INDIANA DEPARTMENT OF TRANSPORTATION

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Eric Holcomb, Governor
Michael Smith, Commissioner

May 31st, 2023

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

Subject: Sherman Minton Corridor Project Financial Plan Annual Update Letter of Certification

Dear Mr. Hannon:

The Indiana Department of Transportation has developed a comprehensive Financial Plan Annual Update for the Sherman Minton Corridor 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 Sherman Minton Corridor 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 Sherman Minton Corridor 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 A. Gustin

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

SHERMAN MINTON RENEWAL

Sherman Minton Corridor Project

2023 Financial Plan Annual Update*

*Project cost estimates and completion schedules reflect information available as of March 1st, 2023.

Submitted to:
Federal Highway Administration

Submitted by:
Indiana Department of Transportation

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CHAPTER 1. PROJECT DESCRIPTION

INTRODUCTION

This document presents the 2023 Financial Plan Annual Update (FPAU) for the I-64 / US 150 Sherman Minton Corridor Project (the Project), as prepared by the Indiana Department of Transportation (INDOT) and the Kentucky Transportation Cabinet (KYTC). This FPAU includes current cost estimates, expenditure data through the effective date of March 1, 2023, the current schedule for delivering the Project, and the financial analyses developed for the Project. This FPAU has been prepared generally in accordance with Federal Highway Administration's (FHWA) Financial Plans Guidance.

PROJECT OVERVIEW

The 2,053-foot-long Sherman Minton Bridge, which carries I-64 and US 150 traffic over the Ohio River between Louisville, KY, and New Albany, IN is a vital link in the interstate highway system. It opened in August 1962 – a year before the John F. Kennedy Memorial Bridge that now carries southbound I-65 traffic between Jeffersonville, IN and Louisville, KY. This bridge rehabilitation and painting project will significantly extend the service life of the 60-year-old Sherman Minton Bridge. The double-decked bridge carries six lanes of traffic (I-64 and US 150) over the Ohio River, connecting Louisville, KY and New Albany, IN. This is an extensive rehabilitation project. There are five bridge structures associated with the Sherman Minton crossing. The Project scope of work includes replacement or refurbishment of all bridge decks, structural steel elements and hanger cables; new lighting; drainage repairs and painting of the steel components. The long-term repairs, along with normal preventive maintenance, will add at least 30 years of service life to the bridge.

PROJECT SPONSOR

The Indiana Department of Transportation (INDOT) and Indiana Finance Authority (IFA) are the Project Sponsors for the Project. The Project has been procured by IFA and managed by INDOT and IFA. As of December 1, 2021, except for its rights as a Project Sponsor and Indemnified Party, IFA assigned all of its right, title, interest, and obligations under the PPA Documents to INDOT. The Kentucky Transportation Cabinet (KYTC) is a major stakeholder in the Project providing funding through a bi-state Memorandum of Agreement (MOA) between Indiana and Kentucky.

PROJECT DETAIL

The Project extends from I-265 in Indiana to I-264 in Kentucky and in addition to the work described above in the Project Overview, includes the rehabilitation or refurbishment of one additional bridge on I-64 within the 3-mile corridor and painting of the eastbound I-64 bridge over Market St. and HMA resurfacing of Old SR 62 (Elm St) and Spring St) in New Albany at the interchange with I-64. By including this needed additional work in the Sherman Minton Corridor Project, a coordinated approach will help reduce impacts to the public.

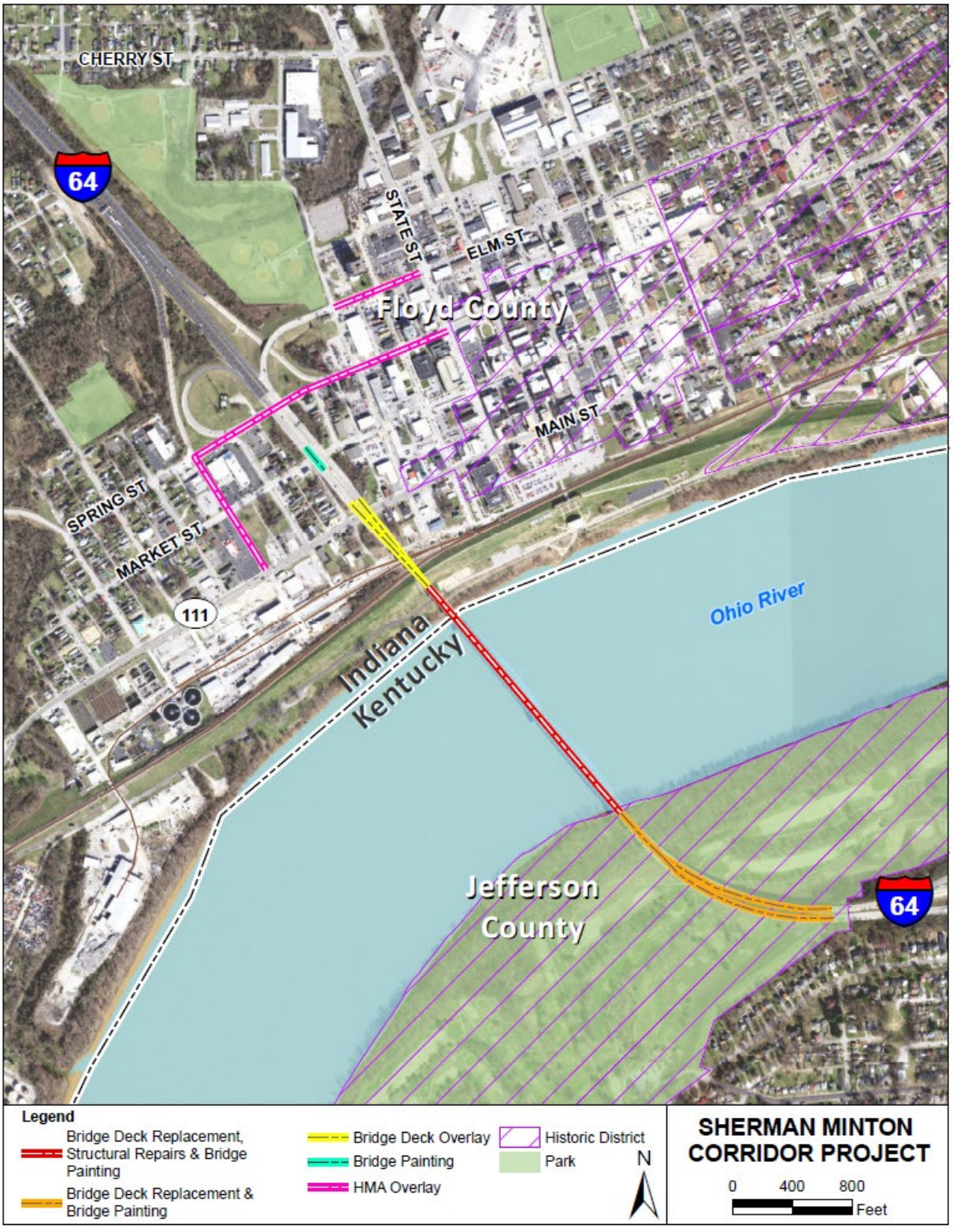
The Project contains six main elements of work by location:

- Asphalt overlay of Elm St. from 2nd St. to State St.
- Asphalt overlay of Spring St. from State St. to 5th St. then on 5th St. to Main St.
- Bridge deck overlays on the Indiana approach bridges.
- Bridge painting on eastbound I-64 over Market St.

