INDIANA DEPARTMENT OF TRANSPORTATION

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Eric Holcomb, Governor
Michael Smith, Commissioner

August 19th, 2022

Jermaine Hannon
Division Administrator
FHWA Indiana Division
575 N Pennsylvania St., Room 254
Indianapolis, IN 46204

Subject: I-65 / I-70 North Split Project Financial Plan Annual Update Letter of Certification

Dear Mr. Hannon:

The Indiana Department of Transportation has developed a comprehensive Financial Plan Annual Update for the I-65 / I-70 North Split Project in accordance with the requirements of 23 U.S.C. §106 and the Financial Plan guidance issued by the Federal Highway Administration. The plan provides detailed cost estimates to complete the project and the estimates of financial resources to be utilized to fund the project.

The cost data in the Financial Plan provide an accurate accounting of costs incurred to date and include a realistic estimate of future costs based on engineer's estimates and expected construction cost escalation factors. While the estimates of financial resources rely upon assumptions regarding future economic conditions and demographic variables, they represent realistic estimates of resources available to fund the project as described.

The Indiana Department of Transportation believes the Financial Plan Annual Update provides an accurate basis upon which to schedule and fund the I-65 / I-70 North Split Project and commits to provide Annual Updates according to the schedule outlined in the Initial Financial Plan.

To the best of our knowledge and belief, the Financial Plan Annual Update as submitted herewith, fairly, and accurately presents the financial position of the I-65 / I-70 North Split Project, cash flows, and expected conditions for the project's life cycle. The financial forecasts in the Financial Plan Annual Update are based on our judgment of the expected project conditions and our expected course of action. We believe that the assumptions underlying the Financial Plan Annual Update are reasonable and appropriate. Further, we have made available all significant information that we believe is relevant to the Financial Plan Annual Update and, to the best of our knowledge and belief, the documents and records supporting the assumptions are appropriate.

Sincerely,

Joseph Gustin
CFO, Deputy Commissioner - Finance
Indiana Department of Transportation

I-65 / I-70 North Split Project

2022 Financial Plan Annual Update*

*Project cost estimates and completion schedules reflect information available as of May 31, 2022.

Submitted to:
Federal Highway Administration

Submitted by:
Indiana Department of Transportation

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CHAPTER 1. PROJECT DESCRIPTION

INTRODUCTION

This document presents the Financial Plan Annual Update (FPAU)) for the I-65 / I-70 North Split Project (the Project), including current cost estimates, expenditure data through the effective date of May 31, 2022, the current schedule for delivering the Project, and the financial analyses developed for the Project. This FPAU has been prepared generally in accordance with Federal Highway Administration's (FHWA) Financial Plans Guidance.

PROJECT OVERVIEW

The Project is in the northeast corner of downtown Indianapolis, Indiana, at the north junction of I-65 and I-70. Three legs of the interstate system serving the Indianapolis urban area join at the I-65/I-70 North Split interchange. As a result, the North Split is the second-most heavily traveled interchange in the SOI, accommodating about 214,000 vehicles per day. The Project incorporates complete reconstruction of the interchange infrastructure including pavement and bridges on both mainline interstates and all ramps. The number of lanes varies by location within the interchange. The Project length along I-65 is 1.74 miles and the Project length along I-70 is 1.90 miles. Environmental Assessment (EA) was completed by the Indiana Department of Transportation (INDOT) in September 2020 with a Finding of No Significant Impact (FONSI) by the FHWA.

PROJECT SPONSOR

The INDOT is the Project Sponsor for the Project. The Project was procured and is managed by INDOT.

PROJECT DETAIL

The Project area is centered on the I-65 and I-70 north junction interchange in downtown Indianapolis (see Figure 1-1). The layout and condition of connecting roadways were considered in defining the Project area limits. To the west, the project area begins at the I-65 overpass of Alabama Street. The large bridge spanning multiple streets to the west from that point was recently rehabilitated and may be reconstructed in a future project. The Project includes the ramps on each side of I-65 ending at Meridian Street to provide local access both north and south. The Project extends through the interchange and then east and south. To the east, the Project area extends to the I-70 overpass of Commerce Avenue, where reconstruction was performed in 2007. South of the interchange, the Project extends to the south end of the I-65 / I-70 interchange to just south of Washington Street and includes improvements for a series of deteriorated bridges.

The purpose of the Project is to rehabilitate and improve the existing interstate facilities within the North Split project area. The Project must meet the following transportation needs:

- Correct existing bridge deficiencies,
- Correct deteriorated pavement conditions,
- Improve interchange operations,
- Reduce traffic congestion, and
- Improve safety.

To meet these needs, the Project will construct new bridges and pavement within the Project area and reconstruct and realign mainline and ramp movements. The Project will address operations by eliminating weaving movements and reducing curvature on mainline and ramps. The Project will reduce traffic congestion by improving interstate level of service and reducing system delay. The Project will improve safety by reducing conflict points and improving substandard roadway features,

including meeting design requirements for roadway curvature, increasing shoulder width, and improving horizontal sight distance. Figure 1-1 below illustrates the general location and length of the Project.

Figure 1-1. North Split Map

PROJECT DELIVERY APPROACH

INDOT is utilizing a Design-Build Best-Value (DBBV) procurement model for this project. Under this procurement type, INDOT issued a Request for Qualifications (RFQ), seeking qualified and interested design-build (DB) contractors to build the Project. Proposer teams were then shortlisted based on evaluation of their Statement of Qualifications (SOQ), a response to the RFQ, and competed for the Project. The Preferred Proposer, the selected DB contractor, was selected based on combination of a technical proposal score and price proposal score. The Preferred Proposer will complete the work for a lump sum amount. INDOT will own, operate, and maintain the facility after final acceptance as described in the Public-Private Agreement (PPA). This facility is and will remain a non-tolled roadway.

Best-value determination of proposals received from short-listed proposers was based on a Total Proposal Score using a 100-point scale. The Price Score represented up to 65 points of the total score; the Technical Proposal score represented up to 35 points of the total score. The determination of apparent highest ranked proposal was based on the highest total proposal score computed as follows:

Total Proposal Score = Price Score (maximum 65 points available) + Technical Proposal Score (maximum 35 points available)

Technical Proposal Score = Schedule Score + DB Plan Score + Project Management Plan Score

The Price Score is based on the proposed price to complete the Project. The Technical Proposal Score is based on evaluation and review of three components: the proposer's Schedule Score (for overall duration and for closure durations of specific movements) (50% of technical proposal score), the proposer's DB Plan (30%) and the proposer's Project Management Plan (20%).

PROJECT HISTORY

A full discussion of the project history can be found on the Project website found on the internet at https://northsplit.com/ and specifically in the Alternative Screening Analysis Report. Based on this analysis, the environmental study of the Project advanced, and the scope of the project is defined in the National Environmental Policy Act (NEPA) process to address the immediate needs of the interchange.

PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT

INDOT is the Project Sponsor for the Project and is managing and delivering the Project for the State of Indiana (SOI). The following is additional detail on the roles and responsibilities of various parties.

- **INDOT** will be responsible for all aspects of the Project and is supported by their technical team (described below).
- **Legal Advisor** will supplement and assist state personnel with short-listing potential design-builders, contract language, and contract negotiations and will work under the direction of INDOT. The contract is known as the PPA.
- **Technical Advisor** will supplement and assist state personnel with technical provisions, design review, contract administration, construction inspection, and quality control and quality assurance activities and will work under the direction of INDOT.
- **Preferred Proposer** will design and construct the Project under the direction of INDOT. INDOT will issue a final Request for Proposals (RFP) in the fall of 2019 and will receive proposals and select the Preferred Proposer in the spring of 2020.

