



# INDIANA DEPARTMENT OF TRANSPORTATION

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**Eric Holcomb, Governor**  
**Joe McGuinness,**  
**Commissioner**

October 15<sup>th</sup>, 2021

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

Subject: Clear Path I-465 Added Travel Lanes & I-69 Interchange Reconfiguration Project Initial Financial Plan Letter of Certification

Dear Mr. Hannon:

The Indiana Department of Transportation has developed a comprehensive Initial Financial Plan for the Clear Path 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 Initial Financial Plan provides an accurate basis upon which to schedule and fund the Clear Path 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 Initial Financial Plan as submitted herewith, fairly and accurately presents the financial position of the Clear Path Project, cash flows, and expected conditions for the project's life cycle. The financial forecasts in the Initial Financial Plan are based on our judgment of the expected project conditions and our expected course of action. We believe that the assumptions underlying the Initial Financial Plan are reasonable and appropriate. Further, we have made available all significant information that we believe is relevant to the Initial Financial Plan and, to the best of our knowledge and belief, the documents and records supporting the assumptions are appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Smith".

Mike Smith  
CFO, Deputy Commissioner of Finance  
Indiana Department of Transportation



# I-465 / I-69 Clear Path Project

## Project Initial Financial Plan\*

\*Project cost estimates and completion schedules reflect information available as of June 30, 2021.

Submitted to:  
**Federal Highway Administration**

Submitted by:  
**Indiana Department of  
Transportation**



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## CHAPTER 1. PROJECT DESCRIPTION

### INTRODUCTION

*This document presents the Initial Financial Plan (IFP) for the Clear Path Interstate (I)-465/I-69 Interchange Modification and Added Travel Lanes (ATL) Project (the Project), including current cost estimates, expenditure data through the effective date of June 30, 2021, the current schedule for delivering the Project, and the financial analyses developed for the Project. This IFP has been prepared generally in accordance with FHWA's Financial Plans Guidance.*

### PROJECT OVERVIEW

The Clear Path Project is in Indianapolis, Marion County, Indiana. The interchange is a system interchange located on the northeast side of Indianapolis connecting I-69 to I-465. The interchange also has a service interchange within the system interchange that connects to Binford Boulevard to the south.

The proposed Clear Path 465 project includes added travel lanes on I-465 from the White River Bridge (approximately 2.4 miles west of I-69) to Fall Creek (approximately 2.15 miles south of I-69) on the northeast side of Indianapolis. Portions of I-69 will be reconstructed between I-465 and 82nd Street (Exit 201) to accommodate a modified I-465 & I-69 interchange configuration. The Clear Path project will deliver improved overall traffic operations and enhanced safety.

### PROJECT SPONSOR

The Indiana Department of Transportation (INDOT) is the Project Sponsor for the Project. The Project will be procured and managed by INDOT. The Project extends through Marion County, IN.

### PROJECT DETAIL

The Project Area on I-465 begins approximately 2.4 miles west of I-69 at the east end of the I-465 bridge over the White River and continues east through the I-465/I-69 interchange and south to the north end of the I-465 bridge over Fall Creek Road which is approximately 2.15 miles south of the I-465/I-69 interchange. The Project Area on Binford Boulevard begins approximately 2,000 feet south of 75th Street and continues north to I-69. The Project Area on I-69 begins just north of I-465 and continues north to a location where the proposed lanes tie into the existing lanes between 82nd Street and 96th Street. The interchange ramps at I-465/Allisonville Road and I-69/82nd Street will be modified to accommodate added travel lanes on I-465 and I-69.

The Project will be delivered in two major contracts:

- Contract 1:
  - Contract 1 includes I-465 mainline construction (excepting the I-465/I-69 interchange), Allisonville Road Ramp construction, Castleton Road construction, 71<sup>st</sup> Street construction, White River Bridge Approach Slab construction, Allisonville Road Bridge Thin Deck Overlay, Utility relocation, ITS, Lighting, and temporary ramp construction for Maintenance of Traffic continuity.
- Contract 2:

- Contract 2 includes the I-465/I-69 interchange construction, I-69 construction, 82<sup>nd</sup> Street Ramps construction, Binford Boulevard construction, Final grading and stabilization, Pavement Striping, Permanent Signing, ITS, Lighting, and Notice of Termination.

