KENTUCKY TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS

ROUTING RECORD

Date: NOVEMBER 12,2024

TO		DATE	INITIAL	TO		DATE	INITIAL
4	**JIM GRAY** Secretary	11/12/2024	DS	5	**DANNY CORBIN** INDOT	11/15/2024	Initial
3	**MIKE HANCOCK** Deputy Secretary	11/12/2024	DS	6	**BRADLEY ROOD** INDOT	11/15/2024	Initial
2	**JAMES BALLINGER** State Highway Engineer	11/12/2024	Initial	7	**JOSEPH GUSTIN** INDOT	11/18/2024	Initial
1	**AMANDA SPENCER** ASST STATE HIGHWAY ENGINEER	11/12/2024	Initial				

Comments:

FINANCIAL PLAN CHECKLIST

Project Name: I-69 Ohio River Crossing (ORX): 2024 FPAU

1. **Project Description**
   - ☑ a. Narrative description of project scope
   - ☑ b. Map
   - ☑ c. Date of NEPA Decision Document(s) (month/year)
   - ☐ d. Documentation of Operationally Independent and Non-Concurrent Construction (OINCC) determinations, if applicable N/A 10/31/24
   - ☑ e. If a phasing plan is presented, include detail description of the funded phase
2. **Schedule**
   - ☑ a. Present current schedule including major milestones
   - ☑ b. Compare with Initial Financial Plan (IFP) and prior Annual Update (AU) schedule
   - ☑ c. Clearly identify estimated completion date (Month/Year)
   - ☑ d. If a phasing plan is presented, include anticipated schedule (Month/Year) for the funded phase
3. **Project Cost**
   - ☑ a. Provide a total cost estimate for the full project
   - ☑ b. Provide a breakdown of cost by project component (contract, section, phase, etc.)
   - ☐ c. Provide a breakdown of cost by activity (feasibility studies, preliminary engineering, environmental assessment, right-of-way acquisition, construction, construction engineering and inspection, project management, contingencies, ITS activities, etc.).
   - ☐ d. All costs should be expressed on a year-of-expenditure basis and should include a narrative describing assumptions used to arrive at such estimates
   - ☐ e. IFP cost should equal at least the 70% percentile cost amount from the most recent Cost Estimate Review (CER)
   - ☐ f. Compare current estimated cost with IFP and prior AU estimated cost
   - ☐ g. If a phasing plan is presented, include the cost estimate and breakdown of cost the funded phase
4. **Project Funds**
   - ☑ a. Provide all funding sources
   - ☑ b. Show dedicated and anticipated funds separately
   - ☑ c. Identify project listing in TIP/STIP and fiscally constrained Metropolitan Long Range Transportation Plan
   - ☑ d. Show Federal funds and State and/or local funds separately
   - ☑ e. Address potential unanticipated changes in expected funding
   - ☑ f. Include information for special funding techniques such as advance construction, if applicable
   - ☑ g. If a phasing plan is presented, funding should only be shown for the funded phase
5. **Financing Issues**
   - ☑ a. Identify the type of financing proposed
   - ☐ b. Estimate interest rates and associated fees N/A 10/31/24
   - ☐ c. Estimate the total financing costs associated with the project N/A 10/31/24
   - ☑ d. If a phasing plan is presented, financing costs should only be shown for the funded phase

6. **Cash Flow**
   - ☐a. Show fund availability versus expenditures by fiscal year (FY) (cash in versus cash out)
   - ☐b. Compare cash flow displayed in IFP to updated cash flow
   - ☐c. Discuss changes in estimated timing of fund availability (cash in) and/or expenditures (cash out) since IFP
   - ☐d. If a phasing plan is presented, cash flow should only be shown for the funded phase
7. **Public-Private Partnership (P3) Assessment**
   - ☐a. Cite legislative authority
   - ☐b. Identify internal P3 structure
   - ☐c. Comparison of benefits
   - ☐d. Summarize Risk allocation analysis
   - ☐e. Identify market conditions
   - ☐f. If a phasing plan is presented and additional portions of the project are added to the financial plan, a P3 assessment should be provided
8. **Risk and Response Strategies**
   - ☐a. Summarize risks identified during the CER and update as appropriate
   - ☐b. Add risks that were not included or known during the CER
   - ☐c. Provide a response strategy (ies) for each risk
   - ☐d. Update (add, modify, or retire) risks in each AU as project progresses
9. **Annual Update Cycle**
   - ☐a. Define the annual reporting period for the data reported in the Annual Update to the Financial Plan
   - ☐b. State the due date (90 days after the end of the annual reporting period) for the next Annual Update to the Project
   - ☐c. If necessary, provide any reason this date has changed from the last financial plan.
10. **Summary of Cost Changes Since Last Year's Financial Plan**
    - ☐a. Provide an explanation of the change in total cost from last year's financial plan (amount and main contributing factor(s))
    - ☐b. Document actions taken to monitor and control cost growth
11. **Cost and Funding Trends since Initial Financial Plan**
    - ☐a. Discuss trends impacting project costs and funding
12. **Summary of Schedule Changes Since Last Year's Financial Plan**
    - ☐a. Provide an explanation of the change in the estimated completion date from last year's financial plan (number of months and main contributing factor(s))
    - ☐ b. Document actions taken to monitor and control schedule growth
13. **Schedule Trends since Initial Financial Plan**
    - ☐a. Discuss trends impacting project schedule

Prepared by: Signed by: Amanda Spencer 9EC99FE1A8F443F... 11/12/2024

FHWA Reviewer: _____

Indiana Department of Transportation
Kentucky Transportation Cabinet

I-69 Ohio River Crossing Project
2024 Financial Plan Annual Update
Letter of Certification

The Indiana Department of Transportation (INDOT) and the Kentucky Transportation Cabinet (KYTC) present this Financial Plan Annual Update (FPAU) for the I-69 Ohio River Crossing Project (the Project) in accordance with the requirements of Section 106(h) of Title 23, as amended, and the requirements set out in Federal Highway Administration (FHWA) Financial Plans Guidance.