CHAPTER 2. PROJECT SCHEDULE

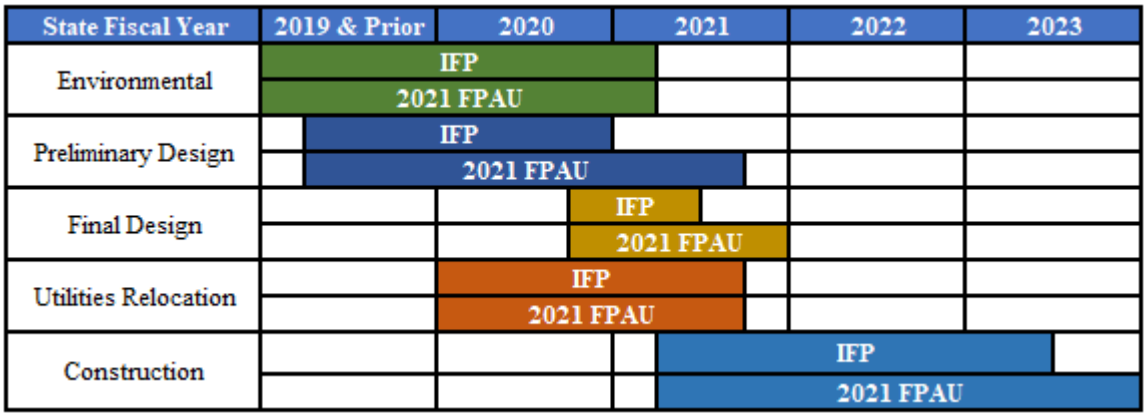
INTRODUCTION

This chapter provides information on the planned implementation schedule for the Project. It also provides additional information regarding the allocation of implementation responsibilities and a summary of the necessary permits and approvals.

PROJECT SCHEDULE OVERVIEW

The current Project schedule is based on delivery of the Project under a DBBV procurement model. Substantial completion of the Project is expected by November 2022 with final acceptance in May 2023 as shown in Table 2-1 below. Environmental study and Preliminary Design began in 2017 and were completed in September 2020 and March 2021, respectively.

Table 2-1. Project Schedule Overview



INDOT awarded a construction (CN) contract in June 2020 as shown in the procurement schedule in the Project Delivery discussion below (see Table 2-2). The environmental document was received in September 2020, a month earlier than anticipated in the prior FPAU. The level of completed design by the time the Final RFP was issued in October 2019 is approximately 25%. The Project does not require right-of-way (RW) acquisitions. Table 2-2 provides the current procurement schedule for the Project.

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There are no changes in the Project schedule for this Update.

PROJECT DELIVERY

INDOT has evaluated various alternative contracting methods permitted under current Indiana law. Such alternative delivery models are expected to enhance the feasibility of the Project through accelerated project delivery; avoidance of inflation costs; and the transfer of various risks to the private sector, such as CN risk. As a result, the Project is being procured as a DBBV. Table 2-2 provides the current procurement schedule for each component.

Table 2-2. Procurement Schedule

Scheduled Item	IFP
Issue Request for Qualifications	4/4/2019
SOQ Due Date	5/17/2019
Announcement of Short-listed Proposers	6/12/2019
Circulate Draft of RFP to Short-listed Proposers	7/17/2019
Issue Final RFP to Proposers	10/11/2019

Scheduled Item	IFP
Proposal Due Date	3/10/2020
Announce Preferred Proposer	4/6/2020
Award and Execution of PPA (Commercial Close)	6/3/2020
Substantial Completion - Open to Traffic	11/24/2022
Contract Completion - Final Voucher/Acceptance	5/30/2023

On April 4, 2019, INDOT issued a RFQ for the Project. In response to the RFQ, SOQs were received on May 17, 2019. Shortly thereafter, a draft RFP was issued to the shortlisted proposers on July 17, 2019. The final RFP was issued on October 11, 2019. INDOT received RFP responses from three proposer teams on March 10, 2020. Following evaluation, INDOT selected a Preferred Proposer in April 2020. Following negotiations in April and May, award, and execution of the PPA occurred on June 3, 2020.

Permits and Approvals

The FHWA approved the preferred alternative as Alternative 4C with refinements in July 2019 with the understanding the environmental study was not yet completed but anticipated in October 2020. As noted previously in Chapter 1, the study was completed in September 2020 with a FONSI. All permitting activity was carried out in accordance with the environmental study.

The RFP for final design and CN included provisions to ensure compliance with all NEPA commitments included in the environmental study. INDOT obtained permits with key federal regulatory agencies. The permits and notifications that were required by the environmental study are outlined in Table 2-3 below.

Table 2-3. Required Permits and Notifications

Agency	Permit/Notification	Responsibility
U.S. Army Corps of Engineers	Section 404 Permit for Discharge of Dredged or Fill Material into Waters of the United States	INDOT
Federal Aviation Administration	Tall Structure Permit FAA Form 7460-1 Notice of Proposed CN or Alteration for a crane	DB
Indiana Department of Environmental Management	Isolated wetland permit	INDOT
Indiana Department of Environmental Management	Section 401 Water Quality Certification	INDOT
Indiana Department of Environmental Management	Rule 5 National Pollution Discharge Elimination System	DB

CHAPTER 3. PROJECT COSTS

INTRODUCTION

This chapter provides a detailed description of Project cost elements and current cost estimates in year-of-expenditure dollars for each element. This chapter also summarizes the costs incurred to date since the original Notice of Intent was published in the Federal Register and provides detail on key cost-related assumptions.

COST ESTIMATES

The total estimated cost for the Project is $408.02 million in year of expenditure (YOE) dollars. All figures shown in this document are in YOE unless otherwise stated. This cost estimate includes the most current Project cost estimates. Table 3-1 below provides an overview of Project costs, broken down by component.

Table 3-1. Project Cost Estimate by Activity (in $ millions)

Activity	IFP	2021 FPAU	2022 FPAU	2022 $ Change from IFP	2022 % Change from IFP
PE, Environmental	$ 22.38	$ 59.14	$ 55.32	$ 32.94	147.2%
Final Design	$ 14.39	$ 14.60	$ 20.29	$ 5.90	41.0%
Construction	$ 234.51	$ 287.35	$ 303.38	$ 68.88	29.4%
CEI & Admin	$ 9.03	$ 22.77	$ 20.61	$ 11.59	128.3%
Utilities & Railroad	$ 8.00	$ 8.42	$ 8.42	$ 0.42	5.2%
Project Total	**$ 288.30**	**$ 392.28**	**$ 408.02**	**$ 119.72**	**41.5%**

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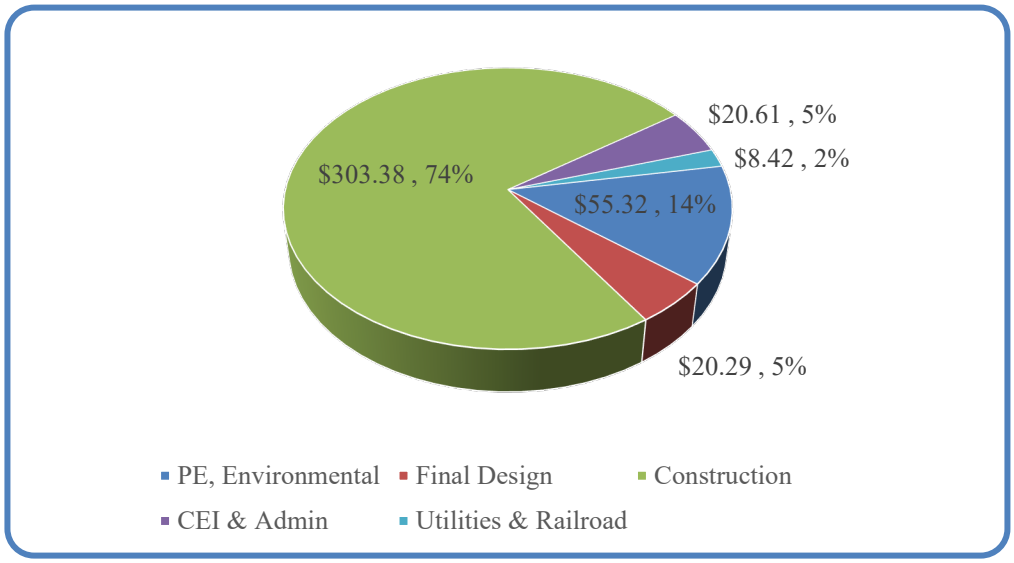
The cost estimate on the Project has increased by $119.72 since the IFP as shown in Table 3-1. CN accounts for $68.88 million more of the Project costs estimate and is a 29.4% increase over the IFP. Other large changes since the IFP include $32.94 million on preliminary engineering (PE) and environmental, 147.2%, and $11.59 million for CEI and administrative costs, 128.3%.