Smaller portions of the overall work have been separated into their own kin Designation Numbers (e.g., Bridges and Traffic items), but are still reflected as part of the overall Contract 1 and Contract 2 separation.

### **PROJECT DELIVERY APPROACH**

INDOT is utilizing the Design-Bid-Build (DBB) procurement process to expand capacity and safety to this 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.

### **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/3654.htm>.

### **PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT**

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

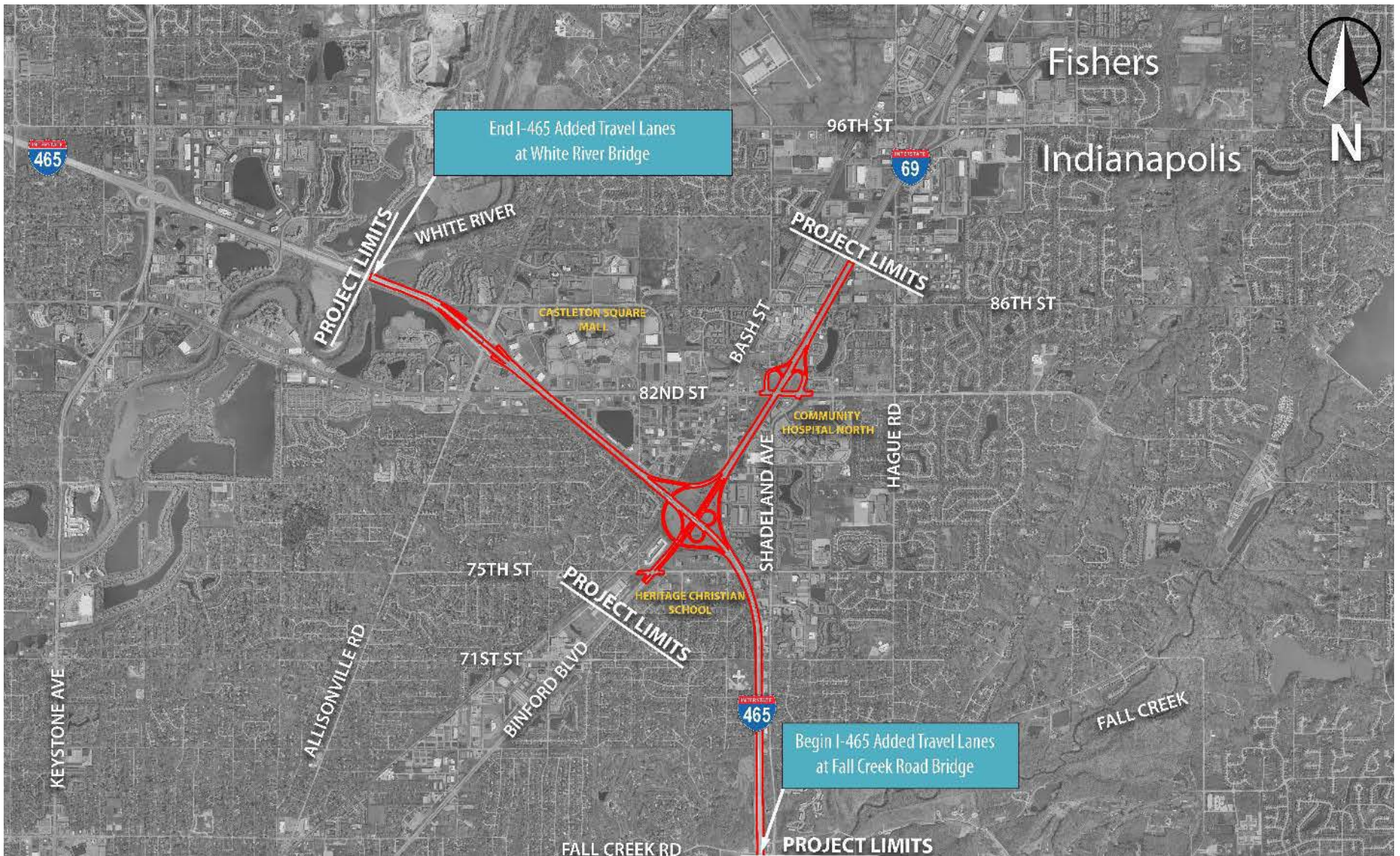
- **INDOT** supported by their Design Consultant (described below), will be responsible for all aspects of the Project.
- **Design Consultant** will supplement and assist INDOT personnel with technical design, shop drawing review, requests for information (RFIs), and Change Order Requests. The Design 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 quality assurance activities. The Construction Services Consultant will work under the direction of INDOT.
- **Successful Proposer** – INDOT intends to publish a Request for Proposal (RFP) for Contract 1 (DES 1400075, Contract R-38526) on 10/20/2021 and identifying the Successful Proposer at the Bid Letting on 12/8/2021. The Contract 2 (DES 2002592, Contract R-43518) Bid Letting is scheduled for 11/16/2022.