The Project is being delivered using a phased project plan approach, as provided for by FHWA guidance. This FPAU provides detailed cost, schedule, and funding information for Sections 1 and 3 of the Project and provides cost and schedule information, as currently available, for the entire project. The decision to adopt a phased plan was initiated jointly by INDOT and KYTC and in coordination with FHWA.

This FPAU provides the updated schedule for delivering the Project, cost and expenditure data through State Fiscal Year (SFY) 2024 (June 30, 2024), and financial information for the Project as of that date. The cost data in this IFP provides an accurate accounting of costs incurred through the reporting period and includes an estimate of future project expenditures. The estimates of financial resources to fund the Project represent an accurate accounting of funds expended through the reporting period and anticipated future spending. 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.

To the best of our knowledge and belief, the FPAU, as submitted herewith, is based on sound underlying assumptions that fairly and accurately present the financial position of the Project, cash flows, and expected conditions for the Project's life cycle. This FPAU is our reasonable best effort at providing an accurate basis upon which to schedule and fund the remainder of the Project. We have made available all significant information that is relevant to the FPAU for the Project and, to the best of our knowledge and belief, the inputs and assumptions derived from these documents and record are appropriate.

Respectfully Submitted:

Signed by:
Joseph Gustin
29FA08AE95824D5...

11/18/2024

Joseph Gustin Date
Deputy Commissioner - Finance
Indiana Department of Transportation

DocuSigned by:
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11/12/2024

Jim Gray Date
Secretary
Kentucky Transportation Cabinet

I-69 Ohio River Crossing Project

Financial Plan Annual Update

October 2024*

Submitted to:
Federal Highway Administration

Submitted jointly by:
Indiana Department of Transportation and Kentucky Transportation Cabinet

*Project cost estimates, expenditure data, and completion schedules reflect information available as of July 31, 2024.

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CHAPTER 1. PROJECT DESCRIPTION

1.1 INTRODUCTION

This document presents the Financial Plan Annual Update (FPAU) for the I-69 Ohio River Crossing (ORX) Project (the Project) as of July 31, 2024, including current cost estimates, expenditures, the current schedule for delivering the Project, and the financial analyses developed for the Project. This FPAU has been prepared in accordance with 23 U.S.C. 106(h) and Federal Highway Administration (FHWA) Financial Plans Guidance.

The I-69 Ohio River Crossing Project will be delivered using a financially-phased delivery approach, meaning that it currently has a funded phase (Phase 1) and an unfunded phase (Phase 2) that make up the entirety of the Project in the Evansville, Indiana and Henderson, Kentucky area. This phased approach allows the Project to be managed more effectively as funding and project delivery methods are identified. The decision to adopt a phased plan was initiated jointly by the Indiana Department of Transportation (INDOT) and the Kentucky Transportation Cabinet (KYTC) in coordination with FHWA.

The Initial Financial Plan (IFP) for the Project referred to Project sections as subprojects. The terminology was adjusted for clarity in the first FPAU, and the term "subproject" is no longer utilized. The two Project phases (Phase 1 and Phase 2) are described as currently being comprised of three Project sections.

1.2 PROJECT OVERVIEW

The I-69 ORX Project will complete the connection between the northern terminus of I-69 in Kentucky near KY 425 (Henderson Bypass) and the southern terminus of I-69 in Indiana near US 41. FHWA, INDOT, and KYTC issued a revised Notice of Intent (NOI) in the Federal Register on February 13, 2017, for the preparation of an Environmental Impact Statement (EIS) for the Project in the Evansville, Indiana and Henderson, Kentucky area, which is part of the National I-69 Corridor that extends between Mexico and Canada.

A NOI was initially issued for the Project on May 10, 2001. Under that NOI, a Draft EIS (DEIS) was completed in 2004. The Project, however, was subsequently suspended in 2005. The Notice of Availability (NOA) of the second DEIS was published in the Federal Register on December 14, 2018. FHWA issued a combined Final Environmental Impact Statement/Record of Decision (FEIS/ROD) on September 16, 2021, culminating the National Environmental Policy Act (NEPA) process and documenting FHWA's decision for the Project. Two NEPA Reevaluations have been completed to date to address changes in the Project's design since the approval of the FEIS/ROD. NEPA Reevaluation Statement #1, covering changes to Section 1 of the Project, was approved by FHWA in August 2023. NEPA Reevaluation Statement #2, covering changes to Section 3, was approved by FHWA in August 2024.

The Project consists of three sections (see Figure 1-1). Section 1 focuses on improvements in Henderson and extends from KY 425 to US 60. The southernmost section of the Project, Section 1, also incorporates an extension of the Merrill Trail to accommodate multimodal and recreational travel. Together with completed and additional anticipated Project Development activities, delivery of Section 1 was the funded portion of the Project as of the IFP approved in September 2021 and is being overseen by KYTC. A design-build procurement was completed, and contract awarded in December 2021. Construction commenced in 2022 and is expected to be complete by October 2025.

