



Route 7 Corridor Improvements Project Financial Plan Annual Update

July 29, 2020

State Project Numbers:

0007-029-942, P101, R201, C501, B610, B606, D608

0007-029-225, P101, R201, C501, B634, B636, D607

UPC Numbers: 99478 and 106917

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EXECUTIVE SUMMARY

This Design-Build project serves to increase capacity on a highly congested segment of Route 7 in Fairfax County. This project includes widening of the last segment of Route 7 to make three lanes each way from I-495 to Leesburg. The project will construct an additional through lane approximately 6.9 miles in both directions of Route 7 from Reston Parkway to the Dulles Toll Road (Route 267).

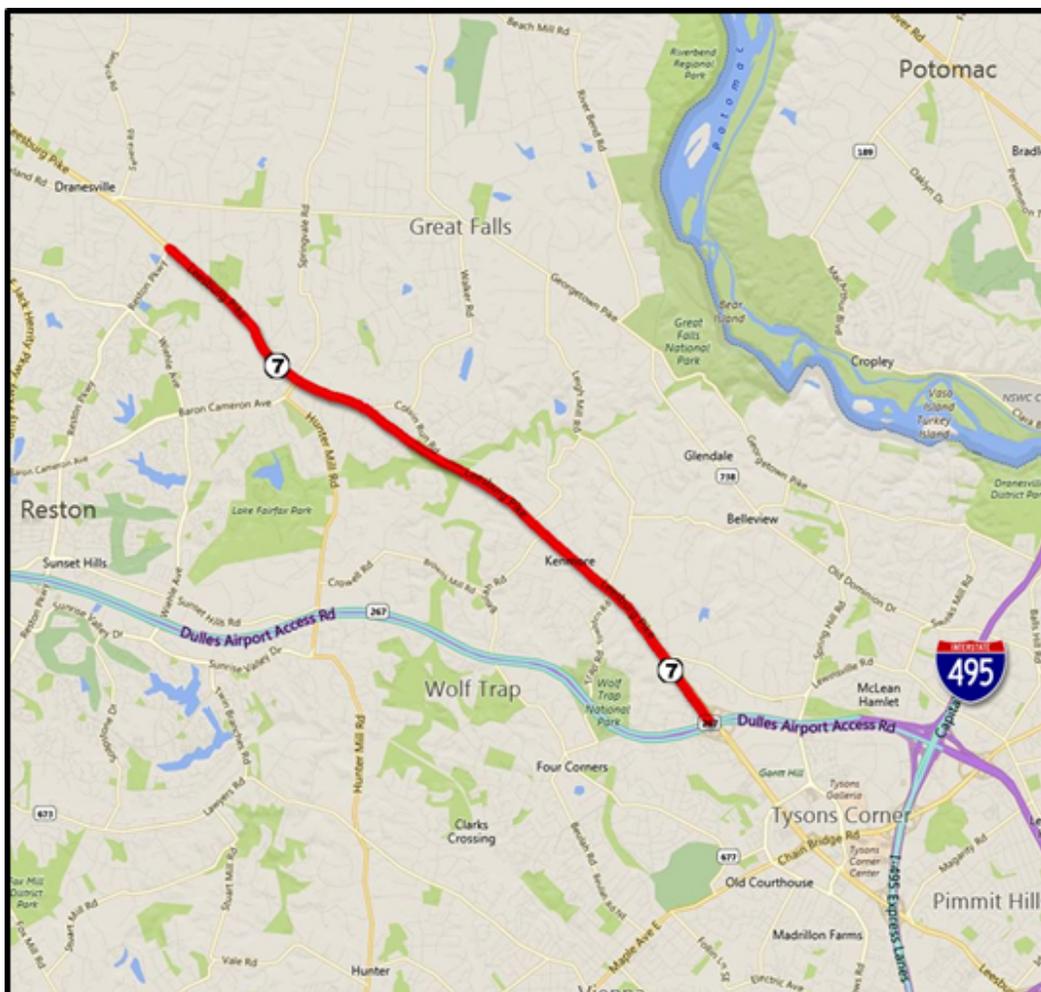
The project is currently under construction with widening on the south side of Route 7 roadway and on the north side of Route 7 roadway where existing right-of-way (ROW) allows. The project is currently on-track to be completed in July 2024. The Design-Builder has obtained final design plan approval for all work packages except for landscaping plans, roadway lighting plans, and Intelligent Transportation System plans. These plans are in various stages of completion and anticipated to be finalized in summer 2020. Early Right-of-Way (ROW) plans were approved in March 2019, to allow the ROW acquisition for some thirty (30) parcels. ROW plan approval for the remaining two hundreds (200) parcels of the Project was issued in October 2019. At this time, 172 appraisals have been completed and submitted to VDOT, 156 offers have been presented to property owners and VDOT has issued NTCC for some 64 parcels. ROW acquisition process is expected to continue through summer 2021.

