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Eric Holcomb, Governor
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January 31st, 2023

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

Subject: I-65 Added Travel Lanes Tippecanoe County 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 Added Travel Lanes Tippecanoe County 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 Added Travel Lanes Tippecanoe County 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 Added Travel Lanes Tippecanoe County 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 of Finance
Indiana Department of Transportation



INDIANA DEPARTMENT OF TRANSPORTATION

I-65 Added Travel Lanes Tippecanoe County

2023 Financial Plan Annual Update

October 2022*

*Project cost estimates and completion schedules reflect information available as of October 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 Interstate 65 (I-65) Added Travel Lanes Tippecanoe County (the Project), including current cost estimates, expenditure data through the effective date of October 31st, 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's) Financial Plans Guidance.

PROJECT OVERVIEW

The Project will increase the capacity of I-65 from 1.33 miles north of State Road/Route (SR) 25 to 2.43 miles north of SR 43 and overlay the deck on County Road (CR) 725N over I-65 in Tippecanoe County, IN thru the addition of travel lanes, reconstruct the existing pavement, bridge deck replacement and rehabilitations, updates to interchange merge and diverge areas. The project includes added travel lanes, interchange reconstruction, pavement reconstruction, bridge deck replacement and rehabilitation, new signs, lighting, and drainage as described below.

PROJECT SPONSOR

The Indiana Department of Transportation (INDOT) is the Project Sponsor for the Project. The Project will be procured and managed by the INDOT. The Project is located in Tippecanoe County, IN.

PROJECT DETAIL

Added Travel Lanes – includes the construction of an additional travel lanes in each direction for approximately 4.25 miles, from 1.33 miles north of SR 25 to 2.43 miles north of SR 43.

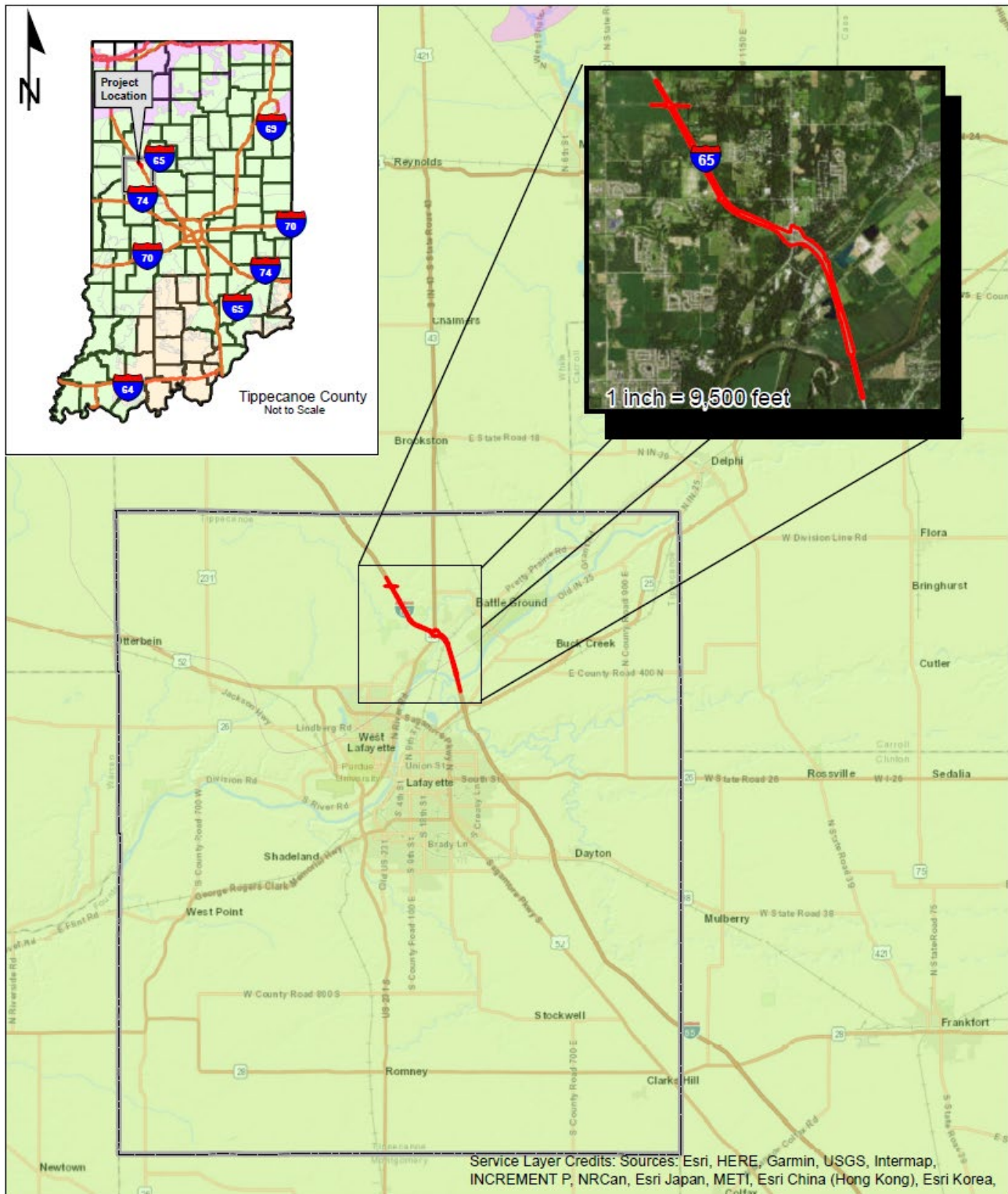
Pavement Rehabilitation and Reconstruction – includes the complete reconstruction of I-65 northbound, southbound, and the SR 43 interchange ramp driving lanes and shoulders. Prophets Rock Road will be reconstructed by lowering to obtain proper vertical clearance for the I-65 bridges over it. SR 43 from northbound to southbound ramps will be milled and resurfaced.