Section 3 is a section of the Project being overseen and delivered by INDOT and was added to the funded Phase 1 as of the first FPAU for the Project. Between the prior FPAU and this 2024 FPAU, there has been a shift of some NEPA-defined Section 3 items to be most appropriately addressed as part of Section 2. Throughout this document, Section 3refers to three bridges in Indiana: the ramp from Veterans Memorial Parkway to southbound I-69 and two Ohio River approach bridges from southbound I-69. A design-build procurement was awarded in November 2023 for this section, with construction anticipated to begin by the summer of 2024 and be completed in 2026.

Section 2, currently in the unfunded phase of the Project (Phase 2), is a bi-state section between Kentucky and Indiana and will be added to the financial plan prior to its delivery. This section will construct a new four-lane bridge connecting Sections 1 and 3 and completing the I-69 crossing from Henderson, Kentucky to the Evansville, Indiana metropolitan area. Section 2 also will include approximately 2.5 miles of new roadway south of the Ohio River that will connect to Section 1 at US Highway 60 as well as the remainder of the Project in Indiana, which is northbound I-69 mainline and remaining ramps at the new Veterans Memorial Parkway interchange . Construction is anticipated to begin in 2027 and be complete by 2031. The states are working together to identify opportunities to accelerate the timeline for this section of the Project, including application for discretionary federal grants, which are critical to the expedited completion of the river crossing section of the Project.

1.3 PROJECT SPONSORS

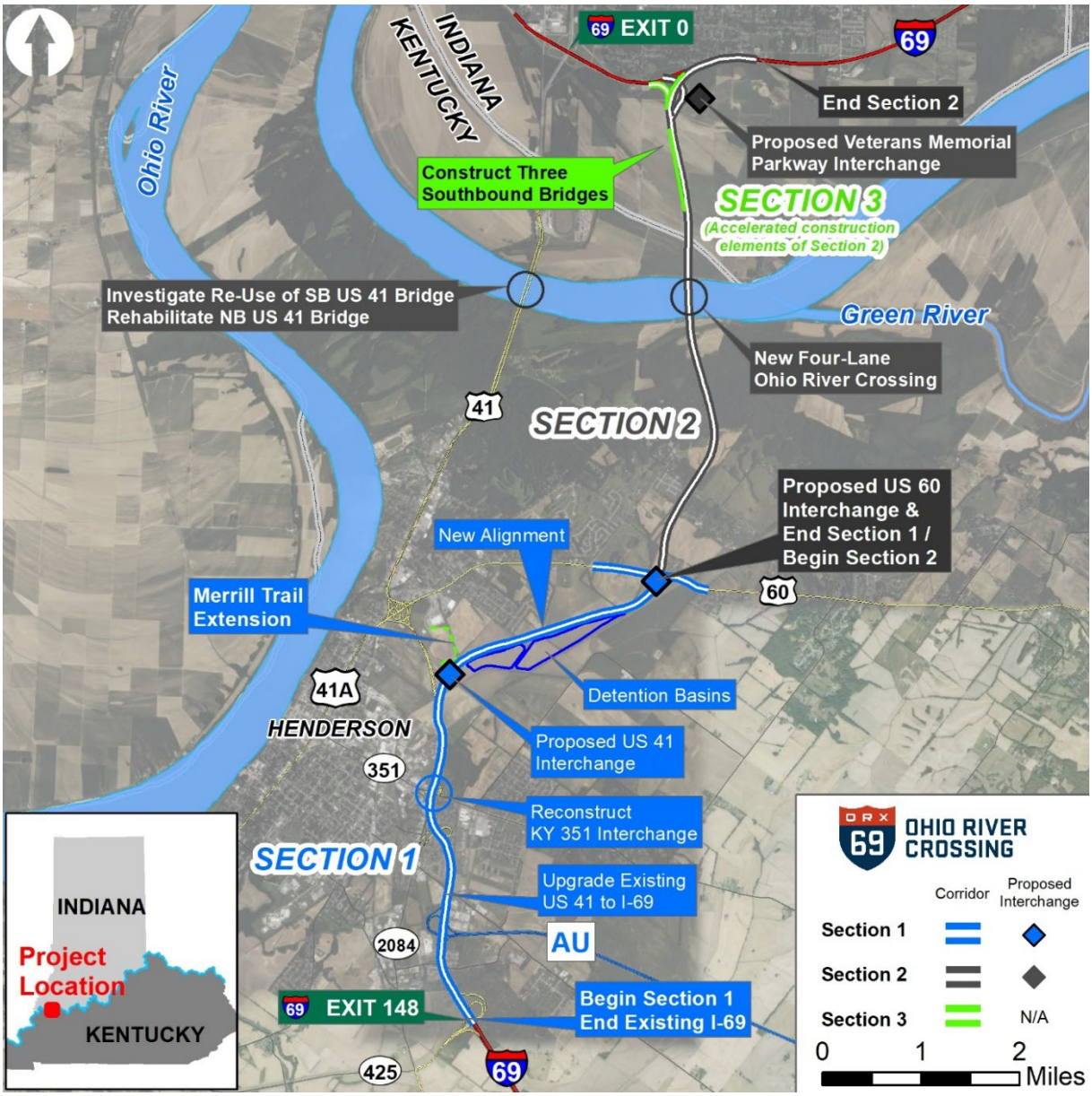
INDOT and KYTC are joint project sponsors for the Project. The primary focus of this FPAU is on the delivery and funding of Sections 1 and 3 under a phased project delivery method. As noted above, KYTC has lead responsibility for the delivery and funding of Section 1, and INDOT has lead responsibility for delivery and funding of Section 3. The states continue to work together to complete ongoing Project Development activities and to move forward with Section 2 of the Project.