The current total project cost estimate is \$313,871,738.00, which is consistent with the award total, from July 26, 2018. The scope validation period expired in December 2019. The adjusted Design-Builder Contract is \$254,099,107.27 resulting from sixteen (16) Change Orders that have been negotiated to date, totaling \$1,227,330.07. There is no apparent risk at this time of exceeding the project contingency of \$11,640,000.00.

1. PROJECT DESCRIPTION:

The project is located in Fairfax County, Virginia, and involves widening Route 7 from four to six lanes, intersection and access management improvements, and adding shared-use paths on both sides. The project includes westbound triple left-turn bays at the existing intersection of Route 7 and Baron Cameron Avenue/Springvale Road as opposed to the as-planned grade-separated interchange that would have carried three through lanes of eastbound Route 7 beneath connecting roadways. This partial grade-separated interchange was removed from the project scope as a cost savings measure.

The project also includes replacement of Route 7 over Difficult Run Bridge (at a higher elevation to mitigate flooding), Colvin Run (stream) relocation and associated retaining wall, and a pedestrian underpass beneath Route 7 near the Colvin Run Mill. The project limits are from Reston Avenue to Jarrett Valley Drive, for a total length of approximately 6.9 miles. The Project consists of two (2) UPCs: 99478 and 106917: UPC 99478 represents the eastern portion from Difficult Run to the Jarrett Valley Drive; UPC 106917 represents the western portion from Difficult Run to Reston Parkway.



Location Map

In accordance with the National Environmental Policy Act and 23 CFR 771, an Environmental Assessment (EA) was prepared under the Preliminary Engineering (PE) phase, UPC 52328. The Federal Highway Administration (FHWA) approved the Route 7 Corridor Improvements Environmental Assessment (EA) for public review and comment on October 6, 2016. The Design Public Hearing for the project was held on November 15, 2016. Any changes to the Build Alternative resulting from agency coordination as well as public comments received and VDOT responses were incorporated in a revised EA. The FHWA subsequently issued a Finding of No Significant Impact (FONSI) decision on November 15, 2017. The Project is being administered through the design-build project delivery process. A Request for Proposals (RFP) was advertised on November 21, 2017, with the closing date for Project submittals of March 28, 2018. None of the offers received from the prospective design-build teams, however, was within the established competitive price range. Award was delayed until revisions to the Build Alternative design were investigated and additional \$80M in funding identified to reconcile the Project estimate with the budgeted allocation, while ensuring the purpose and need of the Project still remained intact. The proposed partial interchange of Route 7 at Baron Cameron Avenue/Springvale Road was modified to an at-grade intersection improvement. Offers received based on this revision were within the established competitive price range and the Project was awarded on July 18, 2018.

In accordance with the NEPA and §23 CFR 771.129(c), an environmental evaluation was prepared to determine whether the impacts resulting from changes in the Route 7 Corridor Improvement Project were significant. This evaluation focused on design changes to the Build Alternative for the project since the FONSI decision. A Public Notice of the availability of the Environmental Studies Document was published in three locally available newspapers; however, no comments were received. On April 12, 2019, FHWA concurred with VDOT's recommendation that the project continues to meet the criteria for an EA and the original FONSI decision remains valid. Public Information meetings were held on May 7, 2019, and May 14, 2019, to share information about the design-build phases of the project, including design progression and schedule, and the transition to construction work, as well as the change from a partial interchange at Baron Cameron Avenue to at-grade intersection improvements.