Bridge Replacement and Rehabilitation – includes the widening of northbound and southbound bridges over 9th Street/ CSX Railroad/ Burnett Creek/ Wabash Heritage Trail, Prophets Rock Road, and SR 43; rigid overlay of existing lanes on westbound and eastbound CR 725 N. over I-65.

Signing and Lighting – includes new signing along the corridor; three concrete median mounted overhead cantilever signs at the north limits; additional lighting will be installed along I-65 near the SR 43 interchange.

Drainage – includes the construction of a storm sewer located in the median; installation of culverts and detention basins for roadway drainage; installation of two small structures; regrading of ditches on the outside of the roadway adjacent to reconstruction of the existing roadway to accept the new underdrain outlets.

FIGURE 1-1. PROJECT MAP OVERVIEW



From an environmental standpoint this project strictly follows the [National Environmental Policy Act \(NEPA\)](#) documentation process and guidelines. A NEPA Final decision has been achieved as of the preparation of the Initial Financial Plan (IFP). The Categorical Exclusion-4 (CE) was

approved in July 2021.

PROJECT DELIVERY APPROACH

INDOT is utilizing the Design-Bid-Build (DBB) procurement process to expand capacity and safety to the facility. Under this procurement process, INDOT engages and manages a design consultant to produce design plans and supporting documents for construction. INDOT posts a Request for Proposal (RFP), to which qualified contractors may submit a sealed bid to construct the Project. INDOT will open the bids and let the contract to the lowest qualified bidder (Successful Proposer).

PROJECT HISTORY

A discussion of the project history, alternatives analysis, and public involvement can be found on the Project website found on the internet at <https://www.in.gov/indot/about-indot/central-office/welcome-to-the-crawfordsville-district/i-65-added-travel-lanes-tippecanoe-county/>.

PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT

INDOT is managing and delivering the Project. The following is additional detail on the roles and responsibilities of various parties.

- INDOT – supported by their design consultant will be responsible for all aspects of the Project.
- Design consultant – will supplement and assist INDOT personnel with technical design, shop drawing review, request for information (RFI), and change order requests. The design consultant will work under the direction of INDOT.
- Construction services consultant – will supplement and assist INDOT personnel with construction document and plan review, contract administration, construction inspection, and quality control and assurance activities. The construction services consultant will work under the direction of INDOT.
- Successful Proposer – INDOT intends to publish a RFP for construction and will identify the successful proposer at the Bid Letting on 1/12/2022.

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 Project is currently comprised of a single DBB construction contract. As shown in Table 2-1 below, the environmental and final engineering phases of work were completed by the end of July 2021. The Project construction will allow for final completion in the second quarter of State Fiscal Year (SFY) 2024, by October 30, 2023.

TABLE 2-1. PROJECT SCHEDULE OVERVIEW

| Activity / State Fiscal Year | 2021 & Prior | 2022 | 2023 | 2024 |
|------------------------------|--------------|------|-----------|------|
| Preliminary Eng./Design | IFP | | | |
| | 2023 FPAU | | | |
| Environmental | IFP | | | |
| | 2023 FPAU | | | |
| Construction | | | IFP | |
| | | | 2023 FPAU | |
| Utility & Railroad | IFP | | | |
| | 2023 FPAU | | | |

2023 FINANCIAL PLAN UPDATE

There is one change to report on the Project Schedule from the IFP. The railroad coordination work at 9th Street is ongoing as the construction of the bridge over 9th Street and railroad continues.

PROCUREMENT SCHEDULE

The INDOT awarded a construction contract in January 2022 as shown in the procurement schedule below (see Table 2-2). The Project does not require permanent right of way (RW) acquisitions within the project limits. Further, utility relocations associated with this Project have been cleared. Table 2-2 provides the current procurement schedule for the Project.

TABLE 2-2. PROCUREMENT SCHEDULE

| Schedule Item | IFP | FPAU |
|------------------------------|------------|------------|
| Consultant Notice to Proceed | 4/20/2020 | 4/20/2020 |
| Engineer's Report | 6/12/2020 | 6/12/2020 |
| Stage 1 Plans | 9/21/2020 | 9/21/2020 |
| Preliminary Field Check | 11/17/2020 | 11/17/2020 |
| Stage 2 Plans | 3/3/2021 | 3/3/2021 |
| Final Field Check | 4/29/2021 | 4/29/2021 |
| Stage 3 Plans | 6/10/2021 | 6/10/2021 |
| Final Tracings | 8/9/2021 | 8/9/2021 |
| Ready for Contracts | 11/3/2021 | 11/3/2021 |

| Schedule Item | IFP | FPAU |
|---------------------|------------|------------|
| Letting | 1/12/2022 | 1/12/2022 |
| Contract Completion | 10/30/2023 | 10/30/2023 |

2023 FINANCIAL PLAN UPDATE

There are no changes to report on the Procurement Schedule from the IFP.

PERMITS AND APPROVALS

The CE-4 was completed in July 2021. All permitting activity will be carried out in accordance with the CE-4. The RFP for construction includes provisions to ensure compliance with all NEPA commitments. The INDOT has applied for permits with key federal regulatory agencies. The permits and notifications that may be required by the CE-4 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 |
| Indiana Department of Environmental Management | Section 401 Water Quality Certification | INDOT |
| Indiana Department of Environmental Management | Rule 5 National Pollution Discharge Elimination System | INDOT |
| Indiana Department of Natural Resources | Construction in a Floodway Permit | INDOT |

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 \$112.62 million in year of expenditure (YOE) dollars. Unless otherwise stated in this financial plan, all monies are shown in YOE. This cost estimate includes the most current project phasing and anticipated schedule. Table 3-1 below provides an overview of costs, broken down by activity. The cost estimate was developed as part of final design.