1.4 PROJECT DETAIL

The Project includes the development of an interstate highway across the Ohio River to connect the southern terminus of I-69 in Indiana with the northern terminus of I-69 in Kentucky. The project area extends from I-69 (formerly I-164) in Indiana on the south side

of Evansville (i.e., northern terminus) southerly across the Ohio River to I-69 (formerly Edward T. Breathitt Penny rile Parkway) at the KY 425 interchange southeast of Henderson, KY (i.e., southern terminus) (see Figure 1-1).

Figure 1-1. I-69 Ohio River Crossing Project Map



Based on the Project's identified needs (as described in the FEIS Summary), the Project's identified purposes are to:

- Provide cross-river system linkage and connectivity between I-69 in Indiana and I-69 in Kentucky that is compatible with the National I-69 Corridor;
- Develop a solution to address long-term cross-river mobility;
- Provide a cross-river connection that reduces traffic congestion and delay; and
- Improve safety for cross-river traffic.

In 2020, the Kentucky legislature adopted Kentucky's FY 2020 – FY 2026 Highway Plan, which included funding for the first section of the Project. Section 1, which is being constructed first, includes all project work from KY 425 to US 60, including upgrades to the existing US 41 and the first 2.9 miles of new terrain highway. In 2022, INDOT designated funding for Section 3 of the Project, comprising the Indiana roadway and bridge approach segments and including a new interchange at I-69 and Veterans Memorial Parkway. Section 2 of the Project will include the remainder of the Project from US 60 in Kentucky, across the Ohio River, and connecting to I-69 in Indiana. Kentucky's FY 2022 - FY 2028 Highway Plan included preliminary funding for Kentucky's share of Section 2 costs. Additional funding is designated in Kentucky's FY 2024 – FY 2030 Highway Plan, dependent upon federal discretionary grant funding.

Upon completion of Sections 1 and 3, drivers will be able to utilize the future I-69 as far north as US 60 in Kentucky and Section 3 will provide all-weather access for construction of Section 2 from the Indiana approach. Cross-river traffic will continue to utilize the US 41 Ohio River Crossing until Section 2 is constructed.

1.5 Project History

The Project has been under consideration since at least 2000, with an initial NOI issued in May 2001 and a subsequent NOI in 2017. A full discussion of the project history can be found in the FEIS/ROD in Chapter 1. Project Description and History.

1.6 Project Implementation – Management and Oversight

Management and oversight roles are being developed as the sections advance from unfunded to funded phases and related procurement and project delivery strategies are determined. Below is a summary of the roles for Project Development and for each of the sections of the Project.

The IFP for the Project utilized the term "subproject" to refer to individual Project sections. For clarity, the term "subproject" is no longer used in this FPAU. The term "section" generally is utilized to refer to distinct geographic portions of the Project and for which delivery and funding responsibility coincides.

1.6.1 Project Development Activities

KYTC and INDOT continue to jointly conduct Project Development activities, including the necessary NEPA reevaluations and related environmental activities, preliminary design, mitigation, and procurement functions as well as completion of the Project's Financial Plan Annual Updates and Project Management Plan (PMP) updates. The states are being supported by a consultant technical advisory team led by Parsons Transportation Group, Inc. to complete these ongoing Project Development activities.

1.6.2 Phase 1 - Section 1

KYTC is managing delivery of Section 1 of the Project. At this time, the following roles and responsibilities are in place (see PMP for additional detail):

- KYTC, supported by the Project's technical advisory team and in coordination with INDOT, is responsible for oversight of the final design and construction of Section 1. Specific roles include:
    - KYTC Project Manager serves as KYTC's primary contact and provides direction for the daily oversight and management of the Project's consultant staff and contractual scope of services.
    - Design-Build Owner's Representative/Technical Advisor for Construction Delivery provides advice to KYTC and coordinates all aspects of the Project, including design oversight, stakeholder engagement, third-party coordination and payments, constructability reviews, and construction liaison.
    - Design Build Owner's Representative/Technical Advisor for Design/Engineering Services reviews design submittals to ensure compliance with Technical Provisions and recommends actions/resolutions for KYTC, supports NEPA requirements compliance and coordination, and supports the implementation of environmental activities during the final design phase.
- A Design-Build Team (DBT) led by Ragle, Inc. and Stantec Consulting Services, Inc. was selected in December 2021 using KYTC's construction procurement procedures. The DBT has responsibility for project delivery activities related to Section 1, including both final design and construction.

1.6.3 Phase 1 - Section 3

INDOT is managing delivery of Section 3 of the Project. The following project management roles are in place or anticipated (see PMP for additional detail):

- INDOT, supported by the Project's technical advisory team and in coordination with KYTC, is responsible for delivery of Section 3. Specific roles include:
    - INDOT Project Manager serves as INDOT's primary contact and provides direction for the daily oversight and management of the Project's consultant staff and contractual scope of services.
    - Area Engineer oversees and manages all aspects of project construction.
    - Design Manager oversees and manages all aspects of project design.
    - Working under INDOT direction, the technical advisory team assures all NEPA requirements are met, oversees environmental activities during final design, and ensures all permitting and environmental commitments are met.
- A DBT led by Walsh Construction and Traylor Bros, Inc. was selected in November 2023 under INDOT's construction procurement procedures. The DBT has

responsibility for project delivery of Section 3, including both final design and construction.

1.6.4 Phase 2 – Section 2

The states have entered into a preliminary memorandum of agreement to allow preliminary development and financial planning for Section 2 to move forward. Specific procurement and construction methods have not yet been determined, and specific roles and responsibilities will be further specified as this portion of the Project is developed. KYTC will manage the contract for preliminary engineering services, and both KYTC and INDOT will have representatives on a bi-state management team.