### **FEDERAL MILESTONE APPROVALS**

The following federal milestone approvals and their status are listed below.

- Interstate Access Document (IAD) – Approved April 22, 2021
- Finding of No Significant Impact (FONSI) – Received January 15, 2021

Figure 1-1. Clear Path Project Map



## 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 DBB procurement model, spread across two contracts. Substantial completion of Contract 1 is expected by November 2023 and substantial completion of Contract 2 is expected by November 2025, as shown in Table 2-1 below. The State Fiscal Year (SFY) is from July 1<sup>st</sup>, 2020 through June 30<sup>th</sup> 2021 for SFY 2021.

**Table 2-1. Project Schedule Overview**

Phase / State Fiscal Year	2021 & Prior	2022	2023	2024	2025	2026
Environmental	IFP					
Preliminary Design	IFP					
Final Design - Contract 1	IFP					
Final Design - Contract 2	IFP					
Right of Way	IFP					
Utility & Railroad Relocations		IFP				
Construction - Contract 1			IFP			
Construction - Contract 2				IFP		

Contracts 1 and 2 are scheduled for letting in December 2021 and November 2022, respectively (see Table 2-2). The FONSI was received in January 2021, and environmental permit coordination will continue into 2022 to accommodate both contracts. INDOT intends for the permitting, right-of-way acquisition, and utility relocations – as they pertain to each contract – to be complete before the letting for each contract.

### PROJECT DELIVERY

INDOT has evaluated various contracting and funding methods permitted under current Indiana law. As a result, the Project is being procured as a DBB contract. Table 2-2 provides the current procurement schedule.

**Table 2-2. Procurement Schedule**

Schedule Item	IFP	
	<u>Contract 1</u>	<u>Contract 2</u>
Design Consultant Notice to Proceed	8/23/2016	8/23/2016
Final Tracings	8/9/2021	8/8/2022
Ready for Contracts	9/8/2021	9/7/2022
Request for Proposal	10/20/2021	10/19/2022
Letting	12/08/2021	11/16/2022
Commencement of Construction	3/1/2022	3/1/2023
Substantial Completion	11/6/2023	11/3/2025
Final Completion / NOT	10/15/2024	10/15/2026

## 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

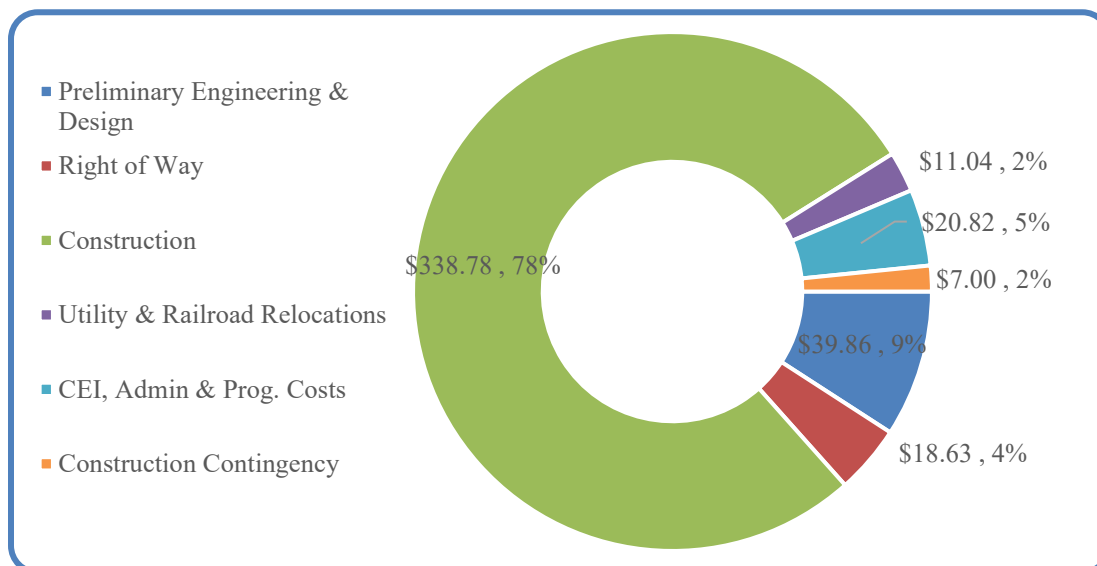
The total estimated cost for the Project is \$436.11 million as illustrated in Table 3-1. All dollar figures in this Plan are presented in Year of Expenditure (YOE) unless otherwise stated. This cost estimate includes the most current quantity estimates, project phasing, and anticipated schedule. Table 3-1 below provides the Project cost overview.