Additional information on the Route 7 Corridor Improvement Project can be found on the project website (<http://www.virginiadot.org/projects/connectroute7.org/>). The website provides information regarding project description, purpose, maps, implementation schedule, information presented at the Public Information Meeting and Design Public Hearings (including the Environmental Assessment documentation/technical reports), and contact information for the project team. Additionally, planned lane closures, typical sections, and links to the coordinated Washington Gas work in the corridor are reflected in the website, which is updated weekly or as applicable.

In order to identify potential impacts to Waters of the U.S. (WOUS) that could be associated with the stream relocation alternatives being evaluated, an in-office review of available resource information was conducted to evaluate the potential for regulated features to occur within the study area. Data reviewed included U.S. Geological Survey (USGS) topographic

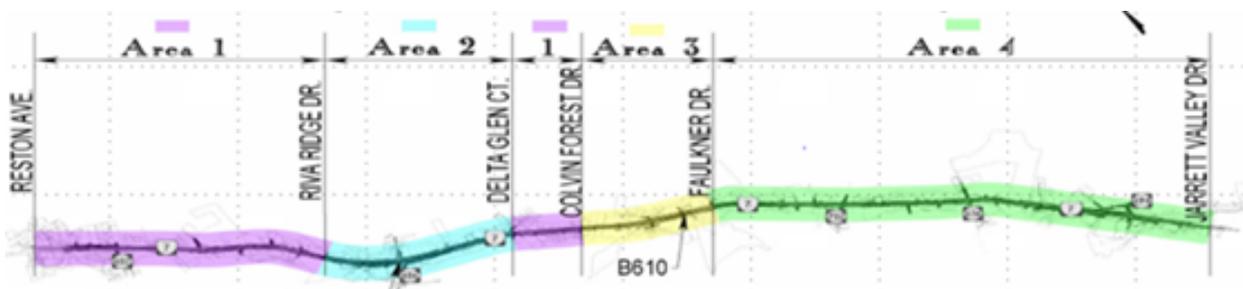
mapping, National Wetland Inventory (NWI) mapping, U.S. Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) soils mapping and data, and aerial imagery (USGS, 2017; USFWS, 2017b; and USDA, 2017). Following the in-office review, field delineation was conducted in July 2015, to identify jurisdictional WOUS that occur within the study area. The delineation was performed in accordance with the 2012 Regional Supplement to the Corps of Engineers Wetland Delineation Manual: Eastern Mountains and Piedmont Region (*Version 2.0*) and the United States Army Corps of Engineers (USACE) 1987 Wetland Delineation Manual and subsequent applicable regulatory guidance (USACE, 1987 and USACE, 2012). On December 22, 2015, a USACE field visit was conducted to verify the limits of jurisdictional WOUS within the study area. An in-office review of delineation material occurred on March 23, 2017, and a preliminary jurisdictional determination (PJD) was issued by the USACE on the same day. All necessary water quality permits have been obtained from regulatory agencies by the Design-Builder.

A Final Noise Analysis was submitted to the Department on November 19, 2019. This Final Noise Analysis was approved by both VDOT and FHWA on November 25, 2019. Notification of impacted and benefitted property owners/tenants and those who are not impacted but benefitted were sent the initial ballots on January 31, 2020, with initial balloting closing on March 2, 2020. The second balloting closed on April 13, 2020. Resolution of voting and decision of placement of final noise barriers has occurred for the entire corridor, with exception of two (2) parcels for which discussion regarding modification is still underway. It is anticipated that resolution of these two (2) parcels will occur by summer 2020.

All environmental permits for this project have been issued. This included permits from the Army Corps of Engineers, Virginia Department of Environmental Quality and Virginia Marine Resources Authority.