CHAPTER 2. PROJECT SCHEDULE

2.1 INTRODUCTION

This chapter provides information on the planned implementation schedule for the Project, focusing primarily on the funded phase (Phase 1), consisting of Project Development to date, Section 1, and Section 3. It also provides information regarding the procurement schedules for Sections 1 and 3.

2.2 PROJECT SCHEDULE

2.2.1 Project Schedule Overview

The delivery schedule for Phase 1 of the Project is based on delivery of Section 1 under a design-build procurement and Section 3 under a separate design-build procurement. Substantial completion of Section 1 is expected by October 2025 and Section 3 by 2027. These sections comprise the funded portion of the Project. Section 2 comprises the unfunded portion (Phase 2). With successful funding, all sections of the Project are scheduled to be substantially complete and open to traffic by December 2030, as shown in Figure 2-1.

The Preliminary Engineering and Environmental category includes both project-wide environmental document preparation, coordination, and mitigation activities and preliminary engineering for each section.

2.2.2 Project Schedule as of 2024 Financial Plan Update

This FPAU brings fairly minor changes to the overall Project schedule from the prior update, including achievement of the letting for Section 3 by Indiana in November 2023, as shown in Figure 2-1 and described further in Chapter 12.

2.3 PROCUREMENT SCHEDULE

The procurement schedules for Sections 1 and 3 of the Project are shown in Table 2-1a and Table 2-1b, respectively. Contract award for the design-build contract for Section 1 occurred in December 2021. Contract award for the design-build contract for Section 3 occurred in November 2023.

Figure 2-1. Project Schedule Overview

Table 2-1. Project Schedule Overview

State Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Preliminary Engineering & Environmental	IFP Update - 2022 Update - 2023, 2024																
Phase 1 - Sections 1 & 3																	
Right of Way					IFP Update - 2022	Update - 2023	Update - 2024										
Utilities						IFP	Update - 2022 - 2024										
Final Design & Construction						IFP	Update - 2022 - 2024										
CEI, Admin, & Program Costs						IFP	Update - 2022	Update - 2023, 2024									
Phase 2 - Section 2																	
Right of Way									IFP	Update - 2022 - 2024							
Utilities										IFP	Update - 2022 - 2024						
Final Design & Construction											IFP	Update - 2022 - 2024					
CEI, Admin, & Program Costs											IFP	Update - 2022 - 2024					

Note: Preliminary Engineering & Environmental category includes all sections. SFY 2023 and 2024 only include NEPA coordination and evaluation activities. SFY 2025 – 2026 includes preliminary design for Sections 2 and 3.

- Preliminary Engineering & Environmental
- Right of Way
- Utilities
- Final Design & Construction
- CEI, Construction Management/Design Review, & Admin

Table 2-1a. Procurement Schedule Overview – Section 1

Procurement Action	Anticipated Completion Date
Notice to Industry and Request for Qualifications (RFQ)	April 2021
Short List	June 2021
Final RFP	September 2021
Technical and Price Proposals Due	November 2021
Contract Award	December 2021
Section Completion	October 2025

See https://transportation.ky.gov/Construction-Procurement/Pages/Design-Build-Projects.aspx for more information on procurement schedule and actions.

Table 2-1b. Procurement Schedule Overview – Section 3

Procurement Action	Anticipated Completion Date
Project Advertisement	July 2023
Submittal of Technical/Cost Proposal/Bid Letting	October 2023
Contract Award	November 2023
Section Completion	November 2026

See https://i69ohiorivercrossing.com/section-3-indiana/ for more information on procurement schedule and actions.

CHAPTER 3. PROJECT COSTS

3.1 INTRODUCTION

This chapter provides a detailed description of cost elements and current cost estimates in year-of-expenditure (YOE) dollars for each project element. Unless otherwise noted, all estimates and figures are in YOE. This chapter also summarizes the expenditures by SFY and provides detail on key cost-related assumptions, and highlights cost changes between the IFP and the prior FPAU and this update.

3.2 COST ESTIMATES

3.2.1 Current Cost Estimates

The current total estimated cost for the entire I-69 ORX Project is $1.391 billion. The cost estimates presented in this update are based on the most current phasing plans, anticipated schedule, and engineering efforts. These estimates have been further refined from the March 2021 Cost Estimate Review (CER) to account for updated inflation, described further in Section 3.3 of this chapter. The States will work with FHWA to schedule an updated CER prior to the procurement phase for Section 2.

Table 3-1 provides an overview of project costs, broken down by activity and phase/section and as allocated to each state based on cost-sharing agreement[1]. These costs include expenditures to date, remaining obligations and/or encumbrances, and future estimated costs. The Project Development category includes NEPA-related costs as well as preliminary design, procurement activities, and mitigation costs for all three project sections. This category also includes costs associated with meeting Major Project requirements, such as annual FPAUs and PMP revisions and technical advisory consultant support to assist the states with their oversight and management roles.

Figure 3-1 illustrates the total project costs by activity. Final Design and Construction together account for $1,162.5 million (84%) of the total project costs. Right of Way (ROW) costs account for only $31 million (2%), and Utility Relocation another $28.4 million (2%).

Figure 3-2 illustrates the total project costs broken down by section. Phase 2, comprising Section 2 and related Project Development, is the largest element at an estimated $922.0 million (66%). Phase 1 Project Development accounts for approximately $59.8 million (4%), the funded Section 1 $193.5 million (14%), and the funded Section 3 $216.1 million (16%). Between the prior FPAU and this 2024 FPAU, there has been a shift of some NEPA-defined Section 3 items to be most appropriately addressed as Section 2, resulting in a shift of some costs between the two sections.