- Bridge rehabilitation, deck replacement, and painting of the Sherman Minton bridge.
- Bridge deck replacement, painting, and substructure patching on the Kentucky approach bridge.

Figure 1-1 below illustrates the location, project length, and work types.

Figure 1-1. Sherman Minton Corridor Project Map



While safe for travel, the 60-year-old bridge is deteriorating, and long-term repairs are needed to extend the life of the bridge. The significant overhaul is necessary to maintain this important cross-river connection. About 90,000 drivers daily rely on the iconic bridge to travel between Indiana and Kentucky. Without these extensive repairs, there will be increasing maintenance needs, costs, and potential disruptions in travel.

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The daily driver counts of 90,000 was pre-pandemic and the figure used in the planning and environmental stage. Currently, the daily driver count is around 70,000 as noted on the Project web site at https://shermanmintonrenewal.com/.

Project Delivery Approach

The Project Sponsors have utilized a Design-Build Best-Value (DBBV) procurement model for this project. Under this model, IFA issued a Request for Qualifications (RFQ), seeking qualified and interested design-build (DB) contractors to design and construct the Project. Proposer teams were shortlisted based on evaluation of their Statement of Qualifications (SOQ) in response to the RFQ and competed for the Project. The Preferred Proposer, called the Design Build Contractor (DBC) post Notice to Proceed (NTP) on work under the contract, was selected based on combination of a technical proposal score and price proposal score. The DBC will complete the work for a lump sum amount. INDOT will own, operate, and maintain the facility after final acceptance as described in the Public-Private Agreement (PPA). This facility is and will remain a non-tolled bridge upon Final Acceptance.

Best-value determination of proposals received from short-listed proposers was based on a Total Proposal Score using a 100-point scale. The Price Score represented up to seventy (70) points of the total score; the Technical Proposal score represented up to thirty (30) points of the total score. The determination of apparent highest ranked proposal was based on the highest total proposal score computed as follows:

Total Proposal Score = Price Score (maximum 70 points available) + Technical Proposal Score (maximum 30 points available)

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

The Price Score was based on the proposed price to complete the Project. The Technical Proposal Score was based on evaluation and review of three components: the proposer's Schedule Score (for overall duration and for closure durations of specific movements) (30% of technical proposal score), the proposer's DB Plan (40%) and the proposer's Project Management Plan (30%).

Project History

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

PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT

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

- **IFA** was the procuring agency for the Project and was supported by INDOT in development of the contract documents. As of December 1, 2021, except for its rights as a Project Sponsor and Indemnified Party, IFA assigned all its rights, titles, interests, and obligations under the PPA Documents to INDOT.
- **INDOT** will be responsible for all aspects of the Project and is supported by their technical team (described below).
- **KYTC**, as a major stakeholder, will provide technical expertise and support along with their portion of funding for the Project.
- **Legal Advisor** did supplement and assist state personnel with short-listing potential design-builders, and continues to assist with contract language, contract negotiations, and is working under the direction of INDOT and IFA. The contract is known as the PPA.
- **Technical Advisor** continues to supplement and assist state personnel with technical provisions, design review, contract administration, construction inspection, and quality control and quality assurance activities and works under the direction of INDOT.
- **DBC** will design and construct the Project under the direction of IFA, through INDOT. IFA issued a final Request for Proposals (RFP) in June of 2020, received proposals in November 2020 and selected the DBC in December 2020.

CHAPTER 2. PROJECT SCHEDULE

INTRODUCTION

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

PROJECT SCHEDULE OVERVIEW

The current Project schedule is based on delivery of the Project under a DBBV procurement model. Substantial completion of the Project is expected by September 2023 with final acceptance and contract completion in March 2024 as shown in Table 2-1 below. Environmental study and Preliminary Design began in 2018 and continued through procurement. The schedule is divided into State Fiscal Year (SFY)[1] quarters.

Table 2-1. Project Schedule Overview

State Fiscal Year	2020 & Prior	2021	2022	2023	2024
Environmental	IFP				
	2023 FPAU				
Preliminary Design	IFP				
	2023 FPAU				
Final Design			IFP		
			2023 FPAU		
Construction			IFP		
			2023 FPAU		

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The level of completed design at the time of the 2023 FPAU is approximately 92%. The Construction timeline was off by a quarter for completion and has been corrected in this Update.

PROJECT DELIVERY

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

Table 2-2. Procurement Schedule

Scheduled Item	FPAU 2023
Issue Request for Qualifications	10/25/2019
SOQ Due Date	1/7/2020
Announcement of Short-listed Proposers	2/7/2020
Circulate Draft of RFP to Short-listed Proposers	3/26/2020
Issue Final RFP to Proposers	6/15/2020
Proposal Due Date	11/13/2020
Announce Preferred Proposer	12/17/2020
Award and Execution of PPA (Commercial Close)	3/2/2021
Commencement of Construction	7/22/2021

[1] The Indiana State Fiscal Year (SFY) is from July 1 through June 30 the following calendar year.

Scheduled Item	FPAU 2023
Substantial Completion	9/19/2023
Final Acceptance	3/16/2024

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No changes in the Procurement Schedule in this Update.

Permits and Approvals

The Preferred Alternate was put forth as part of the development of a Categorical Exclusion (CE), Level 4. The CE-4 was approved in October 2020. An Additional Information document to the approved CE was approved September 8, 2021.

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This Update adds the necessary, required permits from the Kentucky side and removes a few that are not necessary/required.