The Preferred Proposer's price proposal and schedule of values are included in the figures in Table 3-1 and consists of the following: PE $30.01 million, final design $20.29 million, and CN $266.17 million. A portion of items categorized under PE by the Preferred Proposer were funded by INDOT under CN in the amount of $19.07 million making the funded values for the Preferred Proposer for CN at $285.24 million. Including approved, funded cost changes/change orders of $18.14 million, discussed further in Chapter 11, brings the current CN total to $303.38.

Figure 3-1 below illustrates the Project costs by component and share of the total cost. CN accounts for nearly three quarters of the total cost at 74%. PE and environmental accounts for 14% while construction engineering, inspection (CEI) and administrative tasks are 5% of the Project cost. Lastly, final design, utilities and railroad share of the total Project cost are 5% and 2%, respectively.

Figure 3-1. Project Cost Estimate by Activity (in $ millions)



Inflation Assumptions

The inflation assumptions have been applied at three percent (3%) per year. These inflation rates reflect calendar year rates that were applied on a prorated basis to monthly expenditure forecasts.

Cost Estimating Methodology

Initial cost estimates were developed by consultant in conjunction with INDOT and FHWA. The cost estimates were developed by breaking down the Project into eight major cost categories and, further, into two primary CN segments broken out by four phases. The methodology is further described below in Table 3-2.

Table 3-2. Cost Estimating Methodology

Cost Elements
Engineering and Design
Preliminary and final engineering design services.
Final engineering will be part of the alternative delivery contract for North Split, 6.7%. Engineering and design cost estimates are currently estimated at 18.2% of the CN cost estimate.
Design Program Management
Cost to state for services of the GEC during the design phase and miscellaneous departmental program management costs.
Program Management estimates are based on currently negotiated contracts and estimates that cover the currently planned Project schedule.
Construction Administration and Inspection
All construction and program management, administration, and inspection activities during the CN phase of the Project.
Construction Administration and Inspection costs are estimated at 6.8% of the CN cost estimate.
Construction
Estimated cost of construction.
CN estimates reflect current industry practices and procedures of cost build up reflective of a large alternative delivery contract. The estimate is inclusive of all labor, materials, equipment, general conditions, escalations, and contractor CN risk.
Construction Contingency
Contingency to cover additional CN services in the event unforeseen circumstances arise that result in additional cost.

Cost Elements
CN contingency estimates are based on the amount of construction completed to date for the Project. Contingency factors have been developed based on the cost estimates that assessed the likelihood and potential cost of various major project risk items. Contingency cost has been carried based upon the level of each risk to the project [high, medium, low] and a prorated value of each risk item is added to contingency.
Utilities & Railroads
All public and private project-related utility and railroad relocation and new CN.
Costs include those related to telephone, electric, gas, fiber optics, water, sewer, TV cable, storm drainage, and railroads and are based on the most up-to-date cost information available.
Enhancements
Various Project-related commitments as identified in the EA.
This includes fixed dollar commitments made for various National Environmental Protection Act (NEPA) commitments.

PROJECT EXPENDITURES

Table 3-3 shows the breakdown of costs for the Project annually by component and SFY, respectively. As shown, $100.61 million was expended through SFY21. About $111.97 million is anticipated to be expended in SFY22, $192.2 million obligated in SFY23 and $3.24 million in SFY23. Obligations in future years are summarized in the table and described herein.

Table 3-3. Project Cost Estimate by Fiscal Year (in $ millions)

Component / State Fiscal Year	2019 & Prior	2020	2021	2022	2023	2024	Total
PE, Environmental	$ 9.57	$ 8.07	$ 22.11	$ 1.49	$ 10.83	$ 3.24	**$ 55.32**
Final Design	$ -	$ -	$ 16.32	$ 1.99	$ 1.99	$ -	**$ 20.29**
Construction	$ -	$ -	$ 44.24	$ 101.42	$ 157.73	$ -	**$303.38**
CEI, Admin & Prog Costs	$ -	$ -	$ 0.27	$ 6.20	$ 14.14	$ -	**$ 20.61**
Utility & Railroad	$ 0.00	$ 0.01	$ 0.02	$ 0.87	$ 7.52	$ -	**$ 8.42**
Total Costs	**$ 9.57**	**$ 8.08**	**$ 82.96**	**$111.97**	**$192.20**	**$ 3.24**	**$408.02**

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The values presented in Table 3-3 reflect the Preferred Proposer's bid and schedule of values for the Project. As shown in Table 3-3, CN is most of the Project's costs at $303.38 million followed by PE and environmental of $55.32 million. CEI and administrative components account for $20.61 million, final design $20.29 million, utility relocation/ railroad coordination at $8.42 million. These changes are discussed further in Chapters 10 and 11.

CHAPTER 4. PROJECT FUNDS

INTRODUCTION

This chapter discusses the project funding sources that are dedicated to the Project. Specifically, it presents the available and committed funding required to complete the Project, including state transportation and federal-aid formula funds, and federal discretionary fund. A discussion of risks associated with funding availability also is included.

FINANCIAL PLAN OVERVIEW

This FPAU reflects the planned funding and finance strategy by which the Project will be financed through a combination of conventional state and federal transportation program funds. The INDOT has developed a financial plan that recognizes the limitations on conventional state and federal transportation funding and finds the right balance of funding alternatives to meet the following goals:

- ensuring Indiana's financial obligations to the Project are manageable,
- ensuring the Project delivers value to Indiana, taxpayers, project partners, and end users through the lowest feasible Project cost,
- seeking private sector innovation and efficiencies and encouraging design solutions that respond to environmental concerns, permits, and commitments in the environmental study,
- developing the Project in a safe manner that supports congestion management,
- ensuring the Project is constructed within a time period that meets or exceeds final completion target dates, and
- transparently engaging the public and minimizing disruptions to existing traffic, local businesses, and local communities.

The alternative delivery method selected by Indiana has the potential of providing private sector innovation, efficiencies, and best value to taxpayers. Importantly, INDOT, together with their advisory team, have developed a pro forma financial plan that provides a certain view of how a DB contractor may deliver this Project. Ultimately the financial plan will reflect what the Preferred Proposer proposes based on its view of the Project.

PROCUREMENT APPROACH AND FINANCING

The Project will be procured using a DBBV procurement model through a PPA. Under this model, INDOT will make progress payments to a Preferred Proposer as consideration for the contractor designing and constructing a facility in accordance with the performance standards set forth in the PPA made viewable at the Project website.

A combination of state and federal funds will be used to make progress payments to the Preferred Proposer. INDOT will budget for these using INDOT's state appropriation determined by the Indiana General Assembly. The sources of federal funds used to support the payments are anticipated to be from the National Highway Performance Program (NHPP), the Surface Transportation Block Grant Program (STBGP), the Highway Infrastructure Program (HIP), and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). This FPAU is based on public funds by INDOT.

STATE TRANSPORTATION AND FEDERAL-AID FORMULA FUNDING

Indiana has historically used federal-aid resources for the Project and has committed specific funding from their respective near-term federal-aid highway funding programs, as described further below in Table 4-1. Federal funds provided to the Project have been and will continue to be matched by a

combination of state funds. Indiana has a demonstrated track record of meeting their state match obligations with a variety of state funding sources, including state-imposed fuel taxes and a variety of transportation-related fees. This Update brings a new funding source of CRRSAA from the U.S. Treasury. The Project has an estimated $408.02 million of federal and state transportation and CRRSAA funds which are reasonably expected to be available to the Project (see Table 4-1).

The Project costs are 2.7% of INDOT's capital program with 2.5% utilization of NHPP funds and 1.9% of STBGP. This includes $178.33 million of federal and state funds obligated through SFY21. The Project funding is estimated to be split between federal funds and state funds is 65.7% and 34.3%, respectively. Any funds in Advanced Construction (AC) that have not been converted to federal funds are included in the State Highway Fund line (total of $1.14 million – see Table 6-2 in SFY22 and 23). It is anticipated that future funds will come from the NHPP funding category, although the commitment of specific funding categories of federal funding is subject to adjustment based on the availability of more restricted categories.