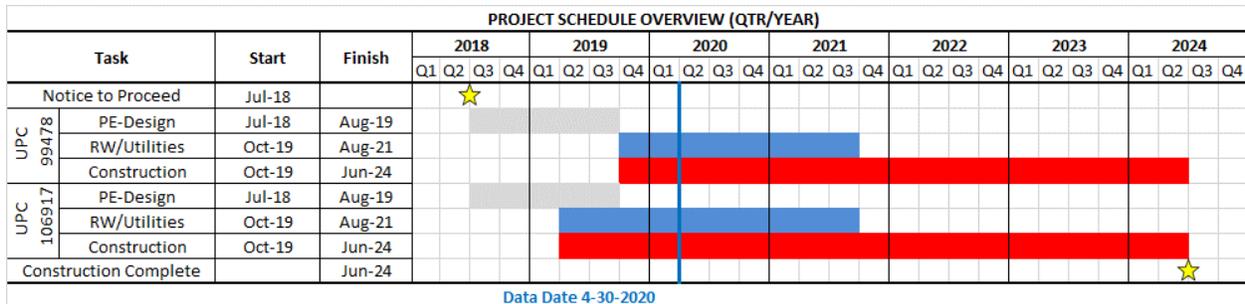
2. SCHEDULE

Right-of-Way (ROW) acquisition and utility relocations are on the schedule's critical path (or longest path). There are two hundred and thirty (230) parcels from which ROW is needed for the project. There are twenty (20) separate utilities on the project that require relocation of sections or in whole for the roadway widening and improvements to occur. Right-of-way acquisitions have been prioritized for utility relocations and phases of the project.



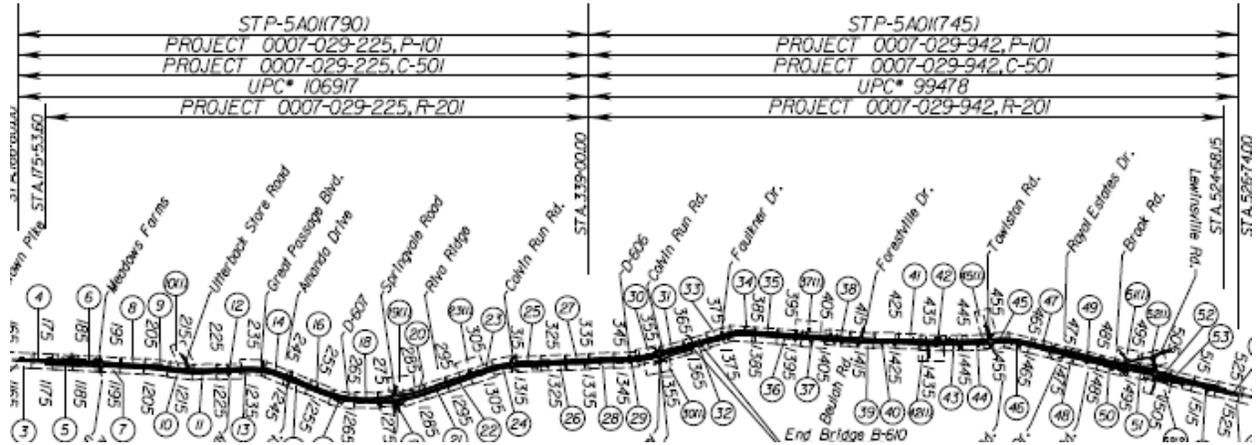
The project has been divided into four (4) distinct areas for work as reflected in the above graphic. This has allowed for early acquisition of right-of-way from thirty (30) parcels and some early construction activities to occur within existing right-of-way in Area 1, where no utility easements are needed. This has been facilitated by the approval of Early Right-of-Way plan and Advance TTC plan approvals. The NEPA Document Reevaluation for RW was prepared for the remaining 200 parcels in August 2019. The NEPA Document Reevaluations for PS&E/Environmental Certifications were completed last October 2019, for construction activities to proceed. The commencement of construction within existing VDOT ROW in Area 1 is reflected in the schedule below for UPC 106917. At this time, 172 appraisals have been completed and submitted to VDOT. Some 156 offers have been presented to property owners and VDOT has issued NTCC for some 64 parcels.