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	DBC
Indiana Department of Natural Resources	Construction in a Floodway Permit	DBC
U.S. Army Corps of Engineers	Section 408 Approved Alteration Request	DBC
Kentucky Energy and Environment Cabinet	Section 401 Water Quality Certification	DBC
Kentucky U.S. Army Corps of Engineers	Section 404 Permit for Discharge of Dredged or Fill Material into Waters of the United States	DBC
Louisville/Jefferson County Metropolitan Sewer District	Site Disturbance Permit (MS4)	DBC
Louisville/Jefferson County Metropolitan Sewer District	Stormwater (MS4)	DBC
Louisville/Jefferson County Metropolitan Sewer District	Floodway Protection System Modification Permit	DBC
Kentucky U.S. Army Corps of Engineers	Section 408 Approved Alteration Request	DBC
Indiana Department of Natural Resources	New Albany, Indiana DNR (Flood Control Act, IC 14-28-1)	DBC*

*This permit was originally obtained by the City of New Albany, Indiana. Compliance regarding the applicable section, pavement removal of Water Street, was transferred to the DBC.

CHAPTER 3. PROJECT COSTS

INTRODUCTION

This chapter provides a detailed description of Project cost elements and current cost estimates in year-of-expenditure dollars (YOE) 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 $174.29 million in YOE dollars. This cost estimate includes the most current project phasing and anticipated schedule. All monetary figures throughout this document are in YOE unless otherwise stated.

Table 3-1 below provides an overview of Project costs, broken down by project phase and State. The estimates incorporate industry standard inflation multipliers, as described further below. INDOT's estimated costs are $71.37 million and KYTC's are $102.92 million. KYTC will be reimbursing INDOT monthly for their share of the Project costs.

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

Phase	INDOT	KYTC	FPAU	IFP	$ Change from IFP	% Change from IFP
PE, Environmental	$ 9.15	$ 6.38	**$ 15.53**	$ 16.65	$ (1.12)	-6.7%
Final Design	$ 5.65	$ 8.62	**$ 14.27**	$ 6.97	$ 7.30	104.7%
Construction	$ 48.99	$ 73.78	**$ 122.78**	$ 109.21	$ 13.56	12.4%
CEI & Admin	$ 7.18	$ 13.38	**$ 20.56**	$ 6.61	$ 13.95	210.9%
Utility/Railroad	$ 0.40	$ 0.75	**$ 1.15**	$ 1.57	$ (0.42)	-26.6%
Project Total	**$ 71.37**	**$ 102.92**	**$ 174.29**	**$ 141.02**	**$ 33.27**	**23.6%**

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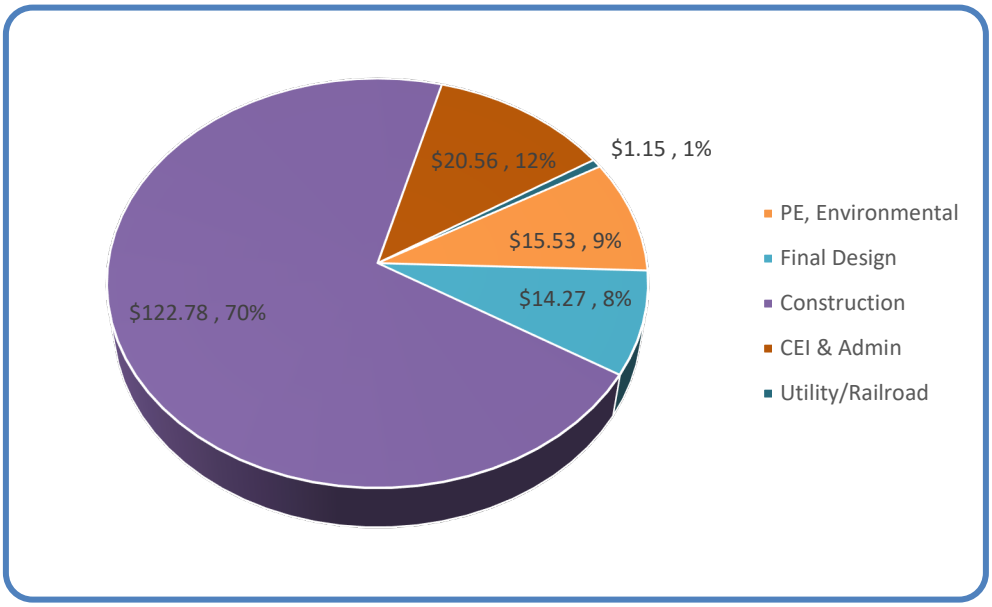
The Project cost estimate has increased from the IFP $33.27 million, primarily due to the DBC's award $20.85 million more than estimated, and $13.95 million of CEI/admin increasing over the IFP. The increases in construction and CEI/admin are slightly offset by decreases in other activities; PE/environmental ($1.12 million), UT and RR ($0.42 million). This represents an overall Project cost increase of 23.6%.

Figure 3-1 shows the percentage of each work phase from the Project's total costs. As illustrated, construction (CN) accounts for 70% of the Project's total cost, preliminary engineering (PE) and environmental at 9%, construction engineering inspection (CEI)/admin and final design each are 12% and 8% respectively, and lastly utility relocations (UT)/railroad (RR) coordination are 1%.

INFLATION ASSUMPTIONS

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

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



COST ESTIMATING METHODOLOGY

Initial cost estimates were developed by a consultant in conjunction with INDOT, KYTC and FHWA. The cost estimates were developed by breaking down the Project into seven major cost categories and, further, into two primary construction segments. The methodology is further described below in Table 3-2.

Table 3-2. Cost Estimating Methodology

Cost Elements
Engineering and Design
Preliminary and final engineering design services.
Final engineering will be part of the alternative delivery contracts for the Project. Engineering and design cost estimates are currently estimated at 13% each of the construction cost estimate.
Design Program Management
Cost to states for services of the GEC during the design phase and miscellaneous departmental program management costs.
Program Management estimates are based on currently negotiated contracts and estimates that cover the currently planned Project schedule.
Construction Administration and Inspection (CEI/Admin)
All construction and program management, administration, and inspection activities during the construction phase of the Project.
CEI/Admin costs are estimated at 17% of the construction cost estimate.
Construction
Estimated cost of construction.
Construction estimates reflect current industry practices and procedures of cost build up reflective of a large alternative delivery contract. The estimate is inclusive of all labor, materials, equipment, general conditions, escalations, and contractor construction risk.
Construction Contingency
Contingency to cover additional construction services in the event unforeseen circumstances arise that result in additional cost.

Cost Elements
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. Contingency cost has been carried based upon the level of each risk to the project [high, medium, low] and a prorated value of each risk item is added to contingency.
Utilities & Railroads
All public and private project-related utility relocation, and railroad coordination.
Costs include those related to telephone, electric, gas, fiber optics, water, sewer, TV cable, storm drainage, and railroads and are based on the most up-to-date cost information available.
Enhancements
Various Project-related commitments as identified in the Categorical Exclusion (CE) and approved Additional Information (AI).
This includes fixed dollar commitments made for various National Environmental Protection Act (NEPA) commitments.

