



**Route 264 – Interchange
Improvements – 64 WB Ramp to
264 EB
Initial Financial Plan**

December 31, 2015

State Project Numbers: 0264-122-108, P107, R204,
C508, B602, B603, B604, B605, B616, D604, D605
UPCs: 57048, 108042

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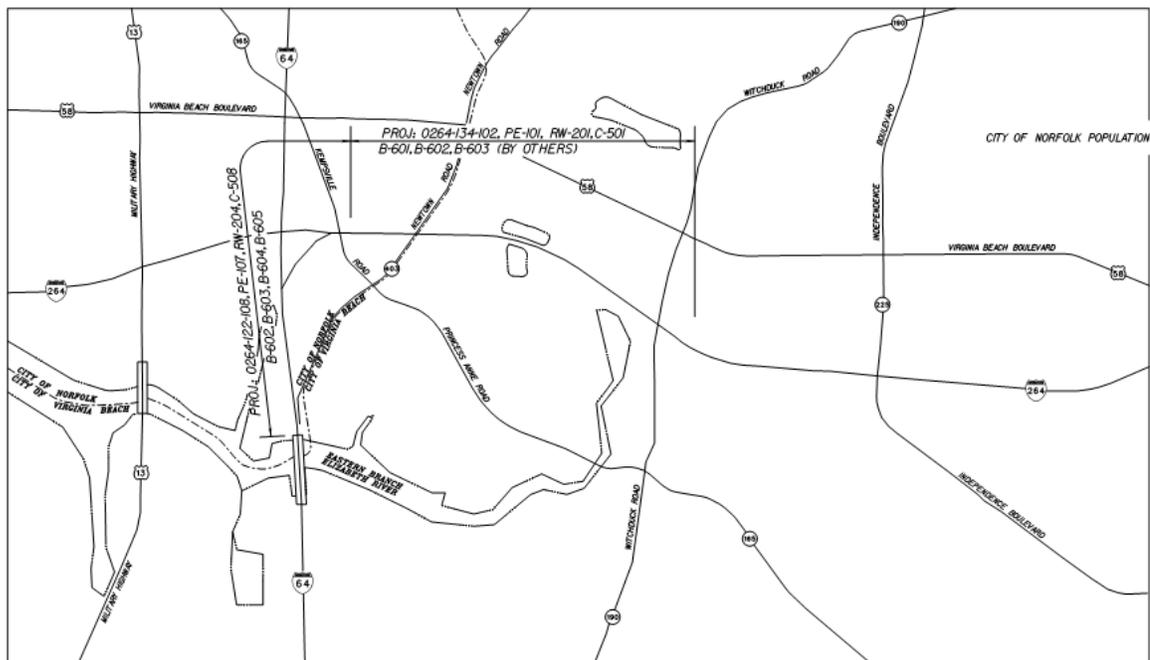
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1. PROJECT DESCRIPTION

The proposed I-64/I-264 Ramp Improvement project is one of two adjacent projects which, when completed, will provide approximately 4 miles of interstate improvements from the Twin Bridges in Norfolk to the Witchduck Road interchange in Virginia Beach. The improvements will provide additional capacity, relieve daily congestion, reduce crash rates, and improve safety and traffic operations along the corridor.

The proposed I-64/I-264 improvements include adding a second exit lane on westbound I-64, the widening of the ramp from westbound I-64 to eastbound I-264, and introducing a new two lane Collector-Distributor (C-D) roadway from I-64 to the Newtown Road interchange mostly on the bridge structure. The project also includes a new two-lane flyover ramp from westbound I-64 tying into the existing eastbound I-264. The adjacent I-264/Witchduck Road Interchange & Ramp Improvements project (UPC 17630) includes extending the new C-D roadway from the Newtown Road interchange to the Witchduck Road interchange, reconfiguring the south side of both interchanges to eliminate the weave movements, and constructing an overpass to connect Greenwich Road on the south side of I-264 and Cleveland Street on the north side. Below figures show the project location map and project improvements.