PROJECT SCHEDULE OVERVIEW



3. PROJECT COST

The total project cost is \$313,871,738. The project cost by phase and by UPC can be found in the table within this report section, in year-of-expenditure dollars. A graphic depicting the break out of the UPCs and project numbers is also reflected below. The estimate includes all costs necessary to perform the preliminary engineering (including the cost of NEPA and other environmental documentation), right-of-way, environmental commitments (including, among other things, noise abatement), construction, project management, public outreach, traffic management system (TMS) improvements, congestion management plans, and costs of external third party work, including utility relocations. The construction cost estimate was prepared using TRNS*PORT, and includes contingency and construction engineering and inspection. The preliminary engineering phase is complete and expenditures are consistent the preliminary engineering phase estimate. The ROW phase was estimated using VDOT’s PCES system, with contingency included.



PROJECT COST BY PHASE

UPC # 99478 (Difficult Run east)

UPC	Phase	Estimate	Current Expenditures (04/30/2020)	Balance to Complete
99478	PE	\$3,053,637	\$3,053,637	0
	RW	\$12,254,273	\$1,227,147	\$11,027,126
	CN	\$172,606,202	\$32,643,211	\$139,962,991
	TOTAL	\$187,914,112	\$36,923,995	\$150,990,117

UPC # 106917 (Difficult Run west)

UPC	Phase	Estimate	Current Expenditures (04/30/2020)	Balance to Complete
106917	PE	\$1,238,920	\$1,238,920	0
	RW	\$15,884,127	\$404,087	\$15,480,040
	CN	\$108,834,579	\$29,895,926	\$78,938,653
	TOTAL	\$125,957,626	\$31,538,933	\$94,418,693

Grand Total – UPC# 99478 & 106917

UPC	Phase	Estimate	Current Expenditures (04/30/2020)	Balance to Complete
99478 & 106917	PE	\$4,292,557	\$4,292,557	0
	RW	\$28,138,400	\$1,631,234	\$26,507,166
	CN	\$281,440,781	\$62,539,137	\$218,901,644
	GRAND TOTAL	\$313,871,738	\$68,462,928	\$245,408,810

4. PROJECT FUNDS

This project is currently funded with Regional Surface Transportation Program (RSTP), Northern Virginia Transportation Authority (NVTA), Smart Scale, Commonwealth Transportation Board (CTB), Garvee and Fairfax County funds. This project has been developed utilizing the federal process.

Summary of Project Funding by Source
(Amounts in 000's)

Funding Source	Previous Thru FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Total
FEDERAL							
RSTP (MAP 21: Northern Virginia)	50,990	16,059	10,560	6,000	5,499	0	89,108
RSTP (STP Regional)	6,629	0	0	0	0	0	6,629
DGP (1): STP STWD	2,198	0	872	0	0	0	3,070
DGP (1): STP STWD Soft Match	549	0	218	0	0	0	767
HPP (1): STP STWD Soft Match	926	0	0	0	0	0	926
STATE							
RSTP Match	8,139	0	0	0	0	0	8,139
DGP (1): DGP - State	2,510	0	1,582	13,192	0	0	17,284
CTB Formula: CTB District Grant	183	0	0	0	0	0	183
MAP21 RSTP: RSTP Match	12,748	4,014	2,640	1,500	1,375	0	22,277
OTHER							
DGP (2): GARVEE - District Grant	48,323	15,891	7,520	0	0	0	71,734
HPP (2): GARVEE - High Priority	55,632	1,850	167	0	0	0	57,649
NVTD Bond Proceeds	290	0	0	0	0	0	290
LOCAL							
Accounts Receivable: NVTA AR Funds (CNRN22)	1,500	0	0	0	0	0	1,500
Accounts Receivable: Primary	755	0	0	0	0	0	755
Accounts Receivable: NVTA AR Funds (NPRV22)	8,500	0	0	0	0	0	8,500
Local Project Contributions: Primary	25,060	0	0	0	0	0	25,060
Total	224,932	37,814	23,559	20,692	6,874	0	313,871

UPC # 99478 & 106917

Federal Fund Sources and Special Funding Techniques

As summarized in the Summary of Project Federal Authorizations (Table 1) below, the preliminary engineering (PE) phases for UPC 99478 and 106917 were authorized by the Federal Highway Administration (FHWA) under federal project number STP-5A01 (745) and STP-5A01 (790).