[1] States' Memorandum of Agreement Amendment #1 executed December 2020 specifies each State's cost share of 50% for environmental and preliminary development phase work not to exceed $20 million; $10 million for each state. Further, MOA defines each State may procure and pay for other items/services not covered by this MOA and shall not be chargeable towards either State's $10 million contribution.

Table 3-1. Project Cost Estimate by Activity and Phase (YOE $ millions)

Detailed Budget	Total Project Costs by Phase							
	Phase 1 (Funded)				Phase 2 (Unfunded)			Total
	Project Development	Section 1	Section 3	Subtotal Phase 1	Project Development	Section 2	Subtotal Phase 2	
Preliminary Engineering, & Environmental*	$59.8	$0.0	$0.0	$59.8	$35.3	$0.0	$35.3	**$95.1**
Right of Way	$0.0	$15.4	$5.6	$21.0	$0.0	$10.0	$10.0	**$31.0**
Utilities	$0.0	$18.3	$0.1	$18.4	$0.0	$10.0	$10.0	**$28.4**
Final Design and Construction	$0.0	$143.1	$201.7	$344.7	$0.0	$817.8	$817.8	**$1,162.5**
CEI, Admin, & Program Costs**	$0.0	$16.8	$8.7	$25.6	$0.0	$48.9	$48.9	**$74.5**
Total Cost	$59.8	$193.5	$216.1	$469.4	$35.3	$886.7	$922.0	**$1,391.4**
Kentucky Cost	$26.0	$193.5	$0.0	$219.5				
Indiana Cost	$32.5	$0.0	$216.1	$248.7				

*Preliminary Engineering & Environmental category includes NEPA document preparation, coordination, and reevaluation as well as preliminary design, procurement activities, and mitigation costs.[2]

**CEI, Admin, & Prog Costs category includes Construction Management/design review costs, CEI costs, and additional development costs.

Note: Totals may not sum due to rounding.

[2] Project Development category for the funded Phase 1 includes costs for NEPA document preparation, NEPA reevaluations, and Mitigation costs during SFY2016 – 2027 as well as Section 1 Preliminary Design, SW Contracts - Geo, ROW, Archeo, and Procurement Costs and fulfillment of Major Project requirements for Financial and Project Management Plans; Phase 2 Project Development category includes NEPA document preparation, NEPA reevaluations, and Mitigation during SFY2026 – 2031 as well as Section 2 Preliminary Design and Procurement costs and fulfillment of Major Project requirements for Financial and Project Management Plans.

Figure 3-1. Project Cost Estimate by Activity – Entire Project (YOE $ millions)

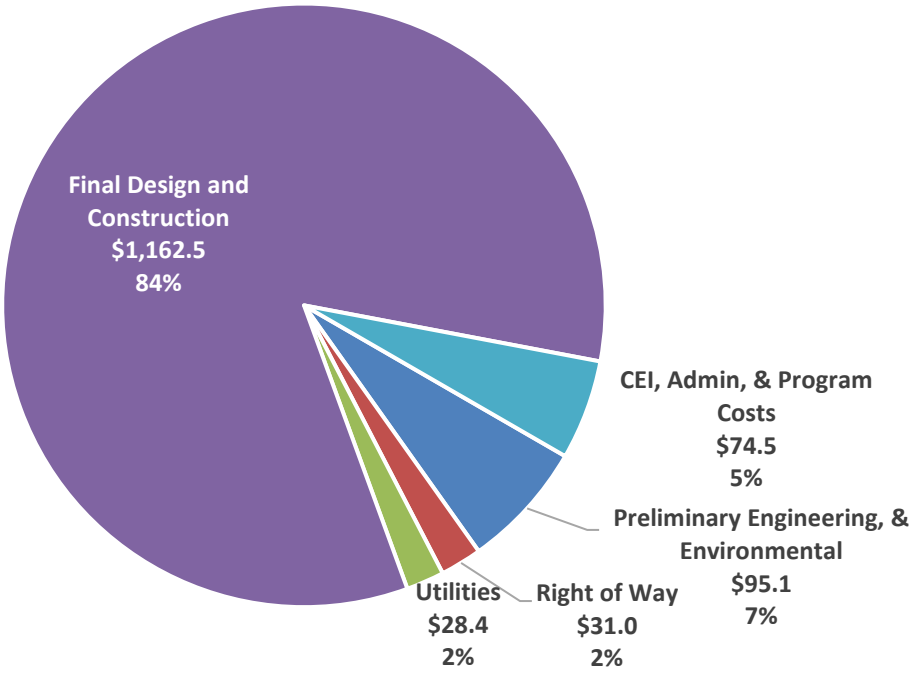
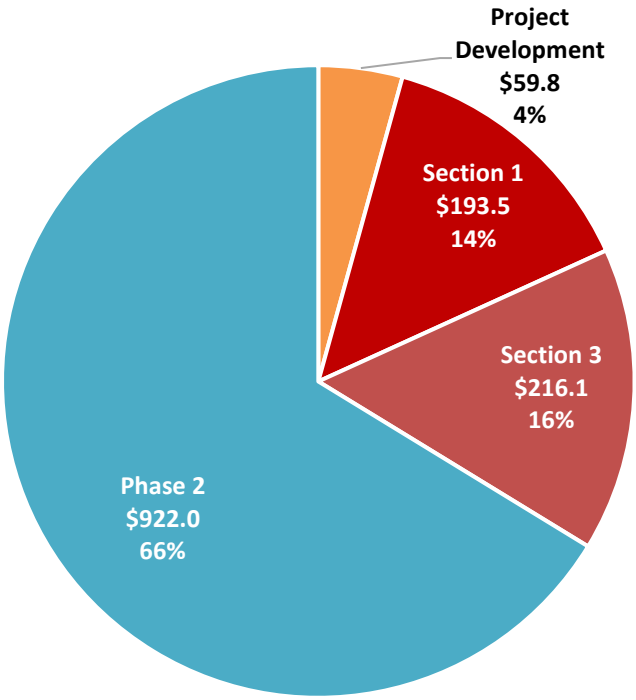