PROJECT LOCATION MAP



PROJECT IMPROVEMENTS



A Categorical Exclusion (CE) NEPA document was approved by Federal Highway Administration (FHWA) on July 9, 2007. The CE was combined to encompass the adjacent projects. An Interchange Modification Report was approved by FHWA on November 14, 2011. A combined Location and Design Public Hearing was held on July 14, 2011.

The project website has been established and is available at the following link:
<http://www.virginia-dot.org/projects/hamptonroads/i-64-i-264-ramp-and-i-264-to-witchduck-road-project.asp>

2. SCHEDULE

The I-64/I-264 project is a Design-Bid-Build project. Pre-Advertisement Conference (PAC) meeting was held on November 19, 2015. Identified right of way total take parcels were submitted early and an advanced Notice to Proceed (NTP) for the total take parcels was issued on April 30, 2015. Partial take right of way NTP for the remaining impacted properties was issued on September 3, 2015. Right of way acquisition is currently underway. The project is projected to require a Type III Right of Way

certification as portions of the right of way and utilities relocations will not be cleared prior to the scheduled advertisement date. Construction Advertisement is currently scheduled for April 12, 2016 and construction NTP is expected by September 2016. The Preliminary Contract Time Determination (CTDR) schedule indicates construction duration of approximately three years with the construction completion projected in fall 2019.

PROJECT SCHEDULE OVERVIEW (CALENDAR YEAR)

	2015	2016	2017	2018	2019
Task	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
PE - Design	[Blue bar]				
RW/Utilities	[Green bar]	[Green bar]		[Green bar]	
Construction			[Red bar]	[Red bar]	[Red bar]

PROJECT SCHEDULE OVERVIEW (FISCAL YEAR)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Task	J F M A M J	J A S O N D J F M A M J	J A S O N D J F M A M J	J A S O N D J F M A M J	J A S O N D J F M A M J	J A S O N D
PE - Design	[Blue bar]					
RW/Utilities	[Green bar]	[Green bar]		[Green bar]		
Construction			[Red bar]	[Red bar]	[Red bar]	[Red bar]

3. PROJECT COST

Narrative of Project Cost

The current total project estimate is \$157,142,416. The project will be completed as a Design-Bid-Build project. The estimates, as well as current expenditures for Preliminary Engineering (PE), Right of Way (RW) and Construction (CN) costs are summarized in the table below. The project currently has active PE and RW phases. A portion of PE and all of RW phase will be funded by Hampton Roads Transportation Accountability Commission (HRTAC) Hampton Roads Transportation Fund (HRTF). These expenditures are summarized under a “child” UPC 108042 in the table below. On December 16, 2015 HRTAC signed a resolution to fund the CN phase of the project for \$137,023,653. Work to execute a Standard Project Agreement between VDOT and HRTAC is currently underway. Until the agreement is executed, the CN estimate is shown under UPC 57048. PE and RW expenditures as of December 22, 2015 are \$5,869,219.

PROJECT COST BY PHASE

UPC	Phase	Estimate	Current Expenditures	Balance to Complete
57048	PE	\$ 5,047,700	\$ 5,047,700	\$ -
	RW	\$ -	\$ -	\$ -
	CN	\$ 137,023,653	\$ -	\$ 137,023,653
	SUBTOTAL	\$ 142,071,353	\$ 5,047,700	\$ 137,023,653
108042	PE	\$ 3,500,000	\$ 716,463	\$ 2,783,537
	RW	\$ 11,571,063	\$ 105,056	\$ 11,466,007
	CN	\$ -	\$ -	\$ -
	SUBTOTAL	\$ 15,071,063	\$ 821,519	\$ 14,249,544
57048 + 108042	PE	\$ 8,547,700	\$ 5,764,163	\$ 2,783,537
	RW	\$ 11,571,063	\$ 105,056	\$ 11,466,007
	CN	\$ 137,023,653	\$ -	\$ 137,023,653
	TOTAL	\$ 157,142,416	\$ 5,869,219	\$ 151,273,197