Table 4-1. Federal and State Funding (in $ millions)

Fund Type / State Fiscal Year	2019 & Prior	2020	2021	2022	2023	2024	Total
Federal							
STBGP	$ 12.39	$ -	$ -	$ 0.47	$ -	$ -	$ 12.86
NHPP	$ 3.80	$ 0.01	$ 81.70	$ 1.97	$ 12.64	$ 2.92	$ 103.05
HIP	$ -	$ 0.09	$ -	$ -	$ -	$ -	$ 0.09
Discretionary	$ -	$ -	$ 2.61	$ -	$ -	$ -	$ 2.61
Subtotal, Federal Funds	**$ 16.20**	**$ 0.10**	**$ 84.31**	**$ 2.44**	**$ 12.64**	**$ 2.92**	**$ 118.60**
U.S. Dept. of Treasury							
CRRSAA	$ -	$ -	$ -	$ 149.32	$ -	$ -	$ 149.32
Subtotal, U.S. Dept. of Treasury	**$ -**	**$ -**	**$ -**	**$149.32**	**$ -**	**$ -**	**$ 149.32**
State							
State Highway Fund	$ 2.49	$ 2.27	$ 41.91	$ 17.96	$ 1.40	$ 0.32	$ 66.36
Lease Proceeds	$ -	$ -	$ 31.06	$ 42.69	$ -	$ -	$ 73.75
Subtotal, State Funds	**$ 2.49**	**$ 2.27**	**$ 72.97**	**$ 60.65**	**$ 1.40**	**$ 0.32**	**$ 140.10**
Total	**$ 18.68**	**$ 2.37**	**$157.27**	**$212.40**	**$ 14.05**	**$ 3.24**	**$ 408.02**

Progress Payments

The progress payments are funded with a combination of state and federal funds appropriated by INDOT. In addition to being reflected in INDOT's internal budget and financial control systems, all anticipated funding amounts are reflected in the fiscally-constrained 2020-2024 Statewide Transportation Improvement Program (STIP), as well as the 2020-2023 Indianapolis MPO Indiana Regional Transportation Improvement Plan (IRTIP).

Federal Discretionary Funding

The Project utilized $2.61 million of repurposed earmark funds in SFY21 and $149.32 million of CRRSAA (COVID-19 relief) as shown in Table 4-1. Future use of discretionary funds on the Project remains a possibility.

Special Funding Techniques

INDOT is prepared to mitigate unanticipated changes in expected funding. Strategies to mitigate changes include but are not limited to; acquisition of additional funds, and/or modify other project's timelines to manage cash flows. Special funding techniques are discussed in Chapter 6 as the techniques are utilized to address cash flows while projects concurrently advance.

CHAPTER 5. FINANCING ISSUES

INTRODUCTION

This chapter discusses the specific costs associated with financing the Project, including the issuance costs, interest costs, and other aspects of borrowing funds for the Project.

FINANCING STRATEGY

The Project will not utilize funding outside of the federal and state transportation funds appropriated to INDOT. This plan eliminates issuance, interest, and borrowing costs.

CHAPTER 6. CASH FLOW

INTRODUCTION

This chapter provides an estimated annual CN cash flow schedule for the Project and an overview of the planned sources of funds.

ESTIMATED SOURCES AND USES OF FUNDING

An indicative summary of the sources and uses of funds is shown in Table 6-1. This summary reflects INDOT's view of the funding structure based on the Project's economics. Sources of funds for the Project are currently fully funded through public funds. The following sources of funds will fund CN and other development costs.

Table 6-1. Estimated Project Sources and Uses of Funds (in $ millions)

	IFP	2022 FPAU	Change from IFP	% of Change
Sources				
IN State & Federal Funding - Formulary	$ 288.30	$ 256.10	$ (32.20)	-26.9%
IN State & Federal Funding - Discretionary	$ -	$ 2.61	$ 2.61	2.2%
IN U.S. Treasury - CRRSAA	$ -	$ 149.32	$ 149.32	124.7%
Source of Funds Subtotal	**$ 288.30**	**$ 408.02**	**$ 119.72**	**100.0%**
Uses				
PE, Environmental	$ 22.38	$ 55.32	$ 32.94	27.5%
Final Design	$ 14.4	$ 20.29	$ 5.9	4.9%
Construction Costs	$ 234.51	$ 303.38	$ 68.88	57.5%
CEI, Admin & Program Costs	$ 9.03	$ 20.61	$ 11.59	9.7%
Utility & Railroad Relocations	$ 8.00	$ 8.42	$ 0.42	0.3%
Expenditures Subtotal	**$ 288.30**	**$ 408.02**	**$ 119.72**	**100.0%**

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As illustrated in Table 6-1 and previously mentioned in Chapter 3, this Update realizes a $119.72 million increase of the sources and uses of funds over the IFP. This increase is largely attributed to the Preferred Proposer's bid. CN, PE, and environmental account for most of this increase. The change in CN, PE and environmental, and CEI account for 57.5%, 27.5%, and 9.7% of the Project increases, respectively. These changes are discussed in further detail in Chapters 10 and 11.

CASH MANAGEMENT TECHNIQUES

For Project funding expected to be contributed from state and federal sources, INDOT intends to utilize available cash management techniques, including but not limited to AC, to manage the timing of cash needs against the availability of federal and state funds. These techniques provide INDOT authority to "concurrently advance projects …." utilizing the federally accepted practice of AC. Current year expenditures will be converted to limitation obligation while future year expenditure estimates will remain under AC. This practice will continue throughout the life of the project. At no time will Indiana's AC exceed Indiana's future federal estimates.

Table 6-2 below provides the AC conversion status for Indiana updated through May 31, 2022. As shown, the Project currently has authorized AC funds of $1.14 million with $163.76 million converted to federal funds to date. A portion of the AC funds converted to date utilized the CRRSAA dollars as opposed to the traditional federal-aid program funds, IE. NHPP.

Table 6-2. Advanced Construction Funding Status (in $ millions)

State Fiscal Year	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
2022	$ 164.90	$ 163.76	$ 1.14

Financing Costs

The Project will not utilize funding outside of federal-aid and state transportation funds appropriated to INDOT as previously discussed in Chapter 5.

Projected Cash Flows

Plans will include a table summarizing the prior, current, and anticipated total, annual cash outlays for the Project. Table 6-3 below presents the anticipated cash flows of the Project. More specific cash flow schedules will continue to be developed as the Project progresses towards Substantial Completion.

Table 6-3. Project Cash Flows (in $ millions)

Revenue	2019 & Prior	2020	2021	2022	2023	2024	Total
Carry Forward		$ 9.11	$ 3.40	$ 77.72	$ 178.16	$ 4.75	
INDOT Funding	$ 18.68	$ 2.37	$ 157.27	$ 212.40	$ 14.05	$ 3.24	$ 408.02
Revenue Subtotal	**$ 18.68**	**$ 2.37**	**$ 157.27**	**$ 212.40**	**$ 14.05**	**$ 3.24**	**$408.02**
Total Revenue Available	**$ 18.68**	**$ 11.48**	**$ 160.68**	**$ 290.13**	**$ 192.20**	**$ 7.99**	
Expenditures							
PE, Environmental	$ 9.57	$ 8.07	$ 22.11	$ 1.49	$ 8.83	$ 5.24	$ 55.32
Final Design	$ -	$ -	$ 16.32	$ 1.99	$ 1.99	$ -	$ 20.29
Construction	$ -	$ -	$ 44.24	$ 101.42	$ 157.73	$ -	$ 303.38
CEI, Admin, Prgm	$ -	$ -	$ 0.27	$ 6.20	$ 11.39	$ 2.75	$ 20.61
Utilities/Railroads	$ 0.00	$ 0.01	$ 0.02	$ 0.87	$ 7.52	$ -	$ 8.42
Expenditures Subtotal	**$ 9.57**	**$ 8.08**	**$ 82.96**	**$ 111.97**	**$ 187.45**	**$ 7.99**	**$408.02**
Net Cash Flow	**$ 9.11**	**$ 3.40**	**$ 77.72**	**$ 178.16**	**$ 4.75**	**$ -**	

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As shown above in Table 6-3, INDOT has expended $100.61 million and obligated $178.33 million through SFY21 on the Project. SFY22 is anticipated to obligate $212.4 million more and expend an additional $111.97 million. The remaining project costs of $195.45 million are anticipated to be fully expended through SFY24. CN and CEI are expected to extend from SFY21 through SFY24 as presented.