Project Expenditures & Future Estimates

Table 3-3 shows the breakdown of costs for the Project annually by phase and SFY, respectively. Future SFY periods illustrate programmed funding yet to be obligated. As shown, approximately $66.56 million was expended on the Project through the end of SFY22. Expenditures in future years are summarized in the table and described herein.

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

Phase / SFY	2020 & Prior	2021	2022	2023	2024	Total
PE, Environmental	$ 4.19	$ 3.22	$ 1.10	$ 3.58	$ 3.45	**$ 15.53**
Final Design	$ 0.02	$ 3.89	$ 4.20	$ 6.16	$ -	**$ 14.27**
Construction	$ 0.01	$ 7.46	$ 31.83	$ 56.38	$ 27.10	**$122.78**
CEI & Admin	$ 4.60	$ 1.90	$ 4.11	$ 6.01	$ 3.94	**$ 20.56**
Utility & Railroad	$ -	$ 0.02	$ 0.03	$ 1.10	$ -	**$ 1.15**
Total Costs	**$ 8.82**	**$ 16.48**	**$ 41.26**	**$ 73.24**	**$ 34.49**	**$174.29**

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$73.24 million, including $22.01 million of prior unexpended encumbrances (obligations that carryover – see Table 6-3), and $65.23 million of FY23 programmed funds, are anticipated to be obligated in SFY23 with $14 million to carry over into SFY24, and $20.49 obligated with $34.49 million expended in SFY24. CN accounts for 70% the estimated costs at $122.78 million. CEI/Admin is the next costly component at $20.56 million. PE and environmental follow at $15.53 million and final design at $14.27 million. The remainder are UT/RR relocations at $1.15 million.

The SFY23 numbers are a combination of actual expenditures through February 28th, 2023, encumbrances and additional funding programmed in SFY23 not yet obligated. Therefore, the figures are likely to change in the next update where SFY23 will have been completed and actual expenditures known.

Table 3-3-1 below illustrates the Project cost estimate by phase, SFY, and State. INDOT's total estimated cost is $71.37 million and KYTC at $102.92 million. This represents an approximate State split share of the Project costs between INDOT and KYTC of 41% and 59% correspondingly. Not all activities of the Project realize this split.

Table 3-3-1. Project Cost Estimate by Fiscal Year & State (in $ millions)

Phase / SFY	INDOT 2020 & Prior	INDOT 2021	INDOT 2022	INDOT 2023	INDOT 2024	INDOT Subtotal	KYTC 2020 & Prior	KYTC 2021	KYTC 2022	KYTC 2023	KYTC 2024	KYTC Subtotal	Total
PE, Environmental	$ 4.15	$ 3.08	$ 0.81	$ 0.67	$ 0.45	**$ 9.15**	$ 0.04	$ 0.14	$ 0.29	$ 2.91	$ 3.00	**$ 6.38**	**$ 15.53**
Final Design	$ -	$ 1.65	$ 2.00	$ 2.00	$ -	**$ 5.65**	$ 0.02	$ 2.24	$ 2.20	$ 4.16	$ -	**$ 8.62**	**$ 14.27**
Construction	$ -	$ 3.85	$ 13.14	$ 24.46	$ 7.55	**$48.99**	$ 0.01	$ 3.61	$ 18.69	$ 31.92	$ 19.55	**$ 73.78**	**$122.78**
CEI, Admin & Prog	$ -	$ -	$ 2.19	$ 2.55	$ 2.44	**$ 7.18**	$ 4.60	$ 1.90	$ 1.92	$ 3.46	$ 1.50	**$ 13.38**	**$ 20.56**
Utility & Railroad	$ -	$ 0.01	$ 0.01	$ 0.38	$ -	**$ 0.40**	$ -	$ 0.01	$ 0.02	$ 0.72	$ -	**$ 0.75**	**$ 1.15**
Total Costs	**$ 4.15**	**$ 8.58**	**$18.14**	**$30.06**	**$10.44**	**$71.37**	**$ 4.67**	**$7.90**	**$23.12**	**$43.18**	**$24.05**	**$102.92**	**$ 174.29**

CHAPTER 4. PROJECT FUNDS

INTRODUCTION

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

FINANCIAL PLAN OVERVIEW

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

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

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

PROCUREMENT APPROACH AND FINANCING

The Project has been procured using a DBBV procurement model through a PPA. Under this model, IFA will make progress payments to a DBC as consideration for the contractor designing and constructing a facility in accordance with the performance standards set forth in the PPA, which upon release in December 2020, has been made viewable at the IFA website Sherman Minton Corridor Project. Information on the Project is also available on the Project website and on the INDOT website.

A combination of state and federal funds is being used to make progress payments to the DBC. INDOT will budget for these using INDOT's state appropriation determined by the Indiana General Assembly. The sources of federal funds used to support the payments are anticipated to be from the American Rescue Plan Act (ARPA) and will be applied to the Project as received through the revenue loss equation. This FPAU is based on public funds by INDOT and KYTC.

STATE TRANSPORTATION AND FEDERAL-AID FORMULA FUNDING

Indiana has historically used federal-aid resources for the Project and has committed specific funding from their respective near-term federal-aid highway funding programs, as described further below in Table 4-1. Federal-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 match 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 $174.29 million of federal and state funds is reasonably expected to be available to the Project as shown in Table 4-1 below. Any funds in Advanced Construction (AC) that have not yet been converted to federal funds are included in the State Highway Fund lines (total of $0.00 million – see Table 6-2).

The INDOT Project costs of $71.37 million is 0.6% of INDOT's capital program with 0.2% utilization of NHPP funds. The KYTC Project costs of $102.92 million is 1.5% of KYTC's capital program with 4.4% utilization of National Highway Performance Program (NHPP) funds. The funding is estimated to be split between federal-aid funds and state funds is 90% and 10% respectively.