Cost Estimating Methodology

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

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

The project construction cost estimate was developed through VDOT’s TrnsPort estimate program and includes all roadway, bridge, drainage, traffic, maintenance of traffic, lighting, traffic control devices, traffic management systems, landscape and other items. The latest TrnsPort estimate was based on the revised Pre-Advertisement Conference (PAC) plans and updated December 31, 2015. The estimate includes 12% for Construction Engineering and Inspection (CEI) and 10% contingency.

4. PROJECT FUNDS

The project is funded by multiple funding sources, including Hampton Roads Transportation Funds (HRTF). Federal funds include Interstate Maintenance (IM) and Federal NHS. State funds include the match for the federal funds as well as Priority Transportation Funds (PTF). On April 16, 2015, Hampton Roads Transportation Accountability Commission (HRTAC) executed an Interim Project Agreement for Funding and Administration with VDOT which authorized \$15,071,063 of funding in support of

this project. On December 16, 2015, HRTAC signed a resolution to fund the CN phase of the project for \$137,023,653. Work to execute a Standard Project Agreement between VDOT and HRTAC is currently underway. The proposed contract assumes that HRTAC would fund costs out of the HRTF on a “pay as you go” basis. That approach is consistent with the initial funding plan approved by HRTAC. The TIP Amendment will be presented at the Transportation Technical Advisory Committee (TTAC) meeting on January 16, 2016 and the Hampton Roads Transportation Planning Organization (HRTPO) meeting on January 21, 2016 for approval.

Additionally, HRTPO has submitted an application through the House Bill 2 (HB2) prioritization process to help fund this project with statewide high priority grant funding. If this project is selected by the Commonwealth Transportation Board to receive the HB2 high priority grant funds, the amount of HRTAC funds that are currently allocated to the project will be reduced.

The table on the following page summarizes the current funding allocated to this project by fund source and year without the proposed \$137,023,653 discussed above.

SUMMARY OF PROJECT FUNDING BY SOURCE

Funding Source		Previous	2017	TOTAL
UPC 57048 / 108042	Interstate Maintenance	\$ 676	\$ -	\$ 676
	National Highway System	\$ 3,237,559	\$ -	\$ 3,237,559
	Federal Subtotal	\$ 3,238,235	\$ -	\$ 3,238,235
	State Match	\$ 809,465	\$ -	\$ 809,465
	Priority Transportation Funds	\$ 1,000,000		\$ 1,000,000
	State Subtotal	\$ 1,809,465	\$ -	\$ 1,809,465
	HRTAC *	\$11,765,045	\$ 3,306,018	\$15,071,063
	Other Subtotal	\$11,765,045	\$ -	\$11,765,045
	TOTAL	\$16,812,745	\$ 3,306,018	\$20,118,763

* \$15,071,063 in allocations is shown in the FY16 SYIP.
HRTAC funding is under UPC 108042.

Federal Fund Sources and Special Funding Techniques

The HRTPO has included all phases of this project in its Long Range Transportation Plan. The PE and RW phases of this project are included in HRTPO’s TIP as well as the Commonwealth’s FFY15-18 STIP.

Preliminary engineering associated with this project was authorized by the Federal Highway Administration (FHWA) on February 1, 2001 under federal project number 264-6(098). The authorization includes federal funds totaling \$5,321,729. Detailed information concerning federal fund sources and special funding techniques associated with the project authorization is provided below.