Figure 3-2. Project Cost Estimate by Phase and Section (YOE $ millions)



3.2.2 2024 Financial Plan Update Cost Estimate Changes

Table 3-1b provides a comparison of Project costs by phase, section, and activity between the IFP, the 2022 and 2023 FPAUs, and this 2024 FPAU. As shown, the overall project costs are increased by 1.3 percent from the 2023 FPAU to the current FPAU, from a total of $1.373 billion to $1.391 billion. Relative to the IFP, current cost estimates are 9.4 percent higher.

A significant portion of cost estimate changes when compared to the IFP relate to the separation of Section 3 from Phase 2 of the Project when it was added to the funded phase as of the 2022 FPAU. Costs were shifted from Phase 2/Section 2 when this occurred.

Cost changes between the prior FPAU and this 2024 updated FPAU relate primarily to the completed procurement of Section 3 and associated scope adjustments, shifting some NEPA-defined Section 3 items to more appropriately be completed as part of Phase 2 of the Project.

Additional detail on cost estimate changes is provided in Chapters 10 and 11.

Table 3-1b. Annual Update Project Cost Estimate by Phase/Section and Activity in YOE ($ millions)

Activity	Phase/Subproject	IFP	2022 FPAU	2023 FPAU	2024 FPAU	Change from 2023 ($)	Change from 2023 (%)	Change from IFP ($)	Change from IFP (%)
Preliminary Engineering & Environmental	Phase 1 / Project Development	$28.3	$59.9	$69.1	$59.8	($9.3)	-13.5%	$31.5	111.2%
	Phase 2 / Project Development	$28.1	$18.7	$18.7	$35.3	$16.7	89.2%	$7.2	25.7%
Subtotal		**$56.4**	**$78.6**	**$87.8**	**$95.1**	**$7.3**	**8.3%**	$38.7	**68.6%**
Right of Way	Phase 1 / Section 1	$11.2	$12.9	$13.8	$15.4	$1.5	11.2%	$4.2	37.1%
	Phase 1 / Section 3		$11.0	$6.2	$5.6	($0.6)	-9.4%	$5.6	-
	Phase 2 / Section 2	$22.9	$11.2	$10.0	$10.0	$0.0	0.0%	-$12.9	-56.3%
Subtotal		**$34.1**	**$35.1**	**$30.0**	**$31.0**	**$1.0**	**3.2%**	-$3.1	**-9.1%**
Utilities	Phase 1 / Section 1	$10.4	$14.0	$18.3	$18.3	$0.0	0.0%	$7.9	75.5%
	Phase 1 / Section 3		$0.1	$0.1	$0.1	$0.0	0.0%	$0.1	-
	Phase 2 / Section 2	$24.5	$23.1	$10.0	$10.0	$0.0	0.0%	-$14.5	-59.2%
Subtotal		**$34.9**	**$37.2**	**$28.4**	**$28.4**	**$0.0**	**0.0%**	-$6.5	**-18.8%**
Final Design and Construction	Phase 1 / Section 1	$190.1	$143.5	$139.3	$143.1	$3.8	2.7%	-$47.0	-24.7%
	Phase 1 / Section 3		$208.0	$272.1	$201.7	($70.4)	-25.9%	$201.7	-
	Phase 2 / Section 2	$862.2	$617.6	$712.9	$817.8	$104.9	14.7%	-$44.4	-5.2%
Subtotal		**$1,052.3**	**$969.1**	**$1,124.2**	**$1,162.5**	**$38.3**	**3.4%**	$110.2	**10.5%**
CEI, Admin, & Program Costs	Phase 1 / Section 1	$17.3	$24.6	$21.1	$16.8	($4.2)	-20.1%	-$0.5	-2.6%
	Phase 1 / Section 3		$23.0	$23.0	$8.7	($14.3)	-62.1%	$8.7	-
	Phase 2 / Section 2	$77.3	$55.1	$59.0	$48.9	($10.0)	-17.0%	-$28.4	-36.7%
Subtotal		**$94.6**	**$102.7**	**$103.0**	**$74.5**	**($28.6)**	**-27.7%**	-$20.1	**-21.3%**
Total		**$1,272.3**	**$1,222.7**	**$1,373.4**	**$1,391.4**	**$18.0**	**1.3%**	**$119.1**	**9.4%**

Note: Totals may not sum due to rounding.

3.3 COST ESTIMATING METHODOLOGY

3.3.1 Cost Estimate Assumptions and Methods

Initial cost estimates for the Project were developed by a consultant team in conjunction with INDOT, KYTC, and FHWA. The estimate was based on conceptual horizontal alignment overlaid on aerial maps, major road profiles, and bridge matrices that include the bridges along the alignment, as well as the bridge structural spans and features. Supplemental quantities such as embankment volumes and retaining wall areas were provided by the design team. Where quantities and/or scope of work could not be defined at the time, allowances are included for these items. As noted above, these estimates have been subsequently updated to reflect additional engineering and as sections are bid and let.