TABLE 3-1. PROJECT COST ESTIMATE BY ACTIVITY (IN \$ MILLIONS)

| Activity | IFP | 2023 FPAU |
|--------------------------|-----------------|-----------------|
| Preliminary Engineering | \$ 6.32 | \$ 6.27 |
| Construction | \$ 100.46 | \$ 99.42 |
| CEI, Admin & Prog. Costs | \$ 6.25 | \$ 6.43 |
| Utility & Railroad | \$ 0.65 | \$ 0.50 |
| Project Total | \$113.68 | \$112.62 |

2023 FINANCIAL PLAN UPDATE

The Project costs estimate has reduced since the IFP. The primary decrease comes from the letting/award of the construction (CN) contract of \$1.04 million less than the IFP. Other reductions were realized in utility and railroad \$0.15 million, and preliminary engineering (PE) \$0.05 million. The construction engineering and inspection (CEI) costs have increased over the IFP by \$0.18 million. The net change is \$1.06 million less than the IFP.

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 activities. The methodology for each element is further described below in Table 3-2.

TABLE 3-2. COST ESTIMATING METHODOLOGY

| Cost Elements |
|---|
| Engineering and Design |
| <i>Preliminary and final engineering design services.</i> |
| Preliminary engineering and final design are not part of the DBB contract. These services were previously provided by consultants from competitive bids. Engineering and design cost estimates are currently estimated at 5.9% of the construction cost estimate. |
| Design Program Management |
| <i>Cost to state for services of the General Engineering Consultant (GEC) during the design phase and miscellaneous departmental program management costs.</i> |

Cost Elements

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 construction phase of the Project.

Construction Administration and Inspection costs are estimated at 6.4% of the construction cost estimate.

Construction

Estimated cost of construction.

Construction estimates reflect current prices inflated for YOE utilizing a large DBB contract model.

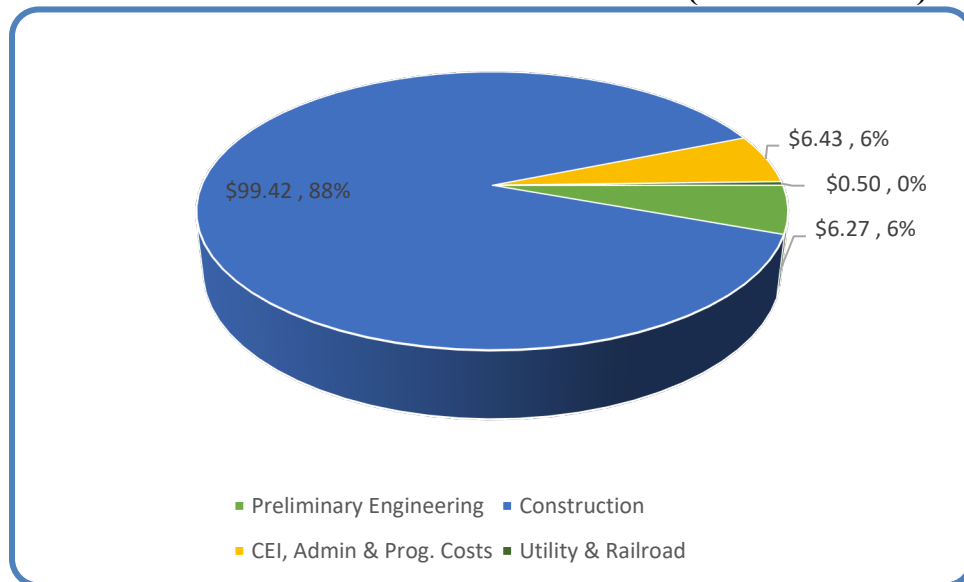
Construction Contingency

Contingency to cover additional construction services in the event unforeseen circumstances arise that result in additional cost.

Construction contingency estimates are based on the level of engineering undertaken 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 to evaluate the overall potential cost impact.

Figure 3-1 illustrates the Project cost estimate by activity. CN accounts for 88%, CEI and PE each at 6%, and utility and railroad at 0% of the total cost elements.

FIGURE 3-1. PROJECT COST ESTIMATE BY ACTIVITY (IN \$ MILLIONS)



PROJECT EXPENDITURES

Table 3-3 shows the breakdown of costs for the Project annually by activity and SFY, respectively. As shown, approximately \$14.31 million has been expended on the Project through the end of SFY22. Anticipated expenditures in future years are summarized in the table as well. In addition, approximately \$98.31 million more is anticipated to be obligated and expended through SFY24. Construction accounts for most at \$91.15 million. The remainder of the anticipated expenditures are for PE, CEI, and utility relocations.

TABLE 3-3. PROJECT COST ESTIMATE BY FISCAL YEAR (IN \$ MILLIONS)

| Activity / Fiscal Year | 2021 & Prior | 2022 | 2023 | 2024 | Total |
|--------------------------|----------------|----------------|-----------------|-----------------|------------------|
| Preliminary Engineering | \$ 4.53 | \$ 1.33 | \$ 0.41 | \$ - | \$ 6.27 |
| Construction | \$ - | \$ 8.26 | \$ 73.52 | \$ 17.63 | \$ 99.42 |
| CEI, Admin & Prog. Costs | \$ - | \$ 0.16 | \$ 5.00 | \$ 1.26 | \$ 6.43 |
| Utility & Railroad | \$ 0.01 | \$ 0.01 | \$ 0.48 | \$ - | \$ 0.50 |
| Total Costs | \$ 4.54 | \$ 9.77 | \$ 79.42 | \$ 18.89 | \$ 112.62 |

2023 FINANCIAL PLAN UPDATE

The Project costs estimate has reduced and spread among more SFY periods since the IFP. With CN anticipated to be completed by October 2024, it is reasonable the expenditures will continue into the first half of SFY24. SFY22, SFY21 and prior represent actual expenditures. SFY23 is a mix of actual expenditures, obligated funds not yet expended (encumbrances), and any programmed funds not yet obligated. SFY24 represents the expenditure of carried over encumbrances.

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 Update 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 that 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 CE-4,
- 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 DBB delivery method selected by Indiana has the potential of providing private sector innovation, efficiencies, and cost effectiveness with the best value to taxpayers.

PROCUREMENT APPROACH AND FINANCING

The Project will be procured using a DBB procurement model. Under this model, INDOT will make progress payments to a contractor as work is progressed constructing a facility in accordance with the performance standards set forth in the Scope of Services.

A combination of state and federal funds will be used to make progress payments to the contractor. 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 primarily from the [National Highway Performance Program \(NHPP\)](#) , [Highway Safety Improvement Program \(HSIP\)](#), and the [American Rescue Plan Act \(ARPA\)](#) funds.

STATE TRANSPORTATION AND FEDERAL-AID FORMULA FUNDING

ARPA, NHPP, and HSIP combined with state funding from gas and wheel taxes will be used to fully fund the project. The Federal to non-Federal funds ratio of 93.3% to 6.7% as of this Update is anticipated as described below in Table 4-1. The split is the result of current funding amounts authorized under Advanced Construction (AC) (see Chapter 6), which are not considered Federal

funds until converted to Federal. 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.

2023 FINANCIAL PLAN UPDATE

An estimated \$112.62 million of federal-aid highway formula, state transportation, and other federal funds are reasonably expected to be available to the Project (see Table 4-1). This includes \$54.27 million of funds obligated through SFY22. Any funds authorized with FHWA under AC are shown as State funds until they are converted to obligation limitation. Currently this amount is \$0.14 million (see Table 6-2).

TABLE 4-1. FEDERAL AND STATE FUNDING (IN \$ MILLIONS)

| Fund Type / State Fiscal Year | 2021 & Prior | 2022 | 2023 | Total |
|--------------------------------|----------------|----------------|----------------|-----------------|
| <i>Federal</i> | | | | |
| NHPP | \$ 0.04 | \$ 7.67 | \$ 0.15 | \$ 7.86 |
| HSIP | \$ 0.01 | \$ 0.77 | \$ - | \$ 0.79 |
| STBGP | \$ - | \$ 0.10 | \$ - | \$ 0.10 |
| IM | \$ 0.10 | \$ 0.00 | \$ - | \$ 0.10 |
| ARPA | \$ - | \$ 38.03 | \$ 58.18 | \$ 96.21 |
| Subtotal, Federal Funds | \$ 0.15 | \$46.58 | \$58.33 | \$105.07 |
| <i>State</i> | | | | |
| State Funds | \$ 6.14 | \$ 1.40 | \$ 0.01 | \$ 7.55 |
| Subtotal, State Funds | \$ 6.14 | \$ 1.40 | \$ 0.01 | \$ 7.55 |
| Grand Total | \$ 6.29 | \$47.98 | \$58.34 | \$112.62 |

PROGRESS PAYMENTS

The progress payments will be 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 [2022-2026 Statewide Transportation Improvement Program \(STIP\)](#), as well as the [2022-2026 Area Plan Commission of Tippecanoe County \(APCTC\) Transportation Improvement Plan \(TIP\)](#).

FEDERAL DISCRETIONARY FUNDING

The Project has utilized funding outside of federal-aid formulary and state transportation funds appropriated to INDOT from the ARPA. These funds are from the U.S. Treasury and considered discretionary. As Table 4-1 above illustrates, \$96.21 million are planned to be used on this Project for CN with a little more than \$19 million expended to date.

RISKS ASSOCIATED WITH FUNDING AVAILABILITY

The risks associated with funding availability are minimal to the Project. Funding has been committed and obligated on the Project from INDOT’s biennial State appropriations, federal-aid apportionments, and ARPA allocation (a federal funds source). The largest risk would be to other project’s funding if funds availability becomes an issue. In this case, the INDOT would move out affected projects planned lettings.

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 federal aid 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 construction cash flow schedule for the Project and an overview of the planned sources of funds.

ESTIMATED SOURCES AND USES OF FUNDING

A 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 anticipated to be fully funded through public funds contribution. The following sources of funds will fund construction and other development costs.

TABLE 6-1. ESTIMATED PROJECT SOURCES AND USES OF FUNDS (IN \$ MILLIONS)

| Source of Funds | IFP | 2023 FPAU | \$ Change from IFP | % Change from IFP |
|----------------------------------|------------------|-----------------|-----------------------|----------------------|
| IN State & Federal Formulary | \$ 113.68 | \$ 16.41 | \$ (97.27) | -85.6% |
| IN State & Federal Discretionary | \$ - | \$ 96.21 | \$ 96.21 | - |
| Source of Funds Subtotal | \$ 113.68 | \$112.62 | \$ (1.06) | -0.9% |
| Uses of Funds | | | | |
| Design and Construction Costs | \$ 107.43 | \$ 106.19 | \$ (1.24) | -1.2% |
| Construction Oversight | \$ 6.25 | \$ 6.43 | \$ 0.18 | 2.8% |
| Uses of Funds Subtotal | \$ 113.68 | \$112.62 | \$ (1.06) | -0.9% |

2023 FINANCIAL PLAN UPDATE

As illustrated in Table 6-1, this Update realized a \$1.06 million decrease in the sources and uses of funds over the IFP. This is primarily a result of a favorable letting/award. The effect to the Project sources and uses of funds is a 0.9% decrease.

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 obligation limitation 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 the Project through October 31, 2022. As shown, the Project currently has \$0.14 million in authorized AC funds.

TABLE 6-2. ADVANCED CONSTRUCTION FUNDING STATUS (IN \$ MILLIONS)

| Funding Method | Amount AC'd to Date | Amount Converted to Date | Amount Remaining in AC |
|-------------------------|---------------------------|--------------------------------|------------------------------|
| INDOT AC Authorizations | \$ 8.84 | \$ 8.70 | \$ 0.14 |

PROJECTED CASH FLOWS

Table 6-3 summarizes the prior, current, and anticipated total, annual cash outlays for the Project and does not reflect the cash flow timing effects of the various financing mechanisms but rather the underlying total Project expenditures. As shown, the INDOT will have fully funded the Project by the end of SFY23. Further, the CN and CEI will continue into SFY24 using encumbrances carried over from prior SFY.

TABLE 6-3. CASH FLOWS (IN \$ MILLIONS)

| Revenues | 2021 & Prior | 2022 | 2023 | 2024 | Total |
|--------------------------------|--------------|----------|----------|----------|-----------|
| Carry Forward | | \$ 1.75 | \$ 39.97 | \$ 18.89 | |
| INDOT Funding | \$ 6.29 | \$ 47.98 | \$ 58.34 | \$ - | \$ 112.62 |
| Revenue Subtotal | \$ 6.29 | \$ 47.98 | \$ 58.34 | \$ - | \$ 112.62 |
| Total Revenue Available | \$ 6.29 | \$ 49.73 | \$ 98.31 | \$ 18.89 | |
| Expenditures | | | | | |
| Preliminary Engineering | \$ 4.53 | \$ 1.33 | \$ 0.41 | \$ - | \$ 6.27 |
| Construction | \$ - | \$ 8.26 | \$ 73.52 | \$ 17.63 | \$ 99.42 |
| CEI, Admin, Prgm | \$ - | \$ 0.16 | \$ 5.00 | \$ 1.26 | \$ 6.43 |
| Utility & Railroad | \$ 0.01 | \$ 0.01 | \$ 0.48 | \$ - | \$ 0.50 |
| Expenditures Subtotal | \$ 4.54 | \$ 9.77 | \$ 79.42 | \$ 18.89 | \$ 112.62 |
| Net Cash Flow | \$ 1.75 | \$ 39.97 | \$ 18.89 | \$ - | |

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As shown in Table 6-3 the INDOT has expended (expenditures) \$14.31 million, obligated and encumbered \$54.27 million (revenues) through SFY22 on the Project. The remaining Project funding of \$58.34 million (revenues) are anticipated to be fully obligated by the end of SFY23 and expended through SFY24 for contract completions. As illustrated the Project had funding to carry over from SFY21 (\$1.75 million) and 22 (\$39.97 million). It is further anticipated that there will be funding carry over into SFY24 as the Project nears and reaches completion.

Table 6-4 shows the Project cash flows from the IFP compared to those in this Update. In comparison to this Update, the Project's funding and expenditures have partially shifted forward approximately one SFY. This is attributed to the funding sources having changed from those identified in the IFP, primarily to ARPA (a planned action, see the IFP), although spread over two SFY as opposed to one. This change is also reflective of the Project revenues and expenditures from the IFP to the setup post letting.

TABLE 6-4. CASH FLOWS COMPARISON WITH IFP (IN \$ MILLIONS)

| | 2021 & Prior | 2022 | 2023 | 2024 | Total |
|-------------------|--------------|-----------|------------|------------|-----------|
| IFP Funding | \$ 6.35 | \$ 107.33 | \$ - | \$ - | \$ 113.68 |
| IFP Expenditures | \$ 4.54 | \$ 70.89 | \$ 38.25 | \$ - | \$ 113.68 |
| IFP Carryover | \$ 1.81 | \$ 36.44 | \$ (38.25) | \$ - | \$ - |
| FPAU Funding | \$ 6.29 | \$ 47.98 | \$ 58.34 | \$ - | \$ 112.62 |
| FPAU Expenditures | \$ 4.54 | \$ 9.77 | \$ 79.42 | \$ 18.89 | \$ 112.62 |
| FPAU Carryover | \$ 1.75 | \$ 38.21 | \$ (21.07) | \$ (18.89) | \$ - |

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

The 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; construction cost certainty; and the transfer of various risks to the private sector, such as design and construction risk. As a result, the project is not being procured as a P3 but is utilizing a DBB delivery method.

LEGISLATIVE AUTHORITY

The P3 Program operates within the general legal framework set forth in the Indiana Code (IC). The 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, where it is appropriate, its appropriations towards a project. 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. The INDOT will be the procuring agency and will be responsible for the technical aspects of the procurement. INDOT has an established P3 Department that resides within the [Major Projects Delivery Division](#). Both the P3 Department and the Major Projects Delivery Division are responsible for delivering and overseeing P3s at INDOT.

BENEFITS – DISADVANTAGES COMPARISON

The Project is being procured using a DBB 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 construction 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 was 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 is able to 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 construction 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 construction of similar projects and are incentivized to use these efficiencies and economies of scale to achieve lower costs.

- **Improved accountability:** One party, the Successful 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 Successful 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 contract. The contract governs rights and obligations associated with the asset for the length of the contract. As a result, the procurement timeline can take longer for innovative 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 costs, 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 proposers.

RISK LOCATION 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 | |
|---------------------------------------|--|
| Project Complexity | Is the project sufficiently complex in terms of technical and/or financial requirements to effectively leverage private sector innovation and expertise? |
| 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? |
| Transportation Priorities | Is the project consistent with overall transportation objectives of the State? |

| High Level Project Screening Criteria | |
|---------------------------------------|---|
| | Does the project adequately address transportation needs? |
| Project Efficiencies | Would the P3 delivery method help foster efficiencies through the most appropriate transfer of risk over the project life cycle? |
| | Is there an opportunity to bundle projects or create economies of scale? |
| 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? |
| Funding Requirement | Does the project have revenue generation potential to partially offset the public funding requirement if necessary? |
| | 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? |
| 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? |

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 current 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 Figure 7-2.

TABLE 7-2. INDOT P3 SCREENING CRITERIA – STEP TWO

| Detail Project Screening Criteria | |
|-----------------------------------|--|
| 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? |
| | Does the project support improving safety, reducing congestion, increasing capacity, providing accessibility, improving air quality, improving pedestrian biking facilities, and/or enhancing economic efficiency? |
| Public Benefits | Will this project bring a transportation benefit to the community, the region, and/or the state? |
| | Does the project help achieve performance, safety, mobility, or transportation demand management goals? |
| | Does this project enhance adjacent transportation facilities or other modes? |
| Economic Development | Will the project enhance the State's economic development efforts? |
| | Is the project critical to attracting or maintaining competitive industries and businesses to the region, consistent with stated objectives? |
| Market Demand | Does sufficient market appetite exist for the project? Are there ways to address industry concerns? |
| 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? |
| | What strategies are proposed to involve local, state and/or federal officials in developing this project? |
| | Has the project received approval in applicable local and/or regional plans and programs? |

| Detail Project Screening Criteria | |
|-----------------------------------|---|
| | Is the project consistent with federal agency programs or grants on transportation (FHWA, FTA, MARAD, FAA, FRA, etc.)? |
| Legislative Factors | Are there any legislative considerations that need to be taken into account such as tolling, user charges, or use of public funds? |
| | Is legislation needed to complete the project? |
| 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? |
| | Is the proposed schedule for project completion clearly outlined and feasible? |
| | Does the proposed design appear to be technically sound and consistent with the appropriate state and federal standards? |
| | Is the project consistent with applicable state and federal environmental statutes and regulations? |
| | Does the project identify the required permits and regulatory approvals and a reasonable plan and schedule for obtaining them? |
| | Does the project set forth the method by which utility relocations required for the transportation facility will be secured and by whom? |
| Financial Feasibility | Are there public funds required and, if so, are the State's financial responsibilities clearly stated? |
| | Is the preliminary financial plan feasible in that the sources of funding and financing can reasonably be expected to be obtained? |
| Project Risks | Are there any particular risks unique to the projects that have not been outlined above that could impair project viability? |
| | Are there any project risks proposed to be transferred to INDOT that are likely to be unacceptable? |
| Term | Does the project include a reasonable term of concession for proposed operation and maintenance? |
| | Is the proposed term consistent with market demand, providing a best value solution for the State? |
| | Is the proposed term optimal for a whole-of-life approach? |

Using the aforementioned standard INDOT screening process it was determined that the Project is not a strong candidate for P3 delivery but is for an alternative procurement method. Table 7-3 below provides additional considerations to the Project utilizing and alternative delivery model.

TABLE 7-3. INDOT P3 PROJECT CONSIDERATIONS

| Design-Build Project Considerations | |
|-------------------------------------|--|
| Technical Considerations | Considerations pertaining to project complexity, design, schedule acceleration, cost savings, and 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 DBB delivery for the following reasons:

- The project is large and located in a high traffic volume area (with high truck traffic volume at about 40% of total traffic).
- An accelerated construction schedule would help to limit construction impacts to stakeholders and while addressing safety concerns during the construction period.
- Maintenance of traffic is a challenge; the multiple work types included in the project could benefit from a high level of multi-discipline coordination and integrated approach to construction 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 the region's larger players and is likely to attract a strong pool of proposers willing to bid under a DBB model.

Therefore, the INDOT identified the DBB 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. Aside from funding, other market conditions factor into the procurement method. The construction labor market conditions are currently saturated with several other major construction projects in the regional area. Two of these projects are P3 projects which reduces the viability of another P3 or alternative proposer entering the area. The current issues around supply chain disruptions presents a market condition to which proposers could view negatively in their schedule and bid.

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 MITIGATION STRATEGIES

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

TABLE 8-1. PROJECT COST – RISKS AND RESPONSE STRATEGIES

| Risk | Mitigation Strategy | Likelihood of Occurrence | Impact of Occurrence |
|---|---|-------------------------------|----------------------|
| Original Cost Estimates | | Retired; did not materialize. | |
| Inflation | | | |
| 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 construction 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 |
| Cost Overruns During Construction | | | |
| Cost overruns after start of construction could result in insufficient upfront funds to complete the project. | A DBB or progress payment concession structure helps transfer much of this risk from the public to the private sector successful proposer. | Medium | Low |
| Materials Supply Chain | | | |
| Supply chain disruptions could delay completion of the project or increase the cost of materials. | Some manufacturing was halted due to the COVID-19 health crisis while others experienced historical labor shortages. The affects have disrupted a number of industry supply chains for materials and as result prices are volatile, and receipt of goods are not time guaranteed. Longer than normal advertisement periods are scheduled for the letting. This will provide for longer planning and procurement lead times. | High | Medium |

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The Project cost risk of Original Cost Estimates lower than bids received has been retired since the IFP as the Project had a successful letting.

PROJECT SCHEDULE RISKS AND MITIGATION STRATEGIES

The following risks have been identified below in Table 8-2 as those that may affect Project

schedule and, therefore, the ability of the Project Sponsor to deliver the Project on a timely basis.

TABLE 8-2. PROJECT SCHEDULE – RISKS AND RESPONSE STRATEGIES

| Risk | Mitigation Strategy | Likelihood of Occurrence | Impact of Occurrence |
|---|---|---------------------------------|-----------------------------|
| Litigation | | Retired; did not materialize. | |
| Unanticipated Site Conditions | | | |
| Unanticipated geotechnical conditions could be encountered, potentially delaying the schedule or increasing costs. | Geotechnical investigations have been conducted on the Project, and preliminary results do not indicate any significant problems. | Medium | Low |
| Hazardous Materials | | | |
| Both known and unknown hazardous materials could delay the Project and/or lead to additional costs. | Investigations have been conducted on identified sites and preliminary results do not indicate any significant problems. | Low | Low |
| Schedule Coordination | | | |
| Due to the size and complexity of the Project, poor project scheduling and coordination could delay the Project schedule. | A DBB or progress payment concession structure helps transfer much of this risk from the public to private sector DBB. The project team has held constructability reviews with the District and Central Office to maximize construction schedule. | Medium | High |
| 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) and traffic management plan (TMP) have been completed between design team and INDOT. Temporary, night-time lane closures have been evaluated and found to be the safest means of construction while mitigating traffic queuing. | Medium | Medium |
| Coordination with Adjacent Projects | | | |
| Wabash River Bridge and Burnett Creek Bridge construction | Bridge construction at these two locations are near completion. The Project team has coordinated design and responsibilities. Furthermore, efficiencies in construction cost have been coordinated such as moving lane merge signs and foundations only once. | Medium | Low |

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The Project schedule risk of Litigation has been retired since the IFP as the Project had a successful letting without any lawsuits filed within the statutory protest period.

FINANCING RISKS AND MITIGATION STRATEGIES

Table 8-3 below discusses risks that may negatively affect the Project Sponsor’s ability to fund the Project cost effectively. For each risk, this 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 | | | |
| The state has identified and committed various levels of conventional funding for the Project within the timeframe of its budget planning cycle. Funding beyond this period is subject to appropriation risk. | Within procedural limitations, the state has demonstrated a strong commitment to ensuring that the Project is delivered given the investment of funds to date. INDOT has included the Project in its internal budgeting and financial control systems at the requisite funding levels. In addition, all anticipated funding amounts are reflected in Indiana’s fiscally constrained STIP and the TIP for the metropolitan region. | Low | Medium |
| Availability of State Highway & Tolling Funding | | | |
| Uncertainty surrounding the availability of state highway and tolling revenues due to public health crisis and/or recession will have an impact on the risk level of the finance plan for the Project. | Strategies to mitigate changes include but are not limited to; acquisition of additional funds and modifying other project’s timelines to manage cash flows, utilize available cash management techniques, including but not limited to AC and TM, to manage the timing of cash needs against the availability of federal and state funds. These techniques provide INDOT authority to “concurrently advance projects” | Medium | High |

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The Project financing and revenue risks remain unchanged from the IFP.

PROCUREMENT RISKS AND STRATEGIES

The risks shown below in Table 8-4 may affect the Project Sponsor’s ability to implement the Project due to risks associated with the procurement of the Project through a DBB procurement model.

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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The Project procurement risk of Delay in Procurement has been retired from the IFP as it was not realized. The INDOT received affordable bids with a successful letting and subsequent award.

IMPACT ON STATEWIDE TRANSPORTATION PROGRAM

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 the IFP are reasonably expected to be available, and without adverse impacts on the State's overall transportation program or other funding commitments. Indiana has provided 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 considers the needs of the overall transportation program and other projects throughout the State. INDOT is using the biennium appropriations for progress payments showing that Indiana has allocated these appropriations out of INDOT's Capital Program. INDOT estimates that these payments will be 1.4% of its capital program. Funding for the Project from INDOT federal authorizations has been 0.4% of the NHPP, STBGP, and HSIP each. In addition to being reflected in internal budget and financial control systems, all anticipated funding amounts are reflected in the [STIP](#), as well as the [APCTC TIP](#).

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 October 31, 2022. Future updates will be submitted to FHWA by January 31 each year.

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

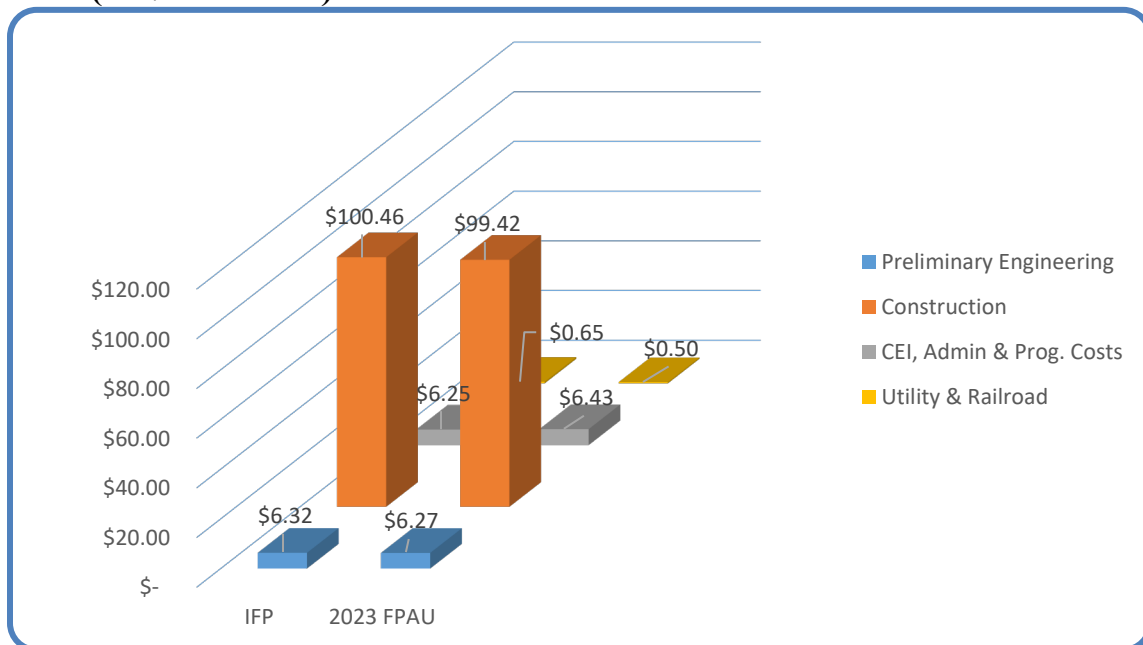
INTRODUCTION

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

Since the IFP, the most recent Plan, the Project has realized overall decrease in costs. One activity did realize a cost increase but was offset by the decreases in other activities as shown in Figure 10-1.

- PE – decrease of \$44.6 thousand from closeout of project development services purchase order (PO),
- CN – decrease of \$1.04 million for contract award,
- CEI – increase of \$175 thousand for structural member fabrication inspection and pile testing services,
- Utilities – decrease of \$150 thousand for railroad agreement.

FIGURE 10-1. COST ESTIMATE COMPARISON BY ACTIVITY TO THE PRIOR UPDATE (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.

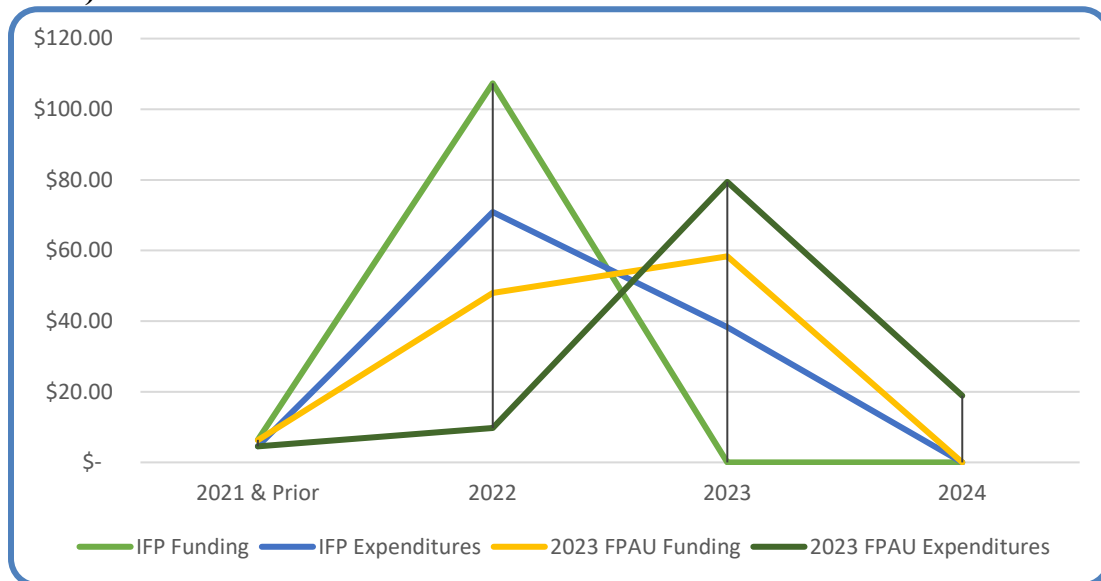
Since the IFP, the Project has realized a \$1.06 million decrease, -0.9% of the IFP presented costs, as shown in Table 11-1, in costs and funding. The decrease, as discussed in Chapter 10, is primarily due to the award of the CN contract.

TABLE 11-1. COST ESTIMATE COMPARISON TO THE IFP (IN \$ MILLIONS)

| Phase | IFP | 2023 FPAU | \$ Change from IFP | % Change from IFP |
|--------------------------|------------------|------------------|--------------------|-------------------|
| Preliminary Engineering | \$ 6.32 | \$ 6.27 | \$ (0.04) | -0.7% |
| Construction | \$ 100.46 | \$ 99.42 | \$ (1.04) | -1.0% |
| CEI, Admin & Prog. Costs | \$ 6.25 | \$ 6.43 | \$ 0.18 | 2.8% |
| Utility & Railroad | \$ 0.65 | \$ 0.50 | \$ (0.15) | -23.1% |
| Project Total | \$ 113.68 | \$ 112.62 | \$ (1.06) | -0.9% |

The trends that have impacted the Project costs and funding since the IFP are attributable to the work type/s involved under this Project. All work is within existing RW. The only new work are culverts. These factors tend to have a lower likelihood of unknowns arising from design to construction. This results in more robust engineer’s estimates and funding more in line with bids and/or negotiated contracts. The implications for the remainder of the Project are steady cost and funding trends barring any extreme, unforeseen event. This trend is demonstrated below in Figure 11-1.

FIGURE 11-1. FUNDING AND EXPENDITURES COMPARISON WITH THE IFP (IN \$ MILLIONS)



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.

The Project's schedule has not changed since the IFP (most recent). The critical path method (CPM) scheduling for CN with monthly reviews between the Successful Proposer and INDOT are utilized to monitor and control schedule growth.

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 with letting and completion dates unchanged. The railroad flagging for construction work in a particular location is ongoing until the work on the bridge is done. This is a change from the IFP as noted in Chapter 2. The implications for the remainder of the Project are that it is not likely more time will be necessary to complete the Project.