Summary of Project Federal Authorizations

Table 1						
Project Authorization Summary as of April 30, 2019						
Federal Project	UPC(s)	Phase	Date Authorized by FHWA	Cost	Federal Funds	Advance Construction
STP-5A01(745)	99478	PE	9/23/2016	\$0	\$0	\$0
		RW	11/21/2017	\$0	\$0	\$0
		CN	11/21/2017	\$108,819,722	\$10,595,132	\$95,575,807
	110377	GARVEE Debt Service	9/23/2016	\$110,506,668	\$7,774,393	\$102,732,275
Subtotal				\$219,326,390	\$18,369,525	\$198,308,082
STP-5A01(790)	106917	PE	2/22/2017	\$0	\$0	\$0
		RW	11/21/2017	\$0	\$0	\$0
		CN	11/21/2017	\$89,300,253	\$0	\$89,300,253
	110378	GARVEE Debt Service	2/23/2017	\$51,906,553	\$6,515,954	\$45,390,599
Subtotal				\$141,206,806	\$6,515,954	\$134,690,852
Total				\$360,533,196	\$24,885,479	\$332,998,934

5. FINANCING ISSUES

This project is currently funded with RSTP, NVTA, Smart Scale, CTB, GARVEE and Fairfax County funds. VDOT does not anticipate any issues with the funding sources for the project. This project has been developed utilizing the federal process. The debt service for the GARVEE bonds is covered under UPC# 110377 & 110378.

Debt Service by Fiscal Year
(Amounts in 000's)

Funding Source		Previous Thru FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Total
99478 & 106917	STATE - 110377							
	MAP21 Debt Service: NHPP Statewide	5,379	2,100	2,634	2,700	3,690	0	16,503
	MAP21 Debt Service: NHPP Statewide Soft Match	1,134	449	591	616	664	0	3,454
	STATE - 110378							
	MAP21 Debt Service: NHPP Statewide	4,536	1,795	2,364	2,464	2,658	0	13,817
	MAP21 Debt Service: NHPP Statewide Soft Match	1,345	525	659	675	923	0	4,127

6. CASH FLOW

An annual schedule of cash revenues and expenditures, through project completion, can be found in the table below:

Expenditures		Previous thru FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Total
UPC # 99478 & 106917	PE	4,293	0	0	0	0	0	4,293
	Right of Way	1,787	5,839	6,595	6,745	6,504	668	28,138
	Construction	70,204	64,862	62,939	59,243	22,699	1,494	281,441
Cumulative Expenditures		76,284	146,985	216,519	282,507	311,710	313,872	313,872
Total Annual Allocations		224,933	37,814	23,559	20,692	6,874	0	313,872
Cumulative Allocations		224,933	262,747	286,306	306,998	313,872	313,872	313,872
Cash Flow Per Year		148,649	115,762	69,787	24,491	2,162	0	0

7. P3 ASSESSMENT

A P3 delivery was not pursued for this project due to the fact that Route 7 is not planned as a toll road, and there are not sufficient tax district revenues to fund the project. Design-Build delivery, however, is being utilized for project delivery in order to accelerate project completion to meet public expectation.

8. RISK AND RESPONSE STRATEGIES

A risk assessment workshop has been conducted and associated mitigation strategies have been developed to address the significant risks identified for this project. The most significant risk categories are as follows:

A. Right-of-Way Acquisition:

Background: ROW on this project entails two hundred and thirty (230) parcels of which one (1) is a residential relocation. This magnitude of ROW parcels is significant and is being prioritized to allow for utility relocation and construction phasing for the project.

Mitigation Measures: An Early ROW plan approval was initiated on the project for some thirty (30) parcels. The balance of the project, which entails some two hundred (200) additional parcels, has been prioritized for key work elements and utility relocation.

Status: Open. As of this update, 172 appraisals have been completed and submitted to VDOT. Some 156 offers have been presented to property owners and VDOT has issued Notice to Commence Construction (NTCC) for 64 parcels. The ROW process is expected to continue through summer 2021.

This will be an on-going matter for the next twelve to thirteen (12-13) months. VDOT is managing this risk through monthly project Right-of-Status meetings/conference calls and VDOT Right-of-Way section's fast tracking all their reviews and approvals.