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

Fund Type / State Fiscal Year	2020 & Prior	2021	2022	2023	2024	Total
Federal						
Indiana						
NHPP	$ 0.46	$ 5.63	$ 2.38	$ 2.46	$ 1.30	**$ 12.21**
Discretionary	$ 0.00	$ -	$ -	$ -	$ -	**$ 0.00**
Kentucky						
NHPP	$ 4.34	$ 4.95	$ 32.97	$ 28.49	$ 17.15	**$ 87.90**
Discretionary	$ -	$ 5.06	$ -	$ -	$ -	**$ 5.06**
Subtotal, Federal Funds	**$ 4.80**	**$15.63**	**$ 35.35**	**$ 30.95**	**$18.44**	**$105.17**
U.S. Dept. of Treasury						
Indiana - ARPA	$ -	$ -	$ 18.30	$ 30.84	$ -	**$ 49.14**
Subtotal, U.S. Dept. of Treasury	**$ -**	**$ -**	**$ 18.30**	**$ 30.84**	**$ -**	**$ 49.14**
State						
Indiana						
State Highway Fund	$ 5.17	$ 4.16	$ 0.26	$ 0.27	$ 0.14	**$ 10.02**
Kentucky						
State Highway Fund	$ 0.48	$ 0.74	$ 3.66	$ 3.17	$ 1.91	**$ 9.96**
Subtotal, State Funds	**$ 5.66**	**$ 4.90**	**$ 3.93**	**$ 3.44**	**$ 2.05**	**$ 19.98**
Total	**$10.45**	**$20.54**	**$ 57.58**	**$ 65.23**	**$20.49**	**$174.29**

It is anticipated that future funds will come from the NHPP federal funds, although the commitment of specific funding categories of federal funding is subject to adjustment based on the availability of more restricted categories. On a monthly basis, INDOT invoices KYTC for reimbursement of their share.

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There are no changes to report for this Update.

PROGRESS PAYMENTS

The monthly progress payments to the DBC 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 (INDOT STIP) and KYTC STIP, as well as the 2020-2025 Kentuckiana Regional Planning Development Agency Transportation Improvement Plan (KIPDA TIP).

FEDERAL DISCRETIONARY FUNDING

The Project has utilized funding outside of federal-aid formulary and state transportation funds to date. $49.14 million of ARPA (INDOT), $5.06 million (KYTC) and $2 thousand (INDOT) of demo funds have been used on the Project. The use of discretionary funding in future periods remains a possibility.

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There are no changes to report for this Update.

SPECIAL FUNDING TECHNIQUES

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

CHAPTER 5. FINANCING ISSUES

INTRODUCTION

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

FINANCING STRATEGY

The Project will not utilize funding outside of the federal-aid and state transportation funds appropriated to INDOT and KYTC. 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

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

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

Sources and Uses of Funds	IFP	FPAU	$ Change	% of Change
Sources				
IN State & Federal - Formulary	$ 55.49	$ 22.23	$ (33.26)	-100.0%
IN State & Federal - Discretionary	$ 0.00	$ 0.00	$ -	0.0%
IN Federal - ARPA	$ -	$ 49.14	$ 49.14	147.7%
KY State & Federal - Formulary	$ 85.53	$ 97.86	$ 12.33	37.1%
KY State & Federal - Discretionary	$ -	$ 5.06	$ 5.06	15.2%
Source of Funds Subtotal	**$141.02**	**$174.29**	**$ 33.27**	**100.0%**
Uses				
Indiana				
PE, Environmental	$ 6.80	$ 9.15	$ 2.34	7.0%
Final Design	$ 2.72	$ 5.65	$ 2.93	8.8%
Construction Costs	$ 42.59	$ 48.99	$ 6.40	19.2%
CEI, Admin & Program Costs	$ 2.58	$ 7.18	$ 4.60	13.8%
Utility & Railroad	$ 0.80	$ 0.40	$ (0.39)	-1.2%
Indiana Subtotal	**$ 55.49**	**$ 71.37**	**$ 15.88**	**47.7%**
Kentucky				
PE, Environmental	$ 9.85	$ 6.38	$ (3.47)	-10.4%
Final Design	$ 4.25	$ 8.62	$ 4.37	13.1%
Construction Costs	$ 66.62	$ 73.78	$ 7.16	21.5%
CEI, Admin & Program Costs	$ 4.03	$ 13.38	$ 9.35	28.1%
Utility & Railroad	$ 0.78	$ 0.75	$ (0.02)	-0.1%
Kentucky Subtotal	**$ 85.53**	**$102.92**	**$ 17.39**	**52.3%**
Expenditures Subtotal	**$141.02**	**$174.29**	**$ 33.27**	**100.0%**

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As illustrated in Table 6-1 and previously mentioned in Chapter 3, this Update realizes a $33.27 million increase of the sources and uses of funds over the IFP. This increase is largely attributed to the DBC's bid consisting of CN, final design, and professional services contract for CEI. The changes are discussed further in detail in Chapters 10 and 11.

CASH MANAGEMENT TECHNIQUES

For Project funding expected to be contributed from state and federal sources, INDOT and KYTC intend 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 and KYTC authority to concurrently advance

projects utilizing these federally accepted practices. 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 or Kentucky's AC exceed Indiana's and Kentucky's future federal estimates.

Table 6-2 below provides the AC conversion status for Indiana updated through February 28, 2023. As shown, the Project currently has $10.46 million authorized AC funds with $10.46 million converted to federal funds to date for INDOT. The CN award for INDOT was obligated in AC. However, with the new ARPA funding source, this changed to $10.46 million of AC.

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

SFY / State	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
2020 - INDOT	$ 0.04	$ 0.00	$ 0.04
2021 - INDOT	$ 52.06	$ 0.00	$ 52.06
2022 - INDOT	$ 53.08	$ 6.24	$ 46.84
2023 - INDOT	$ 10.46	$ 10.46	$ -

Financing Costs

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

Projected Cash Flows

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

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

Revenue	2020 & Prior	2021	2022	2023	2024	Total
Carryover		$ 1.64	$ 5.69	$ 22.01	$ 14.00	
INDOT Funding	$ 5.63	$ 9.79	$ 2.64	$ 2.73	$ 1.44	**$ 22.23**
INDOT ARPA Funding	$ -	$ -	$ 18.30	$ 30.84	$ -	**$ 49.14**
KYTC Funding	$ 4.82	$ 10.75	$ 36.63	$ 31.66	$ 19.05	**$ 102.92**
Revenue Subtotal	**$ 10.45**	**$ 20.54**	**$ 57.58**	**$ 65.23**	**$ 20.49**	**$ 174.29**
Total Revenue Available	**$ 10.45**	**$ 22.18**	**$ 63.27**	**$ 87.24**	**$ 34.49**	
Expenditures						
PE, Environmental	$ 4.19	$ 3.22	$ 1.10	$ 3.58	$ 3.45	**$ 15.53**
Final Design	$ 0.02	$ 3.89	$ 4.20	$ 6.16	$ -	**$ 14.27**
Construction	$ 0.01	$ 7.46	$ 31.83	$ 56.38	$ 27.10	**$ 122.78**
CEI, Admin, Progam	$ 4.60	$ 1.90	$ 4.11	$ 6.01	$ 3.94	**$ 20.56**
Utilities/Railroads	$ -	$ 0.02	$ 0.03	$ 1.10	$ -	**$ 1.15**
Expenditures Subtotal	**$ 8.82**	**$ 16.48**	**$ 41.26**	**$ 73.24**	**$ 34.49**	**$ 174.29**
Net Cash Flow	**$ 1.64**	**$ 5.69**	**$ 22.01**	**$ 14.00**	**$ -**	

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As show above in Table 6-3, INDOT and KYTC have expended $66.56 million through SFY22. SFY23 is anticipated to obligate $65.23 million more and expend an additional $73.24 million. SFY24 is projected to obligate $20.49 million more and expend the remaining $34.49 million.