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

Phase / State Fiscal Year	Contract 1	Contract 2	IFP
Preliminary Engineering & Design	\$ 29.11	\$ 10.75	\$ 39.86
Right of Way	\$ 15.40	\$ 3.22	\$ 18.63
Construction	\$ 165.58	\$ 173.20	\$ 338.78
Utility & Railroad Relocations	\$ 11.04	\$ -	\$ 11.04
CEI, Admin & Prog. Costs	\$ 11.95	\$ 8.87	\$ 20.82
Construction Contingency	\$ -	\$ 7.00	\$ 7.00
<b>Total</b>	<b>\$ 233.08</b>	<b>\$ 203.04</b>	<b>\$ 436.11</b>

Figure 3-1 illustrates the cost by project work phase and its respective share of the overall Project costs. Construction costs account for 78% of the total Project cost. Preliminary Engineering and Construction Engineering account for 9% and 5% respectively of the total Project cost. Utility Relocations account for 2%, Right-of-Way acquisition accounts for 4%, and Contract 2 contingency is 2% of the total Project cost.

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





## INFLATION ASSUMPTIONS

An assumed inflation rate of 3% per year was applied to the annual expenditure forecasts in the cost estimate.

## COST ESTIMATING METHODOLOGY

Initial cost estimates were developed by the design consultant in conjunction with INDOT. The costs estimating methodology was divided into eight Cost Elements. The Cost Elements were analyzed by Maintenance of Traffic phasing for both Contract 1 and Contract 2. The methodology is further described in Table 3.2 below.

**Table 3-2. Cost Estimating Methodology**

<b>Cost Elements</b>
<b>Engineering and Design</b>
<i>Preliminary and final engineering design services.</i>
Final engineering will be part of the DBB contract for the Clear Path Project. Engineering and design cost estimates are currently estimated at 11.3% of the construction cost estimate.
<b>Design Program Management</b>
<i>Cost to state for services of the General Engineering Consultant (GEC) during the design phase and miscellaneous departmental program management costs.</i>
Program Management estimates are based on currently negotiated contracts and estimates that cover the currently planned Project schedule.
<b>Construction Administration and Inspection</b>
<i>All construction and program management, administration, and inspection activities during the construction phase of the Project.</i>
Construction Administration and Inspection costs are estimated at 4.8% of the construction cost estimate.
<b>Construction</b>
<i>Estimated cost of construction.</i>
Construction estimates reflect current prices inflated for YOE utilizing a large DBB contract model.
<b>Construction Contingency</b>
<i>Contingency to cover additional construction services in the event unforeseen circumstances arise that result in additional cost.</i>
Construction contingency estimates are based on the level of engineering undertaken to date for the Project. Contingency factors have been included based on the cost estimates developed for the overall potential cost impact. Contingencies have been included only for Contract 2 that has 14 months to letting.
<b>Utilities &amp; Railroads</b>
<i>All public and private project-related utility and railroad relocation and new construction.</i>
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.
<b>Right of Way Acquisition</b>
<i>Appraisals, administration, management, and acquisition of required right of way.</i>
Costs include completed and anticipated right of way acquisition and are based on the most up-to-date market information available.
<b>Enhancements</b>
<i>Various Project-related commitments as identified in the EA-FONSIFONSI.</i>
This includes fixed dollar commitments made for various National Environmental Protection Act (NEPA) commitments.

## PROJECT EXPENDITURES

Table 3-3 shows the division of Project costs by SFY and contract component. As shown below,

approximately \$34.92 million has been expended on the Project through June 30, 2021. Expenditures for future years are summarized in the table and describe below.

