interest Earnings is an estimate of what funds could be provided. For the time period covered by the Financial Plan, the commitment remained at \$100 million on UPC 110496.

4. Project Financing

Section 5 intentionally left blank. EMP should provide this information as part of EMP’s Financial Plan Update.

5. Project Cash Flow

Table 6.1 reflects the cash flow for the project which incorporates fund sources for the Project against the current and planned expenditures. There is an estimated shortfall on the project of \$24.3M. For the time period covered by the Financial Plan, VDOT is committed to providing the necessary funding and is actively working to determine how much is needed and the most appropriate funds source(s).

Table 6.1 – Cash Flow (in millions)

UPC		Prior to FY2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Department Funds		\$74.5		\$0.0	\$0.0	\$0.0	\$74.5
Concession Fee		\$100.0		\$0.0	\$0.0	\$0.0	\$100.0
Account Receivables**			\$5.5				\$5.5
Total Cumulative Sources		\$174.5	\$180	\$180	\$180	\$180	\$180
54911	RTE66 – Preliminary Engineering	\$8.6	\$0.0	\$0.0	\$0.0	\$0.0	\$8.6
105239	I-66 PPTA – Study	\$12.3	\$0.0	\$0.0	\$0.0	\$0.0	\$12.3
105500	I-66 Tier II	\$53.6	\$0.0	\$0.0	\$0.0	\$0.0	\$53.6
110496 ⁽¹⁾	Transform I-66 Oversight Project	\$100	\$18.2	\$11	\$0.6	\$0.0	\$129.8
Total Cumulative Expenditures		\$174.5	\$192.7	\$203.7	\$204.3	\$0.0	\$204.3
CASH FLOW - Shortfall		\$174.5	(\$12.7)	(\$23.7)	(\$24.3)		(\$24.3)

*\$100.0 Funded from the Developer's Concession Fee

** VDOT is billing third parties for additional work. Once the non-federal contracts have been reconciled, the funding on the project will be updated.

(1) In January 2018, the CTB adopted a revised budget in the amount of \$578,919,450 for the Concession Fee received for the I-66 Outside the Beltway Project. UPC 110496 initially received \$78.9M in FY18 of the initial Concession Fee as well as FY19 amount of \$18M from Concession Fee interest.

6. Public-Private Partnership Assessment

The Public Private Transportation Act of 1995 (PPTA) is the Commonwealth's enabling legislation for the development and operations of transportation projects utilizing the private sector. The following activities have occurred related to the Project being delivered as a P3 in accordance with the PPTA:

- **Finding of Public Interest (FOPI):** In August 2015, the Commissioner of Highways at the Department signed the FOPI pursuant to Section 33.2-1803.1 of the Virginia Code to begin a procurement of the I-66 Project under a P3 delivery method. Identified benefits from developing and operating the Project as P3 versus other procurement options include (Source: http://www.virginiadot.org/news/resources/Statewide/Transform_66.pdf):
 - Enable the Department to share and transfer major project risks
 - Combine design and construction in one agreement thereby creating incentive to utilize Alternative Technical Concepts (ATCs), which are not available under a VPPA Design-Build contract
 - The transfer of traffic and revenue risks and risks of toll collections and violations
 - The synergy of design, construction, financing, tolling, operations, and maintenance under one agreement
- **Two Stage RFQ Process:** Subsequent to the completion of the FOPI, the Department released the RFQ in two parts: 1) Statements of Qualifications and 2) Conceptual Financial Proposals. Along with the RFQ, the Department issued three term sheets, one for each delivery model, for the teams to follow when preparing their Conceptual Financial Proposals. The two-part RFQ enabled the Department to evaluate three different types of delivery models – DBFOM, DBOM, DB with Alternative Technical Concepts – in order to determine a procurement process that serves the public interest,

encourages innovation, creates long-term value for the Commonwealth, achieves cost efficiencies, and facilitates timely delivery of the P3 project subject to applicable law.

