



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Charles A. Kilpatrick, P.E.
Commissioner

February 9, 2016

Mr. R. Wayne Fedora
Acting Division Administrator
Federal Highway Administrator Virginia
400 North 8th Street, Suite 750
Richmond, Virginia 23219-4825

Ref: I-95 HOV/HOT Lanes Project (UPC102711)
0095-969-074, C501

Subject: Letter of Certification
VDOT Supplemental to the Financial Plan

Dear Mr. Fedora:

The Virginia Department of Transportation has developed the 2015 Supplement Financial Plan Update (SFPU) for the I-95 HOV/HOT Lanes Project in accordance with the requirements of Section 33.2 of the Code of Virginia and the Financial Plan guidance issued by the Federal Highway Administration. The Supplement Financial Plan Update provides detailed cost estimates for the project and the estimates of the financial resources used for the project.

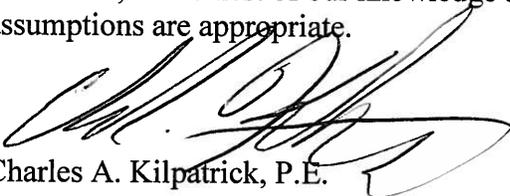
The cost data in this SFPU provides an accurate realistic estimate of future costs based on engineers' estimates and expected construction/design cost escalation factors. While the estimates of financial resources rely upon assumptions regarding future economic conditions and demographic variables, they represent realistic estimates of available monies to fully fund the project.

We believe this SFPU provides an accurate basis upon which to schedule and fund the I-95 HOV/HOT Lanes Project.

To the best of our knowledge and belief, this SFPU, as submitted herewith, fairly and accurately presents the financial position of the I-95 HOV/HOT Lanes Project, its cash flows, and expected conditions for the project's life cycle. The financial forecasts in this SFPU are based on our judgment of the expected project conditions and our expected course of action.

Mr. R. Wayne Fedora
February 9, 2016
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We believe that the assumptions underlying of this SFPU are reasonable and appropriate. Further, we have made available all significant information that we believe is relevant to this SFPU and, to the nest of our knowledge and belief, the documents and records supporting the assumptions are appropriate.



Charles A. Kilpatrick, P.E.

I-95 HOV/HOT Lane Project
Fairfax, Prince William and Stafford Counties

Supplement Financial Plan Update – Appendix V as of June 2015

LETTER OF CERTIFICATION

Dear Mr. Commissioner:

The Virginia Department of Transportation has developed this 2015 Supplement Financial Plan Update (SFPU) for the I-95 HOV/HOT Lane Project in accordance with the requirements of Section 33.1 of the Code of Virginia and the Financial Plan guidance issued by the Virginia Department of Transportation. The Supplement Financial Plan Update provides detailed cost estimates for the project and the estimates of financial resources used for the project.

The cost data in this SFPU provide an accurate realistic estimate of future costs based on engineers' estimates and expected construction/design cost escalation factors. While the estimates of financial resources rely upon assumptions regarding future economic conditions and demographic variables, they represent realistic, estimates of available monies to fully fund the project.

We believe this SFPU provides an accurate basis upon which to schedule and fund the I-95 HOV/HOT Lane Project.

To the best of our knowledge and belief, this SFPU, as submitted herewith, fairly and accurately presents the financial position of the I-95 HOV/HOT Lane Project, its cash flows, and expected conditions for the project's life cycle. The financial forecasts in this SFPU are based on our judgment of the expected project conditions and our expected course of action.

We believe that the assumptions underlying of this SFPU are reasonable and appropriate. Further, we have made available all significant information that we believe is relevant to this SFPU and, to the best of our knowledge and belief, the documents and records supporting the assumptions are appropriate.