As Contract 1 is let and construction begins, approximately \$75.38 million is anticipated to be expended in SFY 2022. Design for Contract 2 will continue into SFY 2022 and construction on Contract 2 is expected to begin in SFY 2023. Construction on both contracts, Construction Engineering, and consultant engineering services (described as Preliminary Engineering in Table 3-3) will continue through SFY 2026. Consultant engineering services and Construction Engineering will continue until Contract 2 construction finishes in SFY 2026.

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

Phase / State Fiscal Year	2021 & Prior	2022	2023	2024	2025	2026	Total
Preliminary Engineering & Design	\$ 19.52	\$ 9.84	\$ 4.50	\$ 3.00	\$ 2.00	\$ 1.00	\$ 39.86
Right of Way	\$ 15.40	\$ 3.22	\$ -	\$ -	\$ -	\$ -	\$ 18.63
Construction	\$ -	\$ 50.48	\$ 120.30	\$ 120.00	\$ 51.00	\$ 4.00	\$ 345.78
Utility & Railroad Relocations	\$ -	\$ 11.04	\$ -	\$ -	\$ -	\$ -	\$ 11.04
CEI, Admin & Prog. Costs	\$ -	\$ 0.81	\$ 6.94	\$ 6.94	\$ 4.63	\$ 1.50	\$ 20.82
<b>Total</b>	<b>\$ 34.92</b>	<b>\$ 75.38</b>	<b>\$ 131.74</b>	<b>\$ 129.94</b>	<b>\$ 57.63</b>	<b>\$ 6.50</b>	<b>\$ 436.11</b>

## 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 IFP reflects the planned funding and financing strategy for the Project. The Project will be financed through a combination of discretionary and conventional funds. INDOT has developed a financial plan that considers the state and federal transportation funding and identifies the current and future funding sources to meet the following goals:

- Ensuring Indiana’s financial obligations to the Project are manageable,
- Ensuring the Project delivers value to the stakeholders, including the State, taxpayers, project partners, and end users through the lowest feasible Project cost,
- 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 conventional delivery method selected by Indiana provides a straightforward approach to using state and federal funding sources.

### PROCUREMENT APPROACH AND FINANCING

The Project will be procured using a DBB procurement model. Under this model, INDOT will make progress payments to a Design Consultant and Contractor separately as work is progressed for their respective scopes of work. INDOT will make other payments for Right-of-Way acquisition and Utility Relocation as appropriate.

A combination of state and federal funds will be used to make progress payments to the Consultant, Contractor, Property Owners, and Utility companies. 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 progress payments are anticipated to be from the [National Highway Performance Program \(NHPP\)](#), [National Highway Freight Program \(NHFP\)](#), and a federal [Infrastructure for Rebuilding America \(INFRA\)](#) grant. This IFP is based on public funds by INDOT and federal funds from the NHPP, NHFP, and INFRA grants.

### PROCUREMENT APPROACH AND FINANCING

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-aid formula 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 matching obligations with a variety of state funding sources, including state-imposed fuel taxes and a variety of transportation-related fees.

Based on expectations regarding the availability of federal funding, as well as expectations regarding the availability of corresponding state transportation funds, an estimated \$436.11 million of federal-aid highway formula, discretionary grant and state transportation funds is reasonably expected to be available to the Project (see Table 4-1).

Any funds in Advanced Construction (AC) that have not been converted to federal funds are included in the State Highway Fund line. These funds are anticipated to be converted to federal funds in the future and each subsequent Update will reflect this change. There are currently \$248.44 million of funds shown in the State Highway Fund line SFY 2022 through 2025 that is expected to be converted to federal funds throughout the life of the Project.

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

Fund Type / State Fiscal Year	2021 & Prior	2022	2023	2024	2025	Total
<b>Federal</b>						
National Highway Perf. Prog.	\$ 7.81	\$ 0.03	\$ -	\$ -	\$ -	\$ 7.84
National Highway Freight Prog.	\$ 0.01	\$ -	\$ -	\$ -	\$ -	\$ 0.01
INFRA Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Federal</b>	<b>\$ 7.81</b>	<b>\$ 0.03</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7.84</b>
<b>State</b>						
State Highway Fund	\$ 19.56	\$ 153.88	\$ 230.24	\$ 8.94	\$ 5.63	\$ 418.25
IN Toll Road Lease Proceeds	\$ 10.02	\$ -	\$ -	\$ -	\$ -	\$ 10.02
<b>Subtotal State</b>	<b>\$ 29.58</b>	<b>\$ 153.88</b>	<b>\$ 230.24</b>	<b>\$ 8.94</b>	<b>\$ 5.63</b>	<b>\$ 428.27</b>
<b>Total</b>	<b>\$ 37.39</b>	<b>\$ 153.91</b>	<b>\$ 230.24</b>	<b>\$ 8.94</b>	<b>\$ 5.63</b>	<b>\$ 436.11</b>