- **Decision to Pursue DBFOM Delivery Model:** After completing the review of the RFQ submissions and the various alternative delivery models that were available for the Project, the Commissioner of Highways determined to advance the procurement of the Project under the DBFOM delivery method in December 2015. This decision was based on the analysis conducted during the two-part RFQ stage, which showed that the DBFOM delivery model was the most optimal project delivery model and likewise would produce the most public benefit to the Commonwealth.
- **Authorization to Issue 9(c) Bonds:** In January 2016, the General Assembly authorized the Treasury Board to issue bonds pursuant to Article X, Section 9(c) of the Constitution of Virginia in an amount up to \$1.5 billion (plus financing costs) for the Project. The authorization is contingent upon the Transportation PPTA Advisory Committee, prior to January 1, 2018, finding that the issuance is necessary due to the inability of private parties to meet the term sheet published by the Department at the time of the RFQ.
- **RFP Process:** The initial draft RFP was issued in December 2015, followed by an industry review period until July 2016 when the final RFP was issued, requesting proposals by October 2016. Two compliant proposals were received by the Department in October 2016, and the successful proposer was announced as I-66 Express Mobility Partners in November 2016.
- **Statutory Required Audit:** Shortly following the announcement of the successful proposer, the statutory PPTA Audit was conducted, which confirmed that the P3 delivery option was in the best interest of the public, hence agreeing with the December 2015 decision.
- **Final FOPI and Commercial Close:** In early December 2016, the PPTA Advisory Committee declared the P3 delivery model was in the best interests of the public and the Final FOPI was endorsed by the Commonwealth Transportation Board (Source: http://www.ctb.virginia.gov/resources/2016/dec/reso/Resolution_17_66_FOPI.pdf). On December 8, 2016, the Project reached Commercial Close.

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 July 29, 2014, to develop strategies that can be used during project development and procurement phases to mitigate identified project risks as the Project moved forward. Participants from the Department, DRPT, FHWA, the Commonwealth's Office of Attorney General, and project consultants well-understood identified risks and mitigation strategies were already being initiated. The second risk workshop was conducted on May 5-6, 2015, prior to the issuance of draft RFQ to further develop mitigation efforts and evaluate potential risks associated with the Post-Financial Close period. Finally, in August 2015, stakeholders were convened at the Cost and Schedule Validation and Risk Assessment Workshop to develop a common understanding of the Cost Estimate Validation Process and to identify risks that could potentially affect the cost and schedule of the Project.

Market conditions on relative access to and cost of capital were monitored throughout the procurement process through activities such as risk workshops, the issuance of Request for Information (RFI) in June 2013 and collection of responses from individuals, firms, teams or organizations, and one-on-one meetings with private sector teams in Summer 2015, and the dual path approach of developing and advancing the public finance option and evaluating the P3 option.

Table 7.1 details the steps that were taken by the Department, and other key project participants, to assess the appropriateness of a P3 to deliver the Project.

Table 7.1 - P3 Assessment

	Date
CTB Briefing and Contingent Action	July 2015
Transportation PPTA Advisory Committee	August 2015
Completion of Initial Finding Of Public Interest (FOPI)	August 2015
Issuance of P3 Request For Qualifications (RFQ)	September 2015
CTB Action on NEPA Preferred Alternative Decision	October 2015
Announcement of Shortlisted Teams	October 2015
Submittal of Conceptual Financial Proposals and Secondary Shortlisting	December 2015
Release of Draft RFP to the Two Shortlisted Bidders	December 2015
Release of Final RFP to the Two Shortlisted Bidders	July 2016
Announcement of Successful Proposer	November 2016
Completion of PPTA Statutory Audit, Final FOPI & CTB Allocation of Funds	December 2016
Commercial Close	December 2016
Limited Notice to Proceed (Design and Permitting)	December 2016
Financial Close	November 2017
Start of Construction	February 2018

7. Risk and Response Strategies:

As of December 31, 2021, the Department has processed sixteen (16) change orders (Table 8.1).

Table 8.1 - Change Orders

UPC	Change Description	Change Order Amount (C 10 Total)	Change Order Amount (Actual Amount Paid as of December 31, 2021)
N/A	2016 Road & Bridge Standards	\$ -	\$ -
N/A	U.S. 29 Gainesville Field Office / Staging Area	\$ -	\$ -
110741	Utility Work for Parcel No. 101	\$ -	\$ -
110496	Norfolk Southern Railway Company Easement Agreement	\$ -	\$ -
110741	Route 28 / Route 50 / Yeonas Drive	\$ -	\$ -
110496	Modified VDOT Duct Bank*	\$6,750,000	\$6,098,679
112781	Jermantown Road Bridge Widening**	\$9,400,000	\$7,618,171
112779	Poplar Tree Road Bridge Widening**	\$2,600,000	\$2,600,000
112778	I-66 Mainline Widening at Rte. 29 (Feasibility Study)**	\$1,000,000	\$1,000,000
112778	I-66 Mainline Widening at Rte. 29 (Design Services)**	\$3,200,000	\$3,200,000
112778	I-66 Mainline Widening at Rte. 29 (Construction Services)**	\$50,800,000	\$45,499,036
115936	Compton Road Shared Use Path***	\$918,600	\$629,241
116083	Braddock/Walney Shared Use Path***	\$3,800,000	\$3,582,000
112780	Monument Drive Sidewalk	\$3,550,000	\$702,027
110741	Balls Ford Road Widening Project Letter of Understanding	\$ -	\$ -
110496	Issue Resolution Agreement	\$ -	\$ -
Total		\$82,018,600	\$70,929,154

* The Department is working with a third-party to reach an agreement for this cost.