Susan N. Shaw, P.E.
District Engineer MegaProjects


Date


Garrett W. Moore, P.E.
Chief Engineer

2-8-16
Date


John W. Lawson
Chief Financial Officer

2-9-2016
Date

Virginia Department of Transportation
I-95 HOV/HOT Lanes Project

Appendix V

Supplement Financial Plan

(As of June 2015)

1. PROJECT DESCRIPTION

The Commonwealth's I-95 HOV/HOT Lanes Project (the Project) will create approximately 29 miles of HOV/HOT Lanes on I-95, connecting it to the I-495 Express Lanes on the Capital Beltway. It includes building a nine mile extension (by constructing two new reversible HOV/HOT Lanes) of the existing HOV lanes from Dumfries in Prince William County to Garrisonville Road in Stafford County, improving the existing two HOV Lanes for six miles, from Route 234 to Prince William Parkway, expanding the existing 14 miles of HOV Lanes from two lanes to three lanes, between Prince William Parkway to approximately one mile north of Edsall Road on I-395. Also included is the addition of new access points and improvements of existing access points in the areas of Garrisonville Road, Joplin Road, Prince William Parkway, Fairfax County Parkway, Franconia-Springfield Parkway and the Springfield Interchanges (I-495/95/395) as shown below. The project ends approximately one mile north of Edsall Road on I-395.

No.	Route	Connection Location:	Morning connections:	Evening connections:	Type of Modification:
1	I - 395	Between VA 648 (Edsall Road) and Turkeycock Run	NB HOV/HOT Lanes to NB general purpose lanes	N/A	New
2	I - 95	VA 7100 (Fairfax County Parkway)	NB HOV/HOT Lanes to Fairfax County Parkway (Alban Rd.)	Fairfax County Parkway (Alban Rd.) to SB HOV/HOT Lanes	New
3	I - 95	Between VA 7100 (Fairfax County Pkwy) and VA 638 (Pohick Road)	N/A	SB HOV/HOT Lanes to SB general purpose lanes	Deleted (to accommodate No. 2 above)
4	I - 95	Between VA 642 (Lorton Road) and Rte. 1	N/A	SB GP to SB HOV/HOT Lanes	New
5	I - 95	Between VA 123 (Gordon Road) and VA 3000 (Prince William County Parkway)	NB HOV/HOT Lanes to NB general purpose lanes	N/A	New
6	I - 95	Between Optiz and Dale Blvd	N/A	SB GP to SB HOV/HOT Lanes	New
7	I - 95	Between US 234 (Dumfries Road) and VA 619 (Joplin Road)	N/A	SB HOV/HOT Lanes to SB general purpose lanes	Expanded – replace slip ramp with flyover
8	I - 95	Between VA 619 (Joplin Road) and VA 610 (Garrisonville Road)	NB general purpose lanes to NB HOV/HOT lanes	SB HOV/HOT Lanes to SB general purpose lanes	New

2. Federal NEPA Process

VDOT obtained initial input from the Virginia natural resource agencies via the State Environmental Review Process (SERP) on both the Northern and Southern Projects (UPC 70849 and 70850, respectively). In cooperation with the Private Entities, VDOT prepared and submitted project scoping documentation to FHWA, which included a recommendation on the type of environmental document to be prepared. FHWA provided concurrence, with conditions, for advancing the Northern and Southern Projects, with a Categorical Exclusion (CE) for the Northern Project and an Environmental Assessment (EA) for the Southern Project. The NEPA Documentation Concurrence Form was signed by FHWA on August 26, 2006. A CE was completed for the northern project in January 2009, but later rescinded in March 2011.

In February 2011, FHWA concurred that an Environmental Assessment (EA) is an appropriate level of National Environmental Policy Act (NEPA) document for the new I-95 HOV/HOT Lanes Project.

Concurrently, in February 2011, VDOT submitted a request for an amendment to the 2010 Constrained Long Range Plan (CLRP). The I-95/395 HOT Lanes project that was listed in the CLRP was deleted and a new project, the I-95 HOV/HOT Lanes Project was added. This new project required an air quality conformity determination. Additionally, a new EA document as well as an Operational Analysis and Interchange Justification Report (IJR) were required for the new project.

In September 2011, FHWA approved the EA document for Public Availability. On September 26, 28 and 29, 2011, public hearings were held. In November 2011, VDOT recommended that FHWA issue a Finding of No Significant Impact (FONSI). On December 5, 2011, FHWA issued a FONSI after analyzing various information provided.