The methodology for each element is summarized in Table 3-2 and discussed further below. The cost estimating methodology has been refined as the Project progresses through preliminary engineering and design phases.

Table 3-2. Cost Estimating Methodology

Cost Element	Estimating Methodology
Project Development Activities	
NEPA Document Preparation *Includes cost of Technical Consultants and other contracted services*	Contractual cost
Coordination and NEPA re-evaluations *Includes cost of Technical Consultants and miscellaneous contracted services*	Cost to date based on actual costs, Future costs based on contracted amounts.
Mitigation *Includes implementation of mitigation of sensitive impacts such as wetlands, streams, and forest creation and preservation*	Estimated at 0.25% of construction costs until actual costs available
Preliminary Design and Oversight Activities	
Preliminary Design *Includes consultant costs for preliminary design and design oversight, including roadway, bridge and drainage design, design survey, permit applications and utilities*	Sections 1 & 3: contractual cost Section 2: estimated at 2% of construction costs for this section
Statewide Contracts – geological, ROW, archeological *Includes statewide task order contracts used for various studies*	Contractual cost per task order

Cost Element	Estimating Methodology
Procurement Activities *Includes activities to procure design-build contractor for Section 1 and subsequent contractors for later project phases/sections*	Section 1 and 3: Contractual cost Sections 2: estimated at 1.5% of construction costs
Final Design and Construction Activities	
Final Design *Procured as part of design-build contract for Section 1: anticipated to be procured as part of design-build contract for Section 3; TBD for Section 2*	Section 1 & 3: Contractual cost Sections 2: Updated estimate, consistent with CER (2021) and subsequently updated engineering and inflation estimates
Construction *Procured as part of design-build contract for Section 1; anticipated to be procured as part of design-build contract for Section 3; TBD for Section 2*	Section 1 & 3: Contractual cost Sections 2: Updated estimate, consistent with CER (2021) and subsequently updated engineering and inflation estimates
Construction/Program Administration and Inspection Activities	
Construction Contract Management/Design Review *Includes design review, change order management and contract assistance during construction phase*	Section 1: Contractual cost Sections 2: Estimated at 2% of construction cost for each section Section 3: Contractual cost at 4% of construction
Construction Engineering and Inspection *Includes construction inspection activities during the construction phase*	Section 1: Contractual cost Section 2: Estimated at 5% of construction cost Section 3: Contractual cost
Additional Development Costs *Includes required change orders, municipal agreements, other state administrative costs*	Section 1: Contractual cost Sections 2 & 3: Estimated at 2.5% of construction cost for each section
Right of Way and Utilities Related Activities	
Right of Way Acquisition *Includes appraisals, administration, management, and ROW acquisition*	Actual costs where known and most up-to-date market information available
Utility Relocation *Includes utility and railroad relocation and new construction*	Contractual costs where known and most up-to-date cost information available

The Project's estimate, as reflected in the IFP, was developed using parametric models from similar projects and market-based assumptions to provide a basis of pricing. The parametric models and estimate details are resource loaded to include material, equipment

labor costs, exclusive of indirect costs which are developed separately, based on the proposed schedule for each Section.

The Project's original estimate was developed in US dollars for the last quarter of 2020. Construction equipment and material prices were adjusted to reflect procurement and delivery cost to the Evansville, Indiana regional market area, which is a reasonable proxy for the entire Project area. This estimate was prepared and subsequently updated using best practices, skill, and care typical of similar projects and estimating standards.

A review team consisting of FHWA, INDOT, KYTC, and the NEPA consultant conducted a CER workshop to review the cost and schedule estimates for the Project. The workshop was held March 23 – 26, 2021. The objective of the review was to verify the accuracy and reasonableness of the Project's cost and schedule estimates and to develop a probability range for the cost estimate that represented the stage of development of the Project at the time of the CER.

Based on the revised base estimate and on the risk assessment conducted at the CER workshop, the resulting cost estimate for the Project at the 70% confidence level was estimated at $1.25 billion. The pre-CER estimate was $1.17 billion. Much of the increase was due to additional costs identified in the CER process for ROW and construction access.

The estimate from the CER has been subsequently refined to reflect updated engineering estimates and up-to-date inflation factors consistent with each state's estimating methods and national standards. The states will work with FHWA to conduct an additional CER prior to procurement of Section 2.

3.3.2 Inflation Assumptions

As of the IFP, for costs that were not yet set contractually, the inflation assumption that was applied to adjust preliminary (2020) cost estimates forward to the year of outlay was 2.5 percent. As procurement occurs and costs are locked in contractually, these inflation estimates have been replaced with projected contractual year-of-expenditure figures.

The states recognize ongoing inflationary pressures and associated uncertainty. This risk is reflected as a risk factor for the overall Project and adjustments to the scope of work and/or estimated costs will be made to the extent necessary.

For the unfunded phase (Section 2), and in recognition of current inflationary pressures and associated uncertainty, initial estimates were escalated to 2023, applying a factor of 13.31 percent based on the change in the Construction Cost Index (CCI) from January 2021 to January 2023. This composite escalation was intended to capture recent higher inflation and uncertainty. The states anticipate further adjustments to Section 2 cost estimates (to be included in subsequent Financial Plan Annual Updates) when more information is available about longer-term construction cost trends[3]. To date, it has been the experience of the states that Major Projects (i.e., those with an estimated total cost of $500 million or

[3] Escalation between 2023 and 2024 (based on CCI) is minimal and will be factored into subsequent updates.

more) have been better able to withstand the immediate inflationary pressures in the project advertisement process.

3.4 PROJECT EXPENDITURES

3.4.1 Historical and Anticipated Project Expenditures

Table 3-3 shows