The estimated timing of funds availability in SFY21 through SFY24 have changed since the prior Update. The timing of funds availability has shifted forward in all years while to date expenditures have trailed. Table 6-3 above illustrates an estimated $77.72 million of Project funds not expended in SFY21 carried forward.

CHAPTER 7. PUBLIC-PRIVATE PARTNERSHIP (P3) ASSESSMENT

INTRODUCTION

This chapter provides information on the process used to assess the appropriateness of a P3 to deliver the project.

P3 ASSESSMENT

INDOT has evaluated alternative contracting methods permitted under current Indiana law. Such alternative delivery models are expected to enhance the feasibility of the project through accelerated project delivery; CN cost certainty; and the transfer of various risks to the private sector, such as design and CN risk. As a result, the project is being procured as a P3 using a DBBV delivery method. Due to Indiana laws on transportation procurement, any procurement method that does not award to a lowest bid is managed by the Major Project Delivery Department under the Major Projects Division.

LEGISLATIVE AUTHORITY

The P3 Program operates within the general legal framework set forth in the Indiana Code (IC). INDOT has been granted legislative authority to procure P3 projects in Indiana. The statute providing authorization to procure P3 projects is IC 8-15.7. INDOT will lead the procurement and will be responsible for the technical aspects of P3 projects and will commit its appropriations towards a project where it is appropriate. The relevant statute allows for the development, financing, and operation of P3 projects.

INDIANA'S P3 MANAGEMENT STRUCTURE

Indiana has established itself as a national leader in using alternative delivery models to deliver major transportation infrastructure projects. INDOT will be the procuring agency and will be responsible for the technical aspects of the procurement.

INDOT has an established P3 Program that resides within the Major Project Delivery Department under the Major Projects Division. Both the P3 Program and the Major Project Delivery Department are responsible for delivering and overseeing P3s at INDOT.

BENEFITS – DISADVANTAGES COMPARISON

The Project is being procured using a DBBV delivery model and will be managed by INDOT. While P3s are not suitable for all projects, there are a few main benefits to P3s of all sizes and complexities. Using innovative project delivery models, such as P3s, to deliver and operate infrastructure projects have many benefits for INDOT including:

- **Accelerated project delivery**: An integrated consortium of qualified firms working concurrently on the design and CN of the project can accelerate project delivery. This process typically results in efficiencies and synergies for a more streamlined, accelerated delivery process.
- **Cost certainty and predictability**: INDOT's cost for the project is locked in at commercial close and is only subject to cost changes approved by INDOT. This provides more cost certainty when compared to traditional delivery. INDOT can better budget and allocate funding for other projects with the confidence that costs are less likely to increase.
- **Private sector innovation**: Innovative project delivery can be structured for multiple facets of the project to be coordinated and managed under a single entity and to enhance collaboration between the design and CN mangers in the development of the project bid. The exchange of ideas between these parties can result in significant value engineering efficiencies and can help to avoid technical

issues. Private entities are typically experienced in the design and CN of similar projects and are incentivized to use these efficiencies and economies of scale to achieve lower costs.

- **Performance-based incentives**: Financial incentives imposed by the contract structure, which include withholding a portion of payment to the Preferred Proposer until the Project has been constructed to the established standards and is sufficiently available for public use, act as a powerful motivator toward on-time completion and project delivery.
- **Improved accountability**: One party, the Preferred Proposer, is responsible for project delivery and operation regardless of the number of subcontractors. If the project is not delivered according to the contractual requirements, then the Preferred Proposer is responsible.

While there are benefits to innovative project delivery, there are also disadvantages that should be considered, including:

- **Longer procurement timeline**: Innovative project delivery requires extensive upfront negotiations of the PPA. The PPA governs rights and obligations associated with the Project for the length of the contract. As a result, the procurement timeline can take longer for major project delivery when compared to traditional delivery.
- **Paying a risk premium to transfer unknown risks upfront**: The P3 delivery model transfers many risks associated with project delivery to the private sector. This is done through performance-based agreements that lock in project cost at commercial close. Given the nature of these contracts, not all risks are fully known at the outset. Therefore, a private entity may build a "risk premium" into their proposal. Not unlike the purchase of insurance, this investment is made to help lock-in costs and mitigate exposure to certain risks for the public sponsor. These costs can be mitigated in part by robust competition between bidders.

Risk Allocation Analysis

INDOT employs a two-step screening process when assessing whether a project should be delivered using an alternative delivery model. During the initial project screening phase, INDOT reviews available project information and data and assesses the project against a set of screening criteria to determine the feasibility of delivering a proposed project via an alternative delivery method. Table 7-1 below summarizes criteria examined during the initial project screening phase. The primary screening criteria are merely a guide for assessment. A project that does not meet some or all the primary screening criteria may still advance to a secondary screening based on other considerations. Other unique characteristics of the project may require assessment of additional considerations.

Table 7-1. INDOT P3 Screening Criteria – Step One

High Level Project Screening Criteria		Rating
Project Complexity	Is the project sufficiently complex in terms of technical and/or financial requirements to effectively leverage private sector innovation and expertise?	High
Accelerating Project Development	If the required public funding is not currently available for the project, could using a P3 delivery method accelerate the delivery of the project?	Low
Transportation Priorities	Is the project consistent with overall transportation objectives of the State?	High
	Does the project adequately address transportation needs?	High
Project Efficiencies	Would the P3 delivery method help foster efficiencies through the most appropriate transfer of risk over the project life cycle?	Medium
	Is there an opportunity to bundle projects or create economies of scale?	High

High Level Project Screening Criteria		Rating
Ability to Transfer Risk	Would the P3 delivery method help transfer project risks and potential future responsibilities to the private sector on a long-term basis?	Low
Funding Requirement	Does the project have revenue generation potential to partially offset the public funding requirement if necessary?	Low
	Could a public agency pay for the project over time, such as through an availability payment, as opposed to paying for its entire costs up front?	Low
Ability to Raise Capital	Would doing the project as a P3 help free up funds or leverage existing sources of funds for other transportation priorities with the State?	Medium

Projects that proceed to the second screening step undergo a detailed screening. The objective of the detail level project screening is to further assess delivering the project as a P3, examine in greater detail the status of the project, and identify potential risk elements. In addition, the detail level project screening criteria evaluates the desirability and feasibility of delivering projects utilizing the P3 delivery method. The desirability evaluation includes factors such as effects on the public, market demand, and stakeholder support. The feasibility evaluation includes factors such as technical feasibility, financial feasibility, financial structure, and legal feasibility. INDOT will also begin to assess a timeline for achieving environmental approvals based on specific project criteria during this screening step. Detail level screening criteria are provided below in Table 7-2.