It is anticipated that future funds will come from the NHPP, NHFP and INFRA funding category, although the commitment of specific funding categories of federal funding is subject to adjustment based on the availability of more restricted categories.

The Project costs are 3.6% of INDOT’s capital program with 6.2% utilization of NHPP funds. This includes \$34.92 million of federal and state funds expended through SFY 2021.

**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 [2020-2024 Statewide Transportation Improvement Program \(STIP\)](#), as well as the [2020-2023 Indianapolis MPO Indiana Regional Transportation Improvement Plan \(TIP\)](#).

**FEDERAL DISCRETIONARY FUNDING**

The Project has been awarded a \$70 million Infrastructure for Rebuilding America (INFRA) grant, to be expended in future periods. INDOT expects these funds to be distributed in SFY 2022 and SFY 2023 and are shown in Table 4-1 above in the State Highway Fund in anticipation of obligating under AC. Specific reporting requirements and funding utilization instructions are expected prior to INDOT’s receipt of the grant funds.

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## CHAPTER 5. FINANCING ISSUES

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### **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.*

### **SPECIAL FUNDING TECHNIQUES**

The Project will not utilize funding outside of the 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

And 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 and phasing. Sources of funds for the Project are currently fully funded through public funds. The following sources of funds will fund construction and other development costs.

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

	IFP	% of Total
<b>Sources of Funds</b>		
IN State & Federal - Formulary	\$ 366.11	83.9%
IN State & Federal - Discretionary	\$ 70.00	16.1%
<b>Source of Funds Subtotal</b>	<b>\$ 436.11</b>	<b>100.0%</b>
<b>Uses of Funds</b>		
Preliminary Engineering & Design	\$ 39.86	9.1%
Right of Way	\$ 18.63	4.3%
Construction	\$ 345.78	79.3%
Utility & Railroad Relocations	\$ 11.04	2.5%
CEI, Admin. & Prog. Costs	\$ 20.82	4.8%
<b>Use of Funds Subtotal</b>	<b>\$ 436.11</b>	<b>100.0%</b>

### 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 and Tapered Match (TM), to manage the timing of cash needs against the availability of federal and State funds. These techniques provide INDOT the 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. Indiana also will utilize TM provision to manage the timing of federal and State expenditures for the Project.

Table 6-2 below provides the AC conversion status for Indiana updated through June 30, 2021. As shown, the Project currently has \$0.03 million in authorized AC funds with \$6.61 million converted to federal funds to date.

**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	\$ 6.64	\$ 6.61	\$ 0.03

## 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

Future 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)**

Revenues	2021 & Prior	2022	2023	2024	2025	2026	Total
Carry Forward		\$ 2.47	\$ 81.00	\$ 179.50	\$ 58.50	\$ 6.50	
INDOT Funding	\$ 37.39	\$ 153.91	\$ 230.24	\$ 8.94	\$ 5.63	\$ -	\$ 436.11
<b>Revenue Subtotal</b>	<b>\$37.39</b>	<b>\$153.91</b>	<b>\$230.24</b>	<b>\$ 8.94</b>	<b>\$ 5.63</b>	<b>\$ -</b>	<b>\$436.11</b>
<b>Total Revenue Available</b>	<b>\$37.39</b>	<b>\$156.38</b>	<b>\$311.24</b>	<b>\$188.44</b>	<b>\$ 64.13</b>	<b>\$ 6.50</b>	
<b>Expenditures</b>							
Preliminary Engineering & Design	\$ 19.52	\$ 9.84	\$ 4.50	\$ 3.00	\$ 2.00	\$ 1.00	\$ 39.86
Right of Way	\$ 15.40	\$ 3.22	\$ -	\$ -	\$ -	\$ -	\$ 18.63
Construction	\$ -	\$ 50.48	\$ 120.30	\$ 120.00	\$ 51.00	\$ 4.00	\$345.78
Utility & Railroad Relocations	\$ -	\$ 11.04	\$ -	\$ -	\$ -	\$ -	\$ 11.04
CEI, Admin & Prog. Costs	\$ -	\$ 0.81	\$ 6.94	\$ 6.94	\$ 4.63	\$ 1.50	\$ 20.82
<b>Expenditures Subtotal</b>	<b>\$34.92</b>	<b>\$ 75.38</b>	<b>\$131.74</b>	<b>\$129.94</b>	<b>\$ 57.63</b>	<b>\$ 6.50</b>	<b>\$436.11</b>
<b>Net Cash Flow</b>	<b>\$ 2.47</b>	<b>\$ 81.00</b>	<b>\$179.50</b>	<b>\$ 58.50</b>	<b>\$ 6.50</b>	<b>\$ -</b>	