Table 6-4 illustrates the Project cash flows from the IFP. The major difference is the amount, due to the construction contract award. The other notable variance from the current cash flows to the IFP are the timing of funding and expenditures. The Project's funding continues to outpace expenditures resulting in funding carryover.

Table 6-4. IFP Project Cash Flows by State Fiscal Year (in $ millions)

Revenue	2020 & Prior	2021	2022	2023	2024	Total
Carryover		$ 4.96	$ 3.55	$ 13.23	$ 4.55	
INDOT Funding	$ 6.82	$ 0.78	$ 13.53	$ 22.91	$ 11.46	$ 55.49
KYTC Funding	$ 5.62	$ 5.00	$ 21.15	$ 35.83	$ 17.92	$ 85.53
Revenue Subtotal	**$ 12.45**	**$ 5.78**	**$ 34.68**	**$ 58.74**	**$ 29.37**	**$ 141.02**
Total Revenue Available	**$ 12.45**	**$ 10.73**	**$ 38.23**	**$ 71.97**	**$ 33.93**	
Expenditures						
PE, Environmental	$ 7.49	$ 6.16	$ 2.00	$ 1.00	$ -	$ 16.65
Final Design	$ -	$ -	$ 2.31	$ 3.00	$ 1.66	$ 6.97
Construction	$ -	$ -	$ 19.04	$ 60.11	$ 30.06	$ 109.21
CEI, Admin, Prgm	$ -	$ -	$ 1.10	$ 3.31	$ 2.21	$ 6.61
Utilities/Railroads	$ -	$ 1.02	$ 0.55	$ -	$ -	$ 1.57
Expenditures Subtotal	**$ 7.49**	**$ 7.18**	**$ 25.00**	**$ 67.42**	**$ 33.93**	**$ 141.02**
Net Cash Flow	**$ 4.96**	**$ 3.55**	**$ 13.23**	**$ 4.55**	**$ -**	

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 Project Sponsors have 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 DBBV delivery method. Due to Indiana laws on transportation procurement, any procurement method that does not award to a lowest bid is managed by the INDOT Major Project Delivery Department under the Major Projects Division.

LEGISLATIVE AUTHORITY

The P3 Program operates within the general legal framework set forth in the Indiana Code (IC). INDOT and IFA have been granted legislative authority to procure P3 projects in Indiana. The statute providing authorization to procure P3 projects is IC 8-15.5 for IFA and IC 8-15.7 for INDOT. Together, IFA and INDOT will lead the procurement and INDOT will be responsible for the technical aspects of P3 projects and will commit its appropriations towards a project where it is appropriate. The relevant statute allows for the development, financing, and operation of P3 projects.

INDIANA'S P3 MANAGEMENT STRUCTURE

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

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

BENEFITS – DISADVANTAGES COMPARISON

The Project is being procured using a DBBV delivery model and will be managed by INDOT. While P3s are not suitable for all projects, there are a few main benefits to P3s of all sizes and complexities. Using innovative project delivery models, such as P3s, to deliver and operate infrastructure projects have many benefits for INDOT and KYTC 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 and KYTC's cost for the project is locked in at commercial close and is only subject to cost changes approved by INDOT and KYTC. This provides more cost certainty when compared to traditional delivery. INDOT and KYTC 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 mangers in the development of the project bid. The exchange of ideas between these parties can result in significant value engineering efficiencies and can help to avoid technical issues. Private entities are typically experienced in the design and 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 is sufficiently available for public use, function as a powerful motivator toward on-time completion and project delivery.
- **Improved accountability**: One party, the DBC, 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 DBC is responsible.

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

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

Risk Allocation Analysis

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

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

High Level Project Screening Criteria		Rating
Project Complexity	Is the project sufficiently complex in terms of technical and/or financial requirements to effectively leverage private sector innovation and expertise?	High
Accelerating Project Development	If the required public funding is not currently available for the project, could using a P3 delivery method accelerate the delivery of the project?	Low

High Level Project Screening Criteria		Rating
Transportation Priorities	Is the project consistent with overall transportation objectives of the State?	High
	Does the project adequately address transportation needs?	High
Project Efficiencies	Would the P3 delivery method help foster efficiencies through the most appropriate transfer of risk over the project life cycle?	Medium
	Is there an opportunity to bundle projects or create economies of scale?	High
Ability to Transfer Risk	Would the P3 delivery method help transfer project risks and potential future responsibilities to the private sector on a long-term basis?	Low
Funding Requirement	Does the project have revenue generation potential to partially offset the public funding requirement if necessary?	Low
	Could a public agency pay for the project over time, such as through an availability payment, as opposed to paying for its entire costs up front?	Low
Ability to Raise Capital	Would doing the project as a P3 help free up funds or leverage existing sources of funds for other transportation priorities with the State?	N/A

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

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

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

Detail Project Screening Criteria		Rating
	Has the project received approval in applicable local and/or regional plans and programs?	High
	Is the project consistent with federal agency programs or grants on transportation (FHWA, FTA, MARAD, FAA, FRA, etc.)?	Low
Legislative Considerations	Are there any legislative considerations that need to be considered such as tolling, user charges, or use of public funds?	Low
Technical Feasibility	Is the project described in sufficient detail to determine the type and size of the project, the location of the project, proposed interconnections with other transportation facilities, the communities that may be affected and alternatives that may need evaluation?	High
	Is the proposed schedule for project completion clearly outlined and feasible?	Med
	Does the proposed design appear to be technically sound and consistent with the appropriate state and federal standards?	High
	Is the project consistent with applicable state and federal environmental statutes and regulations?	Med
	Does the project identify the required permits and regulatory approvals and a reasonable plan and schedule for obtaining them?	High
	Does the project set forth the method by which utility relocations required for the transportation facility will be secured and by whom?	Med
Financial Feasibility	Are there public funds required and, if so, are the State's financial responsibilities clearly stated?	High
	Is the preliminary financial plan feasible in that the sources of funding and financing can reasonably be expected to be obtained?	High
Legal/Legislative Feasibility	Is legislation needed to complete the project?	Low
Project Risks	Are there any risks unique to the projects that have not been outlined above that could impair project viability?	Low
	Are there any project risks proposed to be transferred to INDOT that are likely to be unacceptable?	Low

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

Table 7-3. INDOT DBBV Project Considerations

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

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

- The project is large and is located in a high traffic volume area seeing around 90,000 vehicles per day.
- An accelerated construction schedule would help to limit construction impacts to

stakeholders and while addressing safety concerns during the construction period.