B. Permit Acquisition:

Background: Coordination with regulatory agencies for a preliminary Least Environmentally Damaging Practicable Alternative (LEDPA) resulted in Colvin Run relocation alternative as an articulated concrete block (ACB) lined channel, which reduced impacts of forested wetlands by 80%. During the May 2019 public information meetings, a number of citizens and elected officials reached out to USACE, the VA Secretary of Transportation, and others to reconsider a natural stream channel design. If the USACE or EPA revised their earlier decision and instead supported a natural stream channel design instead, it would have resulted in a significant change to the contract requirements (with impacts to the project schedule and budget).

Mitigation Measures: Additional coordination between VDOT, the Design-Builder, and the regulatory agencies addressed the permitting and associated requirements.

Status: Closed. All permits have been issued on the project to allow for construction and relocation of the Colvin Run Stream. The environmental permits have been issued with no time of year restrictions.

C. Interfaces with Adjacent Projects:

Background: The Route 7 corridor has several projects being constructed concurrently. Particular interfaces are:

- Waltonwoods – Singh Oberlin LLC

VDOT and the Design-Builder have held several meetings with the Developer and their engineer for coordination of the concurrent work. The Developer agreed to dedicate Right-of-Way for VDOT's construction in exchange for the Route 7 project constructing a new waterline to their development. This was formally agreed and formalized in the recordation of deed and execution of change order to the Design-Builder for construction of the waterline to the Waltonwoods parcel. There are no open issues with this development.

- Grantstone – Toll Brothers

VDOT and the Design-Builder have held several meetings with Toll Brothers, the Developer for this project. The development is by-right and the site plan has been approved by Fairfax County. The Route 7 Corridor Project has provided consent for issuance of VDOT tie-in permits on Towlston Road. In Fall 2019, Fairfax County requested that the Towlston Road improvements identified in the RFP submission be extended further north to at least Vernon Drive to allow for full 3-lanes south and 1- north in lieu of tapered lanes for this section of roadway allowing for a left turn lane extension beyond the point currently depicted in the Toll Brothers approved site plan. The extension north is approximately 200 feet in length. A Change Order has being processed with the Design-Builder for construction of this added work. To pay for these improvements, the Developer has dedicated some Right-of-Way and has pledged a financial contributions (still being negotiated).

Mitigation Measures: Additional meetings are scheduled with Toll Brothers to include the County, VDOT Land Use sections, and the designers of both the development and the Route 7 Corridor Project to work through any issues for the added scope for Towlston Road.

Status: Closed for Waltonwoods. On-going effort for the Grantstone development.

D. Washington Gas Transmission Line construction:

Background: Washington Gas is upgrading their transmission line along the Route 7 Corridor concurrent with the Route 7 Corridor construction. The upgrade is to replace the existing 16" line with a 24" line for the full 6.9 miles of the project. The replacement gas line is being installed within VDOT's Right-of-Way.

Mitigation Measures: Washington Gas upgrade plans were reviewed and coordinated with the Route 7 Corridor Design-Builder and VDOT, such that the relocation is not in conflict

with the Route 7 Corridor design. Additionally, work is being coordinated for location and schedule with the Route 7 Corridor Project to avoid working in the same locations at the same time. This coordination is on-going with bi-weekly meetings/conference calls occurring between VDOT, the Design-Builder, and Washington Gas throughout the life of the project.

Status: Open

9. ANNUAL UPDATE CYCLE

The submission date of the Initial Financial Plan was July 29, 2019. The first annual update is submitted by July 29, 2020 and is based on a "data as of" date of April 30, 2020. Future annual updates will be provided by July 29th of that year, with a "data date of" date of April 30th of that year.

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

There have not been changes to the total project costs since the initial current Financial Plan approval.

11. COST AND FUNDING TRENDS SINCE INITIAL FINANCIAL PLAN

Through April 30, 2020, construction expenditures have been less than anticipated, but within five (5) percent of the Cumulative Early Forecast Earnings. The project team anticipates that the overall project schedule will be met.

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

The completion date for the project has not changed since the initial financial plan.

13. SCHEDULE TRENDS SINCE INITIAL FINANCIAL PLAN

There has been no impacts to the project schedule since the initial financial plan.