Table 7-2. INDOT P3 Screening Criteria – Step Two

Detail Project Screening Criteria		Rating
Public Need	Does the project address the needs of the local, regional, and state transportation plans, such as congestion relief, safety, new capacity, preservation of existing assets?	High
	Does the project support improving safety, reducing congestion, increasing capacity, providing accessibility, improving air quality, improving pedestrian biking facilities, and/or enhancing economic efficiency?	High
Public Benefits	Will this project bring a transportation benefit to the community, the region, and/or the state?	High
	Does the project help achieve performance, safety, mobility, or transportation demand management goals?	High
	Does this project enhance adjacent transportation facilities or other modes?	Low
Economic Development	Will the project enhance the State's economic development efforts?	Med
	Is the project critical to attracting or maintaining competitive industries and businesses to the region, consistent with stated objectives?	Med
Market Demand	Does sufficient market appetite exist for the project? Are there ways to address industry concerns?	High
Stakeholder Support	What is the extent of support or opposition for the project? Does the proposed project demonstrate an understanding of the national and regional transportation issues and needs, as well as the impacts this project may have on those needs?	Med
	What strategies are proposed to involve local, state and/or federal officials in developing this project?	Med
	Has the project received approval in applicable local and/or regional plans and programs?	High
	Is the project consistent with federal agency programs or grants on transportation (FHWA, FTA, MARAD, FAA, FRA, etc.)?	Low

Detail Project Screening Criteria		Rating
Legislative Considerations	Are there any legislative considerations that need to be considered such as tolling, user charges, or use of public funds?	Low
Technical Feasibility	Is the project described in sufficient detail to determine the type and size of the project, the location of the project, proposed interconnections with other transportation facilities, the communities that may be affected and alternatives that may need evaluation?	High
	Is the proposed schedule for project completion clearly outlined and feasible?	Med
	Does the proposed design appear to be technically sound and consistent with the appropriate state and federal standards?	High
	Is the project consistent with applicable state and federal environmental statutes and regulations?	Med
	Does the project identify the required permits and regulatory approvals and a reasonable plan and schedule for obtaining them?	High
	Does the project set forth the method by which utility relocations required for the transportation facility will be secured and by whom?	Med
Financial Feasibility	Are there public funds required and, if so, are the State's financial responsibilities clearly stated?	High
	Is the preliminary financial plan feasible in that the sources of funding and financing can reasonably be expected to be obtained?	High
Legal/Legislative Feasibility	Is legislation needed to complete the project?	Low
Project Risks	Are there any risks unique to the projects that have not been outlined above that could impair project viability?	Low
	Are there any project risks proposed to be transferred to INDOT that are likely to be unacceptable?	Low
Term	Does the project include a reasonable term of concession for proposed operation and maintenance?	N/A
	Is the proposed term consistent with market demand, providing a best value solution for the State?	N/A
	Is the proposed term optimal for a whole-of-life approach?	N/A

Using the standard INDOT screening process, including the high-level screening, detailed level screening and financial feasibility analysis, it was determined the I-65/I-70 North Split Project is a strong candidate for P3 DBBV delivery. Table 7-3 below provides additional considerations to the Project using the DBBV delivery model.

Table 7-3. INDOT DBBV Project Considerations

DB Project Considerations	
Technical Considerations	Considerations pertaining to project complexity, design, schedule acceleration, cost savings, lifecycle performance and lifecycle cost objectives.
Market Considerations	Considerations pertaining to the market demand and market capacity and the marketability of the project to DB providers.
Resources and Capabilities	Considerations pertaining to INDOT's internal resources to deliver the project.

The qualitative and quantitative screening analyses indicated the project to be a strong candidate for DBBV delivery for the following reasons:

- The project is large and is in a high traffic volume area, as the second-busiest interchange in Indiana,

seeing around 214,000 vehicles per day.

- An accelerated CN schedule would help to limit CN impacts to stakeholders and while addressing safety concerns during the CN period.
- Traffic maintenance will be a challenge; coordinating the traffic including several interstate and local road closures could benefit from a high level of multi-discipline coordination and integrated approach to CN sequencing.
- The project characteristics (size, high traffic volumes and truck traffic) are such that a performance-based contract would help to reduce the risk of change orders and cost overruns.
- The project size will be highly attractive to regional and national contractors and designers and is likely to attract a strong pool of bidders willing to work under a DBBV model.

Therefore, INDOT identified the DBBV model as the preferred delivery model and proceeded with procuring the project on that basis.

MARKET CONDITIONS

The Project will not utilize funding outside of federal-aid and state transportation funds appropriated to INDOT as previously discussed in Chapter 5, therefore market conditions are not applicable to financing.

CHAPTER 8. RISK AND RESPONSE STRATEGIES

INTRODUCTION

This chapter addresses several important factors that could affect the Project and the financial plan for the Project. These risks fall under one or more of the following categories: Project Cost, Project Schedule, Financing, and Procurement. Significant consideration has been given to identifying risks and potential mitigation measures, and this chapter outlines these factors. Additionally, this chapter addresses the impact of the state's financial contribution to the Project on its respective statewide transportation program.

PROJECT COST RISKS AND RESPONSE STRATEGIES

The factors shown in Table 8-1 have been identified as possible reasons for cost overruns.

Table 8-1. Project Cost – Risks and Response Strategies

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
Original Cost Estimates		Realized	2020/2022 FPAU
The risk that original cost estimates are lower than bids received.	Recent US DB and P3 experience indicates that competition may result in aggressive bids below the state sponsor's estimates. Should that prove not to be the case, the state will revise its financial plans, accordingly, including the possible inclusion of additional state and federal funding. It is the expectation of the Project Sponsor that the planned DBBV procurement approach will help to accelerate project delivery and, in turn, reduce costs.	High	Medium
Inflation		Realized	2022 FPAU
Highway construction inflation has been very volatile over the past several years and could significantly increase the cost of the Project.	Reasonable inflationary assumptions based on recent and historical trends in CN inflation have been included in current cost estimates. These estimates consider current low commodity prices and relatively high unemployment rates which are expected to result in favorable contract pricing.	Medium	Medium
Contingency		Realized	2020 FPAU
The amount of contingency factored into Project cost estimates may be insufficient to cover unexpected costs or cost increases.	While petroleum prices have an inflationary risk, both a DB and a progress payment concession structure, as contemplated by the state, helps transfer much of this risk from the public to the private sector DB or concessionaire.	Medium	Medium
Cost Overruns During Construction		Realized	2021 FPAU
Cost overruns after start of construction could result in insufficient upfront funds to complete the project.	A DB or progress payment concession structure helps transfer much of this risk from the public to the private sector DB or concessionaire.	Low	Medium

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The PE and design costs on the Project are relatively high, 18.2% of the CN estimate, compared to other projects There are a few factors that result in the high percentage. First, this Project encompasses primarily bridges, fifty-one in total with eleven new builds. Further increasing the need for robust PE and design for the DBC to complete the final design and construct is the Project location, in the middle

of a densely populated, urban area, while remaining within existing right of way. Lastly, the DBC classified some expenditures as PE while on conventional projects would be a part of CN. This includes items such as insurance premiums, bonds, and mobilization. For these reasons, the PE and design amount, as a percentage of the CN estimate, are higher than on a typical project but are also skewed due to the classification of some pay items by the DBC.

The Project has also realized cost overruns/change orders since the prior FPAU. These changes were vetted within the INDOT via the change order process from the District to Project Budget/Finance. The additional funds were approved on the Project and discussed further in Chapter 11.

The information on the cost and estimate increases, along with what for, was assembled and sent to the District Area Engineer for final vetting prior to taking to the Project Budget/Finance which oversees the entire INDOT capital program as well as operational needs. The funding allocation request was approved after vetting the various components. Therefore, the contingency risk in Table 8-1 above was updated in the prior Update and continues to be a relevant risk and mitigation strategy.

The final Project cost risk that is realized in this Update is inflation. The conditions anticipated in the response strategy have not resulted in favorable contract pricing. While this Project's costs were secured at Commercial Close via the PPA and inflationary risks became the responsibility of the DBC, the possibility remains that the costs will increase by amount and/or time if the DBC successfully negotiates a change request/order. With change order 19, discussed further in Chap. 11, under the guise of a Force Majeure Event – COVID-19, whereas material and supply chain delays resulted in additional costs/funding from INDOT on the Project where price increases are either an impetus to, side effect of, or a direct result of the materials and supply chain delays realized. Therefore, the contingency risk in Table 8-1 is realized in this Update and downgraded from a low likelihood and low impact to a medium likelihood and impact.

Project Schedule Risks and Response Strategies

The risks shown in Table 8-2 have been identified as those that may affect Project schedule and, therefore, ability of the Project Sponsor to deliver the Project in a timely basis.