- Traffic maintenance will be a challenge; coordinating the traffic including several interstate and local road closures could benefit from an elevated 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 regional and national contractors and designers and is likely to attract a strong pool of bidders willing to work under a DBBV model.

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

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The daily driver counts of 90,000 was pre-pandemic and the figure used in the planning and environmental stage. Currently, the daily driver count is around 70,000 as noted on the Project web site at https://shermanmintonrenewal.com/.

Market Conditions

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

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
Original Cost Estimates		Realized - 2021 FPAU	
The risk that original cost estimates are lower than bids received.	Recent US DB and P3 experience indicates that competition may result in aggressive bids below the state sponsor's estimates. Should that prove not to be the case, the state will revise its financial plans, accordingly, including the possible inclusion of additional state and federal funding. It is the expectation of the Project Sponsor that the planned DBBV procurement approach will help to accelerate project delivery and, in turn, reduce costs.	Low	Medium
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.	High	Medium
Contingency			
The amount of contingency factored into Project cost estimates may be insufficient to cover unexpected costs or cost increases.	While petroleum prices have an inflationary risk, both a DB and a progress payment concession structure, as contemplated by the state, helps transfer much of this risk from the public to the private sector DB or concessionaire.	Low	Medium
Cost Overruns During Construction		Realized - 2022 FPAU	
Cost overruns after start of construction could result in insufficient upfront funds to complete the project.	A DB or progress payment concession structure helps transfer much of this risk from the public to the private sector DB or concessionaire.	Low	Medium
Materials Supply Chain		Realized - 2022 FPAU	

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
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. both a DB and a progress payment concession structure, as contemplated by the state, helps transfer much of this risk from the public to the private sector DB or concessionaire.	High	Medium

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There are no further changes to the Project Costs Risks from the 2022 Update.

Project Schedule Risks and Response Strategies

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

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

Risk	Response Strategy	Likelihood of Occurrence	Impact of Occurrence
Litigation		Retired; did not materialize.	
Permits and Approvals			
Delays in the receipt of permits and approvals may delay the start of construction.	The state has initiated activities necessary to secure major permits. The DB will assume responsibility to obtain all other permit approvals. Compliance will be the DB's responsibility and will be addressed directly in the relevant contract documents. The state has a track record of success in acquiring similar permits.	Low	Low
Unanticipated Site Conditions			
Unanticipated geotechnical conditions could be encountered, potentially delaying the schedule, or increasing costs. The Project site may include "urban fill" in existing embankments, consisting of portions of buildings (e.g., bricks and concrete) removed in the original interstate construction. The Project site may also include in situ basement or foundation elements only partially removed during original interstate construction.	Extensive geotechnical investigations have been conducted on the Project. While preliminary results do not indicate significant problems, there is potential for urban fill and obstructions. The DB will be responsible to identify and resolve obstructions to the state's satisfaction per contractual requirements in the PPA.	Medium	Low
Endangered Species			
If endangered species (e.g., Indiana bat, mussels, etc.) are encountered, construction work may be disrupted, leading to	Mitigation is an established process that minimizes delay with dedicated staffing to address surprise findings. Similar mitigation has been used on four previous corridor	Low	Low

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

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There are not updates to the Project Schedule over the 2022 Update.

Financing and Revenue Risks and Response Strategies

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

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

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

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The Availability of Financing Tools Risk for the Project have been retired in this Update. The uncertainty of the availability of these due to the public health crisis (COVID-19) did not materialize and have been retired.

Procurement Risks and Response Strategies

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

Table 8-4. Procurement – Risks and Response Strategies

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

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No new changes in this Update.

Impact on Statewide Transportation Programs

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

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

CHAPTER 9. ANNUAL UPDATE CYCLE

INTRODUCTION

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

FUTURE UPDATES

The effective date for this FPAU is March 1, 2023. The next FPAU will be submitted to FHWA by June 1, 2024.

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

INTRODUCTION

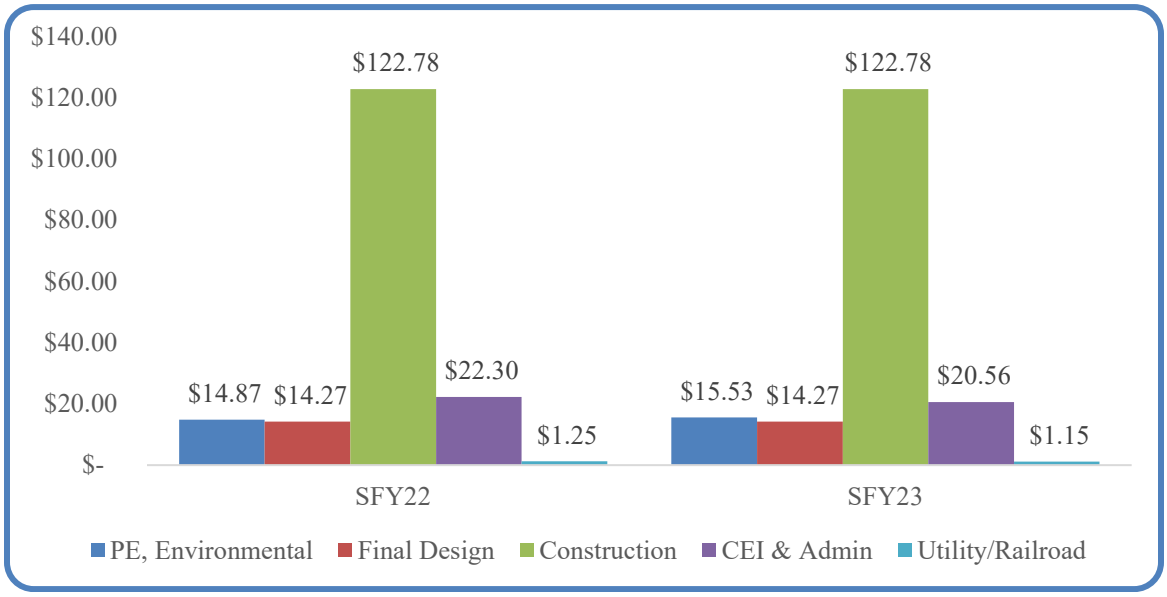
This chapter addresses the changes that have reduced or increased the cost of the Project since last year's financial plan, the primary reason(s) for the changes, and actions taken to monitor and control cost growth.