At this time, the construction start of the southern section is not proposed until 2024. Since this is a PPTA project and is market driven, it is dependent on private funds and toll revenue as its funding source. VDOT will continue to work with Fredericksburg Area Metropolitan Planning Organization (FAMPO) and the local jurisdictions to look for opportunities to advance the development of the southern section, south to Massaponax.

3. Project Update

In August 2012, Virginia Department of Transportation (VDOT) reached commercial close and the Design Build phase of the project officially began. Prior to August the concessionaire had already started working on some of the design elements of the project under the interim agreement to get a head start during the Design Build Phase. For ease in design and construction management, the project was divided into the following four segments.

Segment 1 (8.3-miles)

- Garrisonville Road to Dumfries Road
- 2-lane reversible section on new location (7 new bridges, inclusive of 2 flyovers & NB slip ramp)

Segment 2 (7-miles)

- Dumfries Road to Prince William Parkway
- Maintains Geometry of Existing Roadway

Segment 3 (11.9-miles)

- Prince William Parkway to I-495
- Adding 3rd Lane

Segment 4 (2.2-miles)

- I-495 to North of Edsall Road
- Adding 3rd Lane



3.1. Project Progress

Preliminary Engineering/ Design activities are 100% complete on the base work. The overall Project progress as of June, 2015 is nearly 100% (the project is substantially complete but has not achieved Final Acceptance as of June 30, 2015). Below is a brief summary of different project areas:

Safety: The project has recorded more than 4.2 million safe hours without any injury loss time and the project OSHA recordable incident rate is 0.42 which is significantly below the industry average of 3.6.

DBE/SWAM: DBE/SWaM goals exceeded

- **Goal \$189.2 Million**
- **Committed Over \$223 Million**
- **Paid to Date \$222.9 Million**

Construction Update:

- Project was substantially completed and opened to toll traffic on December 29, 2014.
- As of June 2015, construction is nearly 100% complete excluding remaining punch list items.
- All bridge, retaining wall, and sound wall work is complete.
- Active work underway to complete remaining punch list items.
- Preparing conceptual/feasible plans for Southern Terminus extension.

Partnering and Coordination: Virginia Department of Transportation has continued its partnering efforts with the concessionaire, design builder, FHWA and other key stakeholders. VDOT is coordinating with nearly 30 other projects in the vicinity of I-95 Express lanes project to ensure smooth implementation of multiple construction operations and reduce traffic impacts. Also, VDOT has been continually coordinating with Marine Corp Base – Quantico and Eastern Federal Lands and keeping them apprised of the project schedule and construction activities.

TMP: Below are some of the major congestion management strategies that have been initiated to reduce congestion along the project corridor.

- Increased Virginia State Police presence and Safety Service Patrols – including coverage on Route 1 (major detour route)
- Increased dynamic message signs alerting travelers of construction activities
- “Queue signs” to warn drivers of trucks entering the highway
- Speed radar trailers to slow traffic in the work zone
- More PCMS & CCTV units to monitor the work zone and post safety messages
- As a part of congestion management strategy – VDOT along with DRPT and other transit agencies has started PRTC Tyson Express Bus, PRTC Supplemental service, PRTC Saturday Metro Direct service, subsidized the creation of over 50 new vanpools, and a VRE Transit Subsidy strategy
- A dedicated team to coordinate MOT plans and Lane Closure requests from all construction and maintenance activities in the construction zone.

Public Outreach and Communications: Below is the update on major outreach strategies as of June 2015:

- VDOT and Concessionaire jointly conducted citizen information and educational briefings prior to Toll Day 1.
- The project team has conducted and participated in 976 outreach meetings to date.
- VDOT continued proactive earned media outreach including news releases, traffic advisories, extensive media pitching, on-site interviews and media availabilities, and media events/briefings, and reached an audience of more than 62.5 million through earned media.
- VDOT continued to send out regular email blasts to a stakeholder list of more than 5,200 with project updates, weekly traffic alerts and lane closure.

4. Virginia Department of Transportation Funding Obligation for the Route I-95 HOV/HOT Lanes Project in Virginia

The overall cost estimate for the construction of the I-95 HOV/HOT Lanes project in Virginia is included in Section 4 of the Financial Plan (\$887.99 M) and this supplement discusses the Virginia Department of Transportation (VDOT) financial commitment towards the project.