Table 8-2. Project Schedule – Risks and Response Strategies

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
Litigation		Retired; did not materialize.	
Permits and Approvals		Retired; did not materialize.	
Unanticipated Site Conditions			
Unanticipated geotechnical conditions could be encountered, potentially delaying the schedule or increasing costs. The Project site may include "urban fill" in existing embankments, consisting of portions of buildings (e.g., bricks and concrete) removed in the original interstate construction. The Project site may also include in situ basement or foundation elements only partially removed during original interstate construction.	Extensive geotechnical investigations have been conducted on the Project. While preliminary results do not indicate significant problems, there is potential for urban fill and obstructions. The DB will be responsible to identify and resolve obstructions to the state's satisfaction per contractual requirements in the PPA.	Medium	Low
Endangered Species			

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
If endangered species (e.g., Indiana bat, mussels, etc.) are encountered, construction work may be disrupted, leading to schedule delays and/or additional costs.	Mitigation is an established process that minimizes delay with dedicated staffing to address surprise findings. Similar mitigation has been used on four previous corridor projects successfully to avoid CN delays.	Low	Low
Hazardous Materials			
Both known and unknown hazardous materials could delay the Project and/or lead to additional costs.	Extensive research and analysis are being undertaken as part of the EA process. Additionally, investigations are underway on identified sites.	Low	Medium
Schedule Coordination		Realized	2022 FPAU
Due to the size and complexity of the Project, poor project scheduling and coordination could delay the Project schedule.	The DB is required to develop and submit for review a start-up schedule per contract requirements, identifying early activities to avoid early risks. The DB is also required to develop and submit for review a full project schedule of all activities. These schedules transfer risk from the public to the DB. A DB or progress payment concession structure helps transfer much of this risk from the public to the private sector DB or concessionaire.	Low	Medium
Maintenance of Traffic			
Traffic impacts and loss of access could adversely affect communities / businesses, negatively impacting support for project.	A detailed maintenance of traffic (MOT) plan will be required of the DB. The DB is also required to develop a Traffic Management Plan (TMP) to coordinate traffic during CN with impacted entities and the public. The DB is also required to develop a Public Involvement Plan that provides regular updates on road closures and restrictions, develops an emergency notification system, includes public meetings during CN, and develops informational maps or exhibits. Commitments to the community will be included in the project requirements, such as bicycle route detour notifications, and avoiding closure of two adjacent cross streets at the same time. Additional coordination with local projects and ongoing stakeholders is also required.	High	Medium
Project Start-up/Execution		Retired; did not materialize.	
EA Schedule		Retired; did not materialize.	

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The Project has not realized any schedule risks since the prior Update, however, is on track to. The substantial completion milestone is at risk due to the lower-than-expected production from the DBC, a schedule coordination risk. INDOT is assessing mitigation steps to address this risk. This risk and response are discussed further in Chap. 10 and 11.

Financing and Revenue Risks and Response Strategies

The risks identified in Table 8-3 may negatively affect the Project Sponsor's ability to finance the Project cost-effectively. For each risk, the table provides a summary of potential mitigation strategies.

Table 8-3 Financing and Revenue – Risks and Response Strategies

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
Availability of State and Federal Funding		Retired; did not materialize.	

Availability of Federal Financing Tools	Retired; did not materialize.
Availability of State Highway & Tolling Funding	Retired; did not materialize.

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There have been sufficient state and federal Funding to fund the cost overruns/change orders, discussed further in Chapter 11. The availability of state highway & tolling funding risk is retired in this Update as the availability of state highway and tolling funding was not realized.

Procurement Risks and Response Strategies

The risks identified in Table 8-4 may affect the Project Sponsor's ability to implement the Project due to risks associated with procurement through a DBBV procurement model using a PPA.

Table 8-4. Procurement – Risks and Response Strategies

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
Delay in Procurement	Retired, did not materialize.		

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This Update has no change in the procurement risks and response since the prior Update.

Impact on Statewide Transportation Programs

The state has made specific commitments to the completion of the Project. Based on expectations of federal funding availability, as well as expectations regarding the availability of corresponding state transportation funds, the Project Sponsor believes the federal-aid highway formula, federal discretionary, and state transportation funds identified in this IFP are reasonably expected to be available, and without adverse impacts on the state's overall transportation programs or other funding commitments.

Indiana has provided for substantial funding for the Project through a combination of state and federal funding, including the Project in the state's capital program. Indiana will continue to make specific financial commitments to the Project based on its standard budget procedures and in accordance with the STIP, which takes into account the needs of the overall transportation program and other projects throughout the State. In addition to being reflected in internal budget and financial control systems, all anticipated funding amounts are reflected in the fiscally-constrained STIP as well as the IRTIP for the metropolitan region.

CHAPTER 9. ANNUAL UPDATE CYCLE

INTRODUCTION

This chapter addresses the annual reporting period for the data reported in the Annual Update to the Financial Plan.

FUTURE UPDATES

The effective date for this FPAU is May 31, 2022. The next FPAU will be effective as of May 31, 2023, and submitted to FHWA by August 31, 2023.

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

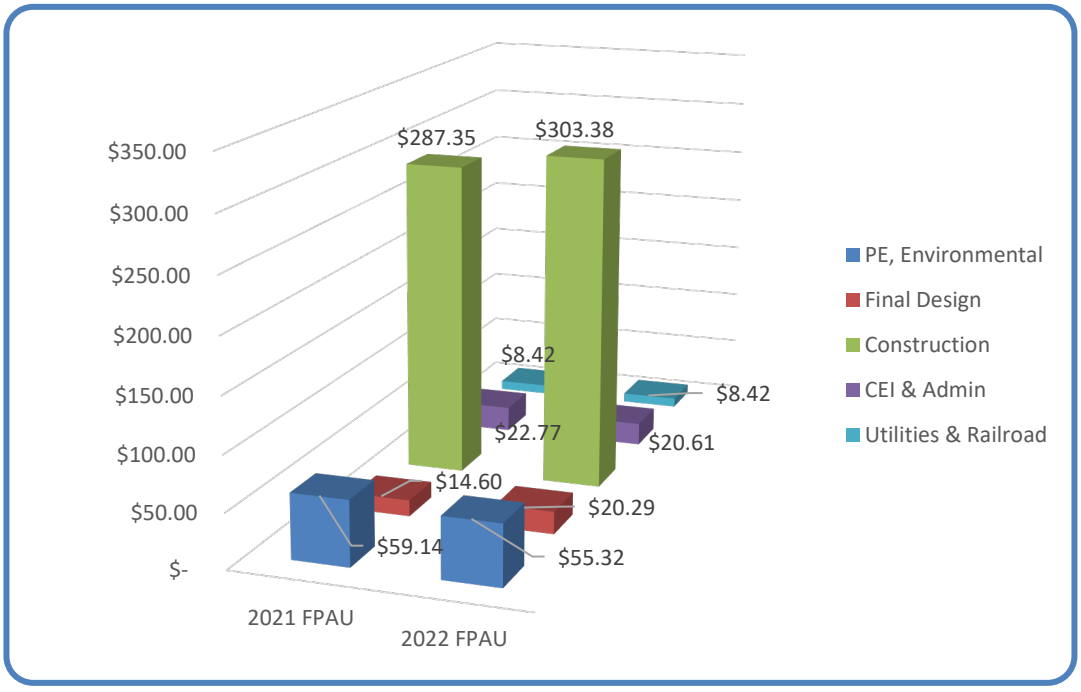
INTRODUCTION

This chapter addresses the changes that have reduced or increased the cost of the Project since last year's financial plan, the primary reasons(s) for the changes, and actions taken to monitor and control cost growth.

Since the prior Update, the Project has realized cost increases. The primary reason is cost changes in CN, the 1st amendment to the PPA for the force majeure event related to COVID-19 causing material and supply chain delays. Other notable changes occurred in the final design, PE/environmental, and CEI/admin. The overall Project cost changes since the prior Update are about $15.74 million, discussed further in Chapter 11. The reasons for these changes are discussed briefly.

- PE/Environmental – closing of purchase orders professional services consultant contracts and correction of reporting final design dollars, discussed further below.
- CEI/Admin – closing of purchase orders on, structural member fabrication inspection services and pile testing.
- Final design – was previously calculated as a percentage of the CN bid/award. However, this was not correct post execution of the PPA, and the amount was updated to accurately reflect the final design as stated in the schedule of values from the DBC. The amount was previously reported as PE $. The overall change in this Update for PE/environmental is partially offset by various movement among professional services.
- Construction – approved cost changes/change orders since the prior Update totaling $18.4 million.