PROJECT AUTHORIZATION DETAILS AS OF SEPTEMBER 30, 2015

Federal Project Number 2546098			
UPC 57048			
PE			
Program Code	Cost	Federal Funds Obligated	AC Funds
0420	\$1,142,071	\$1,027,864	\$0
0440	\$752	\$676	\$0
3150	\$2,319,529	\$1,855,623	\$0
H050	\$1,796,958	\$1,437,566	\$0
Q050	\$1,000,000	\$1,000,000	\$0
Total	\$6,259,310¹	\$5,321,729	\$0
¹ Agreement under review for modification based on current estimate			

5. FINANCING ISSUES

On December 16, 2015 HRTAC signed a resolution to fund the CN phase of the project for \$137,023,653. Work to execute a Standard Project Agreement between VDOT and HRTAC is currently underway. No financing issues are anticipated at this time.

6. CASH FLOW

I-64/I-264 Ramp Improvement project annual cash expenditures are based on the project schedule developed by VDOT and the design team. The below table summarizes the cash flow analysis for the project and it will be updated annually as expenditures are incurred. It shows the comparison of previously expended and projected expenditures by fiscal year by phase against the total annual allocations.

CASH FLOW ANALYSIS*

Expenditures		Thru FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
57048	PE	\$ 5,047,700	\$ -	\$ -	\$ -	\$ -	\$ 5,047,700
	Right of Way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Construction	\$ -	\$ 22,402,977	\$ 64,831,612	\$ 41,680,228	\$ 8,108,836	\$ 137,023,653
108042	PE	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
	Right of Way	\$ 8,265,045	\$ 3,306,018	\$ -	\$ -	\$ -	\$ 11,571,063
	Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Expenditures		\$ 16,812,745	\$ 42,521,740	\$ 107,353,352	\$ 149,033,580	\$ 157,142,416	\$ 157,142,416
Total Annual Allocations		\$ 16,812,745	\$ 25,708,995	\$ 64,831,612	\$ 41,680,228	\$ 8,108,836	\$ 157,142,416
Cumulative Allocations		\$ 16,812,745	\$ 42,521,740	\$ 107,353,352	\$ 149,033,580	\$ 157,142,416	\$ 157,142,416
Cash Flow per Year		\$ -	\$ -	\$ -	\$ -	\$ -	

*Note: This cash flow analysis includes the additional \$137,023,653 of HRTAC funds that will be discussed at the TTAC meeting on January 16, 2016 and the HRTPO meeting on January 21, 2016 for approval.

7. P3 ASSESSMENT

Alternate Project Delivery Office reviewed the project and determined that the project is not a good candidate for a Design-Build procurement or a P3 delivery.

8. RISK AND RESPONSE STRATEGIES

The Virginia Department of Transportation (VDOT) conducted a one-day facilitated risk workshop for the I-64/264 Interchange project on Monday, November 17, 2014. The workshop was held at the VDOT Hampton Roads District office in Suffolk, Virginia. Michael Loulakis (President, Capital Project Strategies, LLC) facilitated the workshop, which was attended by 28 individuals from VDOT, Hampton Roads Transportation Accountability Commission (HRTAC), the Federal Highway Administration (FHWA), and project consultants.

The workshop participants identified a total of forty-five (45) individual risks, based on the assumption that the project would be delivered through a Design-Bid-Build process. Participants found the following six (6) project risks to be the most significant:

- Ramp D-7 construction
- Potential need to acquire additional property
- ROW acquisition and utilities relocation schedule
- Maintenance of Traffic (MOT) and sequencing of construction (SOC)
- Aggressive schedule to meet construction advertisement date
- Project's fixed budget

Of the above risks, the most significant to project delivery was considered to be the aggressive schedule to meet the advertisement date.

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

On December 16, 2015 HRTAC signed a resolution to fund the construction phase of the project. Work to execute a Standard Project Agreement between VDOT and HRTAC is currently underway. In addition HRTPO requested HB2 funding for the construction phase of the project.

9. ANNUAL UPDATE CYCLE

The submission date of the Initial Financial Plan is December 31, 2015. The first annual update will be submitted by December 31, 2016 and will be based on a "data as of" date of September 30, 2016. Future annual updates will be submitted by December 31 of that year, with a "data as of" date of September 30 of that year.