Table 1 depicts the \$230.9 million in project costs funded by VDOT. It includes:

- Project Preliminary Engineering Studies (Northern Section)
- Fluor/Transurban Development
- Management Oversight including Allowances and Transportation Management Plan
- VDOT’s Public Contribution

Table 1 – VDOT Project Estimates

UPC	Description	Status	Preliminary Engineering	Right-of-Way	Construction	Total
70849	I-95/HOT Lanes Northern Section Development	Interim Agreement	\$41,364,865	\$ -	\$ -	\$41,364,865
77616	I-95 HOV/HOT Lanes Fluor/Transurban Development	Interim Agreement	25,406,119	-	-	\$25,406,119
70850*	I-95 Southern HOT Lanes Preliminary Engineering Studies	Interim Agreement	1,500,382	-	-	\$1,500,382
102711	I-95 HOV/HOT Lanes Management Oversight	After Financial Close	-	-	80,080,848	\$80,080,848
102710 ¹	Public Contribution	After Financial Close	-	-	82,550,000	\$82,550,000
Total			\$68,271,366	\$ -	\$162,630,848	\$230,902,214

¹ UPC 102710 was created as a “child project” to UPC 103106 (HOT Lanes Construction) to capture the Public Contribution.

It should be noted that UPC 101577 and UPC 95382 were created as “Child Projects” to UPC 70849: *Also noted UPC 70850 was created as an associated project to complete the I-95 Southern HOT Lanes (Garrisonville road to Massaponax) preliminary engineering study.

a. UPC 101577 was created as a child to UPC 70849 to study the transit need due to the HOT Lanes project. Total estimate for this effort was \$200,000.

- b. UPC 95382 was created as a child to UPC 70849 to track charges associated with the Arlington Lawsuit – Total estimate for this effort was \$250,000.

Table 1A outlines the cost associated with the VDOT’s contribution.

Table 1A - VDOT’s Contribution

Responsible Party	Type of Cost	Original Estimate	Previous FP estimate	Current Estimate	Cost To Date	Justification/ Reason for Differences
VDOT Project Delivery Oversight Costs (UPC 102711 – Management Oversight) Federal Project No. 0952523	TMP	\$15M	\$13M	\$0.87M	\$209K	With the project nearly 100% complete, the Current Estimate is reduced to less than \$1M
	Construction Oversight	\$30M	\$27.5M	\$27.5M	\$19.08M	Unchanged from previous update.
	Contingency (Unknown–Unknown) (See Table 4) including Southern Terminus Extension	\$25M	\$3.54M	\$23.0M	\$465K	The Estimate is increased to include the risk associated with quantity overrun for change orders, additional cost to cover law enforcement Allowance and estimated cost to extend the Southern Terminus (See Table 4). No additional funds are required to cover the anticipated increased costs noted above.
	Change Orders (See Table 5)	\$ -	\$10.94M	+\$10.78M	+\$10.45M	As of June 2015, VDOT has identified items of work to be performed during FY2016 construction period that are potential changes to the original project scope. (See Table 4 - Potential Change Orders). Also, VDOT has processed 22 change orders (See Table 5 & 5A).
	Potential Change Orders (Table 6)	\$ -		+\$ -	+\$ -	
	Negotiated Allowances (to offset significant risk as noted in Table 3) (Known – Unknown)	\$23.8M	\$23.8M	\$16.63M	\$15.25M	With the project nearly 100% complete, the Current Estimate of \$23.8 M is reduced \$16.3M (see Table 3)
OTP3 (VDOT & Consultants) support	\$3.8M	\$1.3M	\$1.3M	\$66K	Unchanged from previous update.	
Subtotal		\$97.6M	\$80.08M	\$80.08M	\$45.52M	
Project Development Costs UPC 70849 Federal Project No. 0952487	VDOT	\$46M (See Table 1- VDOT Project Estimates)	\$46M	\$41.4M	\$41.4M	This project is complete. Surplus allocation balances were transferred in fiscal year 2014 to UPC 102711 to fund Change Orders and Risks as they occur.
Project Development Costs UPC 70850 Federal Project No. 0952487	VDOT	\$1.5M	\$1.5M	\$1.5M	\$1.5M	This project is complete.