**Concession Fee projects funded through the Concession Fee and locality funds.

***Funded through Fairfax County locality funds

As of December 31, 2021, the Department and the Developer have identified additional potential change orders (Table 8.2). These items may or may not materialize into change orders and include potential risk items which may result in financial impacts to the Project.

Contingencies for risk were not initially funded by the Department but it was contemplated that such risks may be funded by the Department should the need arise. The status of each of the risk items is as follows:

Table 8.2 - Potential Change Orders and/or Department Cost Responsibility*			
Description	Previous Financial Plan	FPAU	Comments
Sound Wall Quantity	\$0	\$0	Resolved/closed with executed Change Order #16
Right-of-Way	\$0	TBD	Funding for any risk exposure was partially mitigated through applicable provisions of executed Change Order #16
WMATA Reimbursable	\$0	\$0	Resolved/closed with executed Change Order #16. Currently projected to remain under the \$10M cost sharing provision.
Dunn Loring Flyover (TPSS)	\$0	\$0	Resolved/closed with executed Change Order #16 by implementing Total Avoidance Plan (TAP)
PWC Scope Exchange (Balls Ford & Century Park Dr.)	\$0	\$0	Resolved/closed per Change Order #15
Nutley Interchange	\$0	\$0	Resolved/closed with executed Change Order #16
Rubbilization	\$0	\$0	Resolved/closed with executed Change Order #16
Dunn Loring TPSS Future Power Supply and Duct Bank	\$0	\$0	Closed – WMATA withdrew its request
Additional Existing Bridge Repair – VDOT assets	\$0	TBD	The Project may seek funding from other VDOT sources but is trending towards remaining within expected budgeted amount.
ROW	\$0	\$20	The projected \$20M additional amount needed to resolve open ROW issues is being evaluated.
COVID-19 Pandemic Impacts	\$0	TBD	On July 20, 2021, VDOT received a revised COVID claim letter from the Developer indicating approximate costs of \$27.4M through March 2021, with other costs expected to be added to that figure.

*Currently, the plan is to utilize available Project funds which identify cost-saving opportunities that will result in cost-neutral change orders.

8. Annual Update Cycle.

The next Financial Plan Annual Update will be due on April 1, 2023 with financial cut-off as of December 31, 2022

9. Summary of Cost Changes Since Last Year's Financial Plan

Because of the anticipated extension of the Project Completion into 2023, coupled with additional oversight burdens placed on the Department by the Developer based on the way the Developer has elected to deliver the Project, and for some

contingency items that have already occurred, the Department's oversight costs have increased by \$29.8M dollars as shown in Tables 3.1 and 3.2.

10. Cost and Funding Trends Since Initial Financial Plan

As outlined in Section 4, the Department is actively working to identify the most appropriate fund source(s) to cover the cost increase between the Initial Financial Plan and the current estimate. As outlined in Section 3, the Initial Financial Plan estimate was \$173,822,770. During the construction period and through the Project closeout, the Department anticipates incurring a total cost of \$204,295,086 as shown in Table 3.1 for an increase of \$30,472,316. The increase was due to the Department's under-estimated TIFIA loan closing costs, attorneys' fees, executed change orders to date, and increased oversight costs.

11. Summary of Schedule Changes Since Last Year's Financial Plan

As outlined in Section 2, as of December 31, 2021, the Design-Build Contractor is reporting a Project Completion date of December 28, 2022. A new proposed re-baseline schedule was submitted by the Developer/Design-Build Contractor to the Department in November 2019 and was incorporated into Change Order No. 16 by reference for the purposes of incorporating changes associated with Change Order No. 16. The Project Completion date is not amended by Change Order No. 16 directly but is conditionally affected if the Developer is able to achieve Service Commencement sooner than December 1, 2022. As of December 31, 2021, the Developer is reporting a Service Commencement Date of November 28, 2022. Change Order No. 7 extended the intermediate completion of milestone #2 (removal of Route 28 Signals) to November 25, 2020. Change Order No. 9 extended the intermediate completion of milestone #1 (960 parking spaces available at University Blvd. Park & Ride Lot) to October 5, 2019. The Developer achieved the extended milestone dates of Change Order Nos. 7 and 9.

12. Schedule Trends Since Initial Financial Plan

As outlined in Section 12, as of December 31, 2021, the Design-Build Contractor is now reporting an on-time completion of the Project of December 28, 2022. There is some indication the Developer may need the Project Completion date of August 1, 2023 (effective because of the on-time Service Commencement Date) to complete certain work items not affecting tolling operations. This issue is being evaluated by the Department.