As shown above in Table 6-3, INDOT has expended \$34.92 million through SFY 2021 on the Project and obligated \$37.39 million. The remaining project costs of \$401.19 million are anticipated to be fully expended by SFY 2026 with Contract 1 construction beginning in SFY22 and Contract 2 construction beginning in SFY 2023.

## 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; 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 being procured as a P3 using a DB 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 DBBDBB 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 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 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.

- **Performance-based incentives:** Financial incentives imposed by the contract structure, which include withholding a portion of payment to the DBC until the project has been constructed to the established standards and are 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 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 bidders.

## 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?

High Level Project Screening Criteria	
Transportation Priorities	Is the project consistent with overall transportation objectives of the State?
	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 detailed 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?

<b>Detail Project Screening Criteria</b>	
	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 considered 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 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 DB delivery. Table 7-3 below provides additional considerations to the Project using the DB delivery model.

**Table 7-3. Required Permits and Notifications**

<b>Design-Build Project</b>	<b>Considerations</b>
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, but Maintenance of traffic schemes require maintaining open lanes through the project due to other active

construction projects within the region. This limits design innovation that may occur under a DB or DBBV procurement.

- INDOT anticipates the construction schedule for both contracts to be achievable and manageable to avoid an accelerated construction schedule.
- Maintenance of traffic is a challenge; but separating the work into two contracts consolidates the work and some of the work types to reduce multi-discipline coordination issues.
- The project size was separated into two contracts which should attract a strong pool of local bidders willing to bid under a traditional procurement model.

Therefore, the INDOT identified the DBBDBB 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 metropolitan area. Two of these projects are P3 projects which reduces the viability of another P3 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 price proposals.

### PERMITS AND APPROVALS

The FONSI was received January 15, 2021. All permitting activity will be carried out in accordance with the FONSI. The RFP for construction includes provisions to ensure compliance with all NEPA commitments that will be included in the EA and FONSI. The INDOT has applied for most permits with key federal regulatory agencies. The permits and notifications that may be required by the FONSI are outlined in Table 7-4 below.

**Table 7-4. 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	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	INDOT
Indiana Department of Natural Resources	Construction in a Floodway Permit	INDOT

## CHAPTER 8. RISK AND RESPONSE STRATEGIES

### INTRODUCTION

*This chapter addresses a number of important factors that could affect the Project and, in particular, 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
<b>Original Cost Estimates</b>			
The risk that original cost estimates are lower than bids received.	Recent State experience indicates that competition may not result in bids below the State sponsor's estimates. Should that prove not to be the case, the State will revise its financial plan, accordingly, including the possible inclusion of additional State and Federal funding.	Low	Low
<b>Inflation</b>			
Highway construction inflation has been very volatile over the past 1-2 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 high commodity prices and relatively high unemployment rates.	Medium	Medium
<b>Cost Overruns During Construction</b>			
Cost overruns after start of construction could result in insufficient upfront funds to complete the project.	A robust construction services team is anticipated to manage the contract, the contractor's performance, and installed materials. The State's progress payment and cost accounting systems, combined with construction oversight, help mitigate quantity or cost overrun risks. The Contract 2 estimated construction values include approximately \$7M in risk allocation to account for design and construction contingency as design progresses.	Medium	Low
<b>Materials Supply Chain</b>			
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 lettings as well as the Project broken into to sequenced contracts. This will provide for longer planning and procurement lead times.	High	Medium