Responsible Party	Type of Cost	Original Estimate	Previous FP estimate	Current Estimate	Cost To Date	Justification/ Reason for Differences
Project Development Costs UPC 77616 Federal Project No. 0952487	Developer (Qualifying Cost)	\$28M	\$28M	\$25.41M	\$25.41M	Actual payments for development cost. This Project is complete. Surplus allocation balances were transferred in fiscal year 2014 to UPC 102711 to fund Change Orders and Risks as they occur.
Sub Total		\$173.1M	\$155.58M	\$148.39M	\$113.83M	

Table 2A below lists the Current Federal Project Numbers and the respective State Project Numbers.

Table 2A: Federal Project Numbers

Federal Project No.	UPC	State Project No.	Description
0952487	70849	0095-96A-107, P101	I-95 HOV/HOT Lanes Northern Section Development
	70850**	0095-966-109, P101	I-95 HOV/HOT Lanes Southern Section Development
	77616	0095-966-101, P101	I-95 HOV/HOT Lanes Fluor/Transurban Development
	95382*	0395-000-737, P101	I-95 HOV/HOT Lanes – Arlington Law Suit
	101557*	0095-96A-119, P101	I-95 HOV/HOT Lanes Transit Management Plan
0952525	103222	0095-969-075, C501	I-95 HOV/HOT Lanes Debt Service
0952523	102711	0095-969-991, C501	I-95 HOV/HOT Lanes Management Oversight
	102710	0095-969-990,C501	I-95 HOV/HOT Lanes Public Contribution

* UPCs were created as a “child projects” to the parent UPC 70849. They are no longer affiliated with the I-95 HOV/HOT Lanes.

** UPC 70850 created for the preliminary engineering study for I-95 Southern HOT Lanes from Garrisonville Road to Massaponax.

Table 2B details the current federal funding obligations as well as state funds that are used for Advance Construction (AC). It depicts the information shown in the Federal Highway Administration’s Fiscal Management Information System (FMIS) and the VDOT Six Year Plan.

Table 2B: Current Federal Obligations

Federal Project Number	State UPC	State Funding		Federal Funding		Total
		AC-NH	State Match	Federal Funding Program Code	Total	
0952487	70849	\$15,499,345	\$10,804,252	Q050	\$572,706	
				L050	\$7,772,413	
				L05E	\$12,763,319	
	70850			3150	\$52,948	
				L050	\$0	
				L050	\$0	
	77616			L240	\$1,820,000	
	95382			H050	\$1,339,535	
	101557			M001	\$3,396,734	
	0420	\$200,000				
Total Current Federal Obligation 0952487		\$15,499,345	\$10,804,252		\$27,917,655	

<i>Federal Project Number</i>	<i>State UPC</i>	<i>State Funding</i>		<i>Federal Funding</i>		<i>Total</i>
0952523	102710 /102711*	\$34,230,785	\$ 327,239	L05E	\$26,909,687	
				M001	\$1,308,957	
				Q050	\$5,764,707	
Total Current Federal Obligation 0952523		\$34,230,785	\$327,239		\$33,983,351	
Total Current Federal Obligations		\$49,730,130	\$11,131,491		\$61,901,006	\$122,762,627

* The excess GARVEE Funds, \$11.45M, have been moved to UPC 102711.

GARVEE AC conversions cover the cost of the financing to provide for the public contribution. Table 2C* below details GARVEE AC conversions to date:

Table 2C – GARVEE AC Conversions

Federal Fiscal Year	Conversion to Date	Remaining AC Amount
2015	\$ 22,591,634	\$ 101,304,308

* Table 2C will be updated annually with financial supplement.

5. Construction Risk/Allowances:

Now that the construction period is complete, VDOT is finalizing the quantities to pay the Concessionaire for certain Design-Build activities performed as they delivered certain requirements and thresholds pursuant to the Technical Requirements. Table 3 details the negotiated not to exceed allowances that to be paid by VDOT and the anticipated timeframes these payments are due. These costs are included in the Management Oversight UPC 102711.