Figure 10-1. Project Expenditure & Cost Estimate Comparison by Activity (in $ millions)



The actions taken to monitor, and control cost growth include vetting all requested changes internally between the Project team and the respective Department. Items considered are cost, added value, short and long-term maintenance impacts, impacts to Project schedule, and ability to be implemented. The Project team will look for duplications of efforts and items to control cost growth. All consulting agreements and amendments are negotiated by INDOT's Professional Services Department in accordance with the 2022 specs.

CHAPTER 11. COST AND FUNDING TRENDS SINCE THE INITIAL FINANCIAL PLAN

INTRODUCTION

This chapter addresses the trends that have impacted project costs and funding since the IFP, the probable reasons for these trends and the implications for the remainder of the Project.

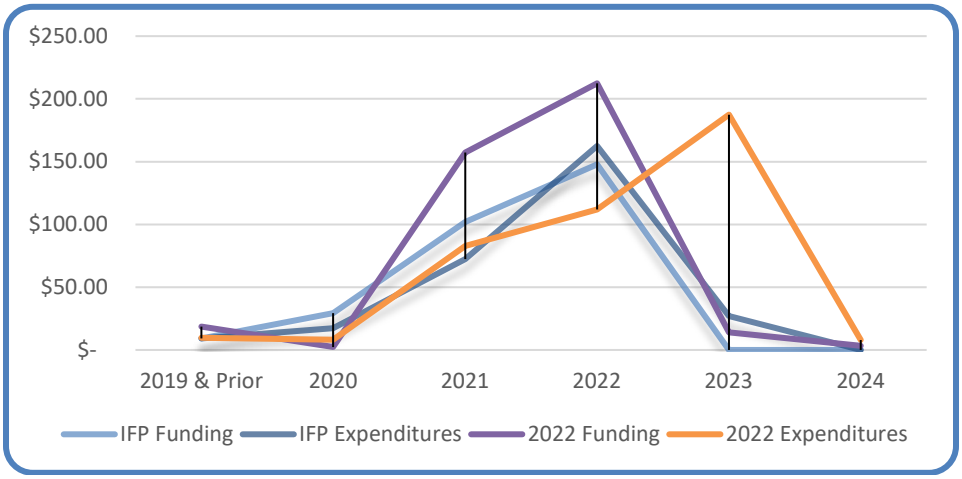
Since the IFP the Project has realized a $119.72 million increase, 41.5% as shown below in Table 11-1, in costs and funding. The general trend has been cost growth with obligations outpacing expenditures that result in carryover obligations, moving forward to expend. This change is reflected below in Table 11-1.

Table 11-1. Project Expenditures & Cost Estimate Comparison by SFY (in $ millions)

State FY	IFP	2020 FPAU	2021 FPAU	2022 FPAU	Change from IFP $	Change from IFP %
2019 & Prior	$ 9.08	$ 9.57	$ 9.57	$ 9.57	$ 0.49	5.4%
2020	$ 17.30	$ 7.57	$ 8.08	$ 8.08	$ (9.22)	-53.3%
2021	$ 72.35	$ 169.91	$ 76.84	$ 82.96	$ 10.61	14.7%
2022	$ 162.49	$ 156.96	$ 252.29	$ 111.97	$ (50.53)	-31.1%
2023	$ 27.08	$ 43.60	$ 45.51	$ 192.20	$ 165.12	609.7%
2024	$ -	$ -	$ -	$ 3.24	$ 3.24	324.3%
Total	**$ 288.30**	**$ 387.60**	**$ 392.28**	**$408.02**	**$ 119.72**	**41.5%**

Figure 11-1 below illustrates the growth trend realized on the Project since the IFP by SFY. The Project's funding and expenditures demonstrate CN activities are not keeping pace as expected based on the DBC schedule and subsequently funded. This implies that the DBC has much work to do to catch up and meet the substantial completion date, which has not changed.

Figure 11-1. Project Expenditures & Cost Estimate Comparison by activity (in $ millions)



Cost changes related to the PPA are summarized in Table 11-2 below. As illustrated, there have been twenty-two changes initiated under the PPA with all approved and executed. Of the cost changes, three have no cost impact to the Project funding, two are reductive, and the remaining increases. Cost changes with no cost impact are line items added to the schedule of values and represent adjustments and/or penalties for failure by the DBC to conform to the PPA requirements. All other cost changes represent additional work and/or inclusion of items not previously identified and/or included in the schedule of values under the PPA at INDOT directive.

Table 11-2. Summary of Cost Changes (in $ millions)

Item	Description	Status	Schedule Impact	Amount	% of Original Bid
Pre-Construction Changes					
001	Revised Attachment 07-05, Environmental Commitments	Executed	None	$ 0.30	0.1%
002	Revised Aesthetic Design Guidelines	Executed	None	$ 0.88	0.3%
Construction Cost Changes					
003	DCR Notice 6 - Market Street Bridge	Executed	None	$ 0.25	0.1%
004	Fencing Requirements	Executed	None	$ (0.04)	0.0%
005	Added Line Item - Liquidated Damages	Executed	None	$ -	0.0%
006	Salvage & Delivery of Certain Bridge Beam Ends	Executed	None	$ 0.09	0.0%
007	Added Line Item - Quality Adjustments	Executed	None	$ -	0.0%
008	Added Line Item - Movement Charges	Executed	None	$ -	0.0%
009	MSE Wall Coping	Executed	None	$ 0.24	0.1%
010	Time Lapse Video Cameras	Executed	None	$ 0.03	0.0%
011	Salvage & Delivery of Add'l Bridge Beams, New York	Executed	None	$ 0.05	0.0%
012	ITS Communication Shelter	Executed	None	$ 0.31	0.1%
013	CSX/Ohio ITS Conduit	Executed	None	$ 0.06	0.0%
014	Truck Restriction Signs	Executed	None	$ 0.06	0.0%
015	Monster Bridge Joint Replacement	Executed	None	$ 0.39	0.1%
016	DCR Notice 28 - LMC Bridge Overlay	Executed	None	$ (0.54)	-0.2%
017	DCR Notice 36 - CSX Demolition Shielding	Executed	None	$ 0.12	0.0%
018	Revised Pavement Markings	Executed	None	$ 0.17	0.1%
019	DCR #37 Force Majeure Claim Settlment Agr./PPA Amendment #1	Executed	None	$ 18.00	5.7%
020	Revised I65 SB and NB Official Detour Route	Executed	None	$ 0.09	0.0%
021	I70 EB to Washington Street Exit Ramp MOT Revisions	Executed	None	$ 0.03	0.0%
022	Revised Local Street Detours	Executed	None	$ 0.04	0.0%
Total				**$ 20.51**	**6.5%**

Three cost changes that are executed have also been funded on the Project: 006, 011, and 019. Cost change 019 represents the first amendment to the PPA. As previously stated, this is the result of a force majeure event stemming from the COVID-19 public health outbreak. The impacts to the Project are significant material and supply chain delays. The settlement of the DBC claims resulted in $18 million payment by INDOT in three tranches, based on three milestones set in the PPA amendment 1. Each milestone's criterion must be met by the DBC in order to be eligible for payment. As of this Update, two of the three have been met and the funds paid to the DBC; $7 million and $6 million, respectively. The third is based on substantial completion by November 24,2022 with the remaining $5 million payable if met.

The other two change orders funded are related to the salvage and delivery of bridge beams for research study on shear and bearing capacity of corroded steel beams (SPR 4527) and deliver the beam ends to the Purdue University research laboratory in West Lafayette, IN. These change orders are not eligible for federal funds participation and are therefore funded with 100% state funds.

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

INTRODUCTION

This chapter addresses the changes that have caused the completion date for the Project to change since the last financial plan, the primary reason(s) for the change, actions taken to monitor and control schedule growth, and any scope changes that have contributed to this change.

There have not been any changes to the Project schedule since the prior Update.

CHAPTER 13. SCHEDULE TRENDS SINCE THE INITIAL FINANCIAL PLAN

INTRODUCTION

This chapter addresses the trends that have impacted the Project schedule since the IFP, the probable reasons for these trends, and the implications for the remainder of the Project.

The Project's schedule trends since the IFP have been steady overall with some activities extending to reflect anticipated future work as shown in discussed in Chapter 2 and no further changes have materialized.