Since the prior Update, the Project has realized cost decreases overall, as shown in Figure 10-1. PE and environmental costs have increased $660 thousand while CEI/admin services and railroad costs have decreased. The reasons for these changes are discussed below briefly.

- PE/Environmental: $660 thousand increase from INDOT Accounting error correction.
- CEI/admin: $1.74 million decrease for the professional services contract from estimate.
- Utility/Railroad Coordination: $100 thousand reductions in RR coordination efforts from estimate.

There have been a handful of cost changes executed, as shown in Table 11-2. These have not yet been funded.

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



The actions taken to monitor, and control cost growth include vetting all changes internally between the Project team and the respective Departments. Items considered are cost, added value, short and long-term maintenance impacts, impacts to the Project schedule, and the ability to be implemented. The Project team will look for duplication 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 2020 INDOT Standard Specifications.

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 $33.27 million increases in costs and funding, 23.6% as shown below in Table 11-1. Obligations made in SFY22 and prior that were not expended are shown in SFY23 numbers as encumbrances. Of other noteworthy change is INDOT has moved CN funding from SFY24 to SFY23 involving no expenditures, CEI services contracts are in place, and the railroad coordination efforts finalized. These changes are reflected below in Table 11-1. Further factors affecting changes in numbers between the IFP, and this Update are discussed below.

- Professional Services
  - Additional legal and financial services (PE activities) were required for the procurement and PPA execution. The nature of a bi-state project requires more effort for a successful procurement.
  - Lower than estimated preliminary engineering, design, and environmental efforts required to deliver the Project offset the above increase.
  - CEI/admin services cost increase for contracted amount post CN award & structural member fabrication inspection services assignments.
  - Lower than estimated RR coordination efforts required.
- DBC Award
  - The DBC's price proposal was greater than the original cost estimate and the allocated funding. This affects both the CN and final design activity's values.

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

State FY	IFP	2021 FPAU	2022 FPAU	2023 FPAU	$ Delta from IFP	% Delta from IFP
2020 & Prior	$ 12.45	$ 9.22	$ 9.22	$ 8.82	**$ (3.63)**	**-29.2%**
2021	$ 5.78	$ 21.89	$ 17.34	$ 16.48	**$ 10.71**	**185.4%**
2022	$ 34.68	$ 53.30	$ 62.44	$ 41.26	**$ 6.58**	**19.0%**
2023	$ 58.74	$ 52.64	$ 65.98	$ 73.24	**$ 14.49**	**24.7%**
2024	$ 29.37	$ 31.53	$ 20.49	$ 34.49	**$ 5.12**	**17.4%**
Total	**$ 141.02**	**$ 168.58**	**$175.47**	**$174.29**	**$ 33.27**	**23.6%**

Cost and funding trends since the IFP have realized escalation. However, since the selection of the Preferred Proposer have been relatively static. The probable reasons for this trend are inflationary factors and associated risk, and labor market conditions. Increased professional services efforts are necessary on this project due to the bi-state nature; there are two State's laws and specifications to take into consideration that affect the level of effort necessary to successfully complete the job. In addition, cross river mobility during CN is a concern among stakeholders and has been vetted significantly including the consideration to pause or halt tolling on the new bridges on I-65 and I-265 to the east.

Inflationary factors and associated risk are centered around the volatile market in general, due to the COVID-19 effects. There were labor shortages throughout the supply chain and in many sectors causing delays on the delivery of goods/services, further exacerbating the inflationary effect on prices. The very nature of a PPA is to shift certain risks to the private sector. As such, bids reflect the private sector's view or outlook of the market conditions during the construction period. If prices are expected to increase more quickly than historically, will result in an increase in bid price. The labor supply is another factor influencing the price proposal and professional services fees. With many job openings and not enough laborers to fill, seasoned/highly skilled workers will be at a premium and in short supply. Changes during CN in labor and/or supply chains, presented an issue to the Proposer team increasing costs greatly.

The implications for the remainder of the Project are that cost changes/change orders will likely be inflated compared to prior changes on similar projects due to the factors previously discussed, triggering already realized higher costs. .

Table 11-2 below lists the existing cost changes/change orders on the Project to date in actual dollars. There are currently four executed cost changes. These are all small in financial terms and total 0.03% of the CN award value. Not all executed cost changes have been funded.

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

Item	Description	Status	Schedule Impact	Amount	% of Original Bid
001	I-265 to I-64 Shoulder Replacement (DROPPED)	Executed	N/A	$ -	0.0%
002	Erosion Control for I-264 WB to I-64 WB Ramp Embankment	Executed	N/A	$ 13,944	0.0%
003	Restripe Ramp from I-265 E to I-65 S	Executed	N/A	$ 29,896	0.0%
004	E5 Internal Cure Add Mixture	Executed	N/A	$ (1,923)	0.0%
					0.0%
					0.0%
Total				**$ 41,917**	**0.03%**

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

INTRODUCTION

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

There have not been any official changes affecting the Project schedule since the Prior FPAU. However, the DBC has submitted requests for additional time and cost reimbursement but have not yet been accepted by the Project Sponsors, as of March 1, 2023. The DBC has continuously failed to deliver an accurate/timely recovery schedule from the indicated 237-day impact to the Substantial Completion date. The reporting of these gains/losses does not constitute nor imply an extension to the Substantial Completion date. Further, maintenance of traffic impacts that have been realized as the DBC has consistently delayed target dates for closures and will be a part of the vetting of these changes/events.

The primary factors are centered around the volatile market in general, due to the COVID-19 effects, and labor shortages throughout the supply chain resulting in delays on the delivery of goods/services.

Actions taken to monitor, and control schedule growth continue. The Project team conducts bi-weekly internal coordination Project meetings with all involved team members to discuss Project progress. Critical path issues are always discussed first and at this point in the Project's life cycle typically include maintenance of traffic, contractor operations, directives, and non-conforming work. The INDOT and FHWA have a bi-annual risk assessment of major projects. Additionally, there are partnering refresher and quarterly executive meetings to maintain the delivery of the Project.

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.

As of March 1, 2023, the Project's schedule is still on course for the same completion date as in the IFP. COVID-19 effects and related supply chain issues have caused interruptions. The probability exists that ongoing supply chain and labor issues could cause delay in any or all aspects of the Project schedule going forward. Additional coordination with local projects and ongoing stakeholders is also required.

The implications for the remainder of the Project are a Substantial Completion date that is moved out to accommodate lost time. The Project team will vet to reduce this as much as is feasible including additional funds for acceleration.