Table 3: Allowances (Direct Costs to be paid by VDOT)

Allowance Description	Anticipated Payout		
	Initial Financial Plan	Total Spent To Date (June'15)	State FY 2016 (July '15-June'16)
Overhead Sign Foundations	\$15,000,000	\$2,861,417	\$1,380,038
LUMS Gantry Foundations		\$49,537	
Toll Gantry Foundations		\$367,229	
Service Panel Feed		\$2,085,403	
Undercut Exc		\$2,509,933	
Stone		\$1,746,443	
Settle agreement (Paid as Change Order)		\$4,000,000	
Fuel/Price Adjustment		\$5,300,000	
Culvert Cleaning	\$1,500,000	\$ 682,430	
Landscaping	\$2,000,000	\$ 950,000	
		\$15,252,392	\$1,380,038
Total	\$23,800,000		\$16,632,430

As of June 2015, VDOT has identified items that constitute potential changes to the project scope. These items are identified in Table 4 – Potential Change Orders, these potential change orders as identified in the Table 4 and will be funded as they occur during the anticipated payout timeframe in FY 2016.

Table 4: Potential Change Orders

Description	Initial Financial Plan	Previous Financial Plan	State FY 2016 (July '15 - June'16) Current Financial Plan
Police Allowance	\$ -	\$ -	\$2,000,000
Quaintly Overrun for Change Orders	\$ -	\$ -	\$1,000,000
Southern Terminus Extension ¹	\$ -	\$ -	\$20,000,000
TOTAL	\$ -	\$3,540,000	\$23,000,000

As of June 2015, VDOT has processed 22 change orders (Table 5& 5A). The only identified item of work (potential change orders to the original project scope) that needs to be performed during the construction period in FY2016 is the Southern Terminus change order. These risks along with actual and potential change orders are identified and detailed in Table 4, Table 5 & 5A. All remaining/surplus funds will be applied to the Southern Terminus change order scope of work.

¹ Final costs for the Southern Terminus Extension are being negotiated and will be funded through the surplus funds remaining from the I-95 Express Lanes Project. The surplus funds will be used to cover the Design, Construction, Department/GEC Oversight, Administrative and TMP costs of the Southern Terminus Extension:

Table 5: Change Orders

Change Description	Change Order Amount
High Performance Steel	\$40,464
Corrosion Resistant Reinforcing Steel	\$2,537,068
Area 4 Staging Transition	\$ -
Mechanic Yard Transition	\$ -
	\$138,456
Curb & Gutter Installation at Stevenson Blvd.	\$57,481
Auxiliary Lane at Turkeycock	\$211,498
Settlement Agreement see allowance table 3	\$ -
Top Cap Banner Design	\$352,931
Top Cap Banner Construction	\$2,750,000
Auxiliary Lane at Turkeycock Construction	\$3,200,000
HOV Ramp Paving	\$992,221
Shield Signs	\$56,465
Median Barrier Repairs	\$212,849
Work Item Settlement Agreement	\$190,841
Overlook and Landmark Mews Landscaping and Irrigation System	Included in Table 3 (Landscaping)
CA Modification to Substantial Completion	\$ -
Letter of Credit	\$17,176
Culvert Cleaning – Work Order #7	Included in Table 3 (Culvert Cleaning)
Total	\$ 10,757,450

As of June 2015, VDOT has processed 6 other change orders (Table 5A) utilizing 95 Express Lanes contract but were funded through other projects. These change orders are not included in the overall VDOT estimate for 95 Express Lanes project.

Table 5A: Other Change Orders

Change Description	Change Order Amount
Shrinkage Reducing Admixture	\$216,920
Russell Road Bridge Repair	\$480,377
VDOT NRO I-395 Gates Upgrade	\$9,500,000
Work Item Settlement Agreement	\$277,017
Settlement Work Items	\$100,000
495 Top Cap	\$122,127
Total	\$10,696,441

The next Financial Plan will be updated annually in June 2016 and submitted in September 2016.