## PROJECT SCHEDULE RISKS AND RESPONSE STRATEGIES

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

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

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
<b>Litigation</b>			
Lawsuits filed within the statutory protest period may result in significant delays to the start of construction and expose the Project to additional inflationary costs.	To mitigate the potential impacts of future litigation that could cause schedule delays and cost escalation, risk and mitigation delays and measures were addressed in the EIS. INDOT intends to adhere to the recommendations outlined in the EIS and conditions of each federal approval received to construct the project.	Low	Medium
<b>Permits and Approvals</b>			
Delays in the receipt of permits and approvals may delay the start of construction.	The state has initiated activities necessary to secure permits for the Project. Receipt of the 401/404 permit is anticipated prior to bid letting. Construction activities are not scheduled to start until March 2022. Compliance will be the Contractor’s responsibility and will be addressed directly in the relevant contract documents.	Low	Low
<b>Unanticipated Site Conditions</b>			
Unanticipated geotechnical conditions could be encountered, potentially delaying the schedule, or increasing costs.	Extensive analysis was undertaken as part of the EA/FONSI process. Additionally, geotechnical investigations have been conducted on the Project, and preliminary results do not indicate any significant problems.	Medium	Low
<b>Schedule Coordination</b>			
Due to the size and complexity of the Project, poor project scheduling and coordination could delay the Project schedule.	Both contract phases are fully funded, mitigating financial impact of schedule conflicts. The maintenance of traffic (MOT) plan has been planned to reduce the impact of Contract 1 progress on Contract 2 initiation.	Medium	High
<b>Maintenance of Traffic</b>			
Traffic impacts and loss of access could adversely affect communities / businesses, negatively impacting support for project.	A detailed maintenance of traffic plan has been developed for Contract 1 and will be incorporated into the MOT plans and sequencing for Contract 2 to mitigate phasing conflicts. Commitments to the community will be included in the project requirements. Additional coordination with local projects and ongoing stakeholders is required as well.	High	Medium
<b>Project Start-up/Execution</b>			
Delays in mobilizing required resources at project kick-off could delay the project at inception, requiring the Contractor to perpetually play catch-up with their schedule.	INDOT Standards keep schedule risk predominantly with the Contractor. Vigilant oversight by the project team will protect INDOT from unexpected delay claims.	Medium	Medium

## PROJECT COST RISKS AND RESPONSE STRATEGIES

The factors shown in Table 8-3 may negatively affect INDOT’s ability to finance the Project cost-effectively.

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

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
<b>Availability of State and Federal Funding</b>			
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 will be reflected in Indiana’s fiscally constrained STIP and the TIP for the metropolitan region.	Low	Medium
<b>Availability of Federal Financing Tools</b>			
Uncertainty surrounding the availability and requirements of federal financing will have an impact on the risk level of the finance plan for the Project.	TIFIA assistance is not anticipated in this project. If INDOT pursues and is unsuccessful in securing federal TIFIA assistance, INDOT must ensure the viability of the finance plan without such assistance. The current finance plan is not dependent on a TIFIA allocation and includes an INFRA grant. A TIFIA allocation would lessen dependence on certain state and federal funds described herein.	Low	Medium

**PROJECT PROCUREMENT RISKS AND RESPONSE STRATEGIES**

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

**Table 8-4. Procurement – Risks and Response Strategies**

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
<b>Delay in Procurement</b>			
The State does not receive affordable bids.	INDOT contracting procedures include contingencies and processes for re-advertising and re-scheduling letting of contracts.	Medium	Medium

**IMPACT ON STATEWIDE TRANSPORTATION PROGRAMS**

INDOT has made specific commitments to the completion of the Project. Based on the anticipated availability of federal funds, as well as the anticipated availability of State transportation funds, INDOT believes the federal-aid highway formula, federal discretionary, federal grant, 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 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. INDOT estimates these payments will be 44.34% of its capital program from SFY 2021 through SFY 2026. Funding for the Project is 11.62% of NHPP. In addition to being reflected in internal budgeted and financial control systems, all anticipated funding amounts are reflected in the fiscally-constrained [STIP](#) as well as the [IRTIP](#) for the metropolitan region.

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## CHAPTER 9. ANNUAL UPDATE CYCLE

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### **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 IFP is June 30, 2021. The next FPAU will be effective as of August 31, 2022 that will be submitted to FHWA by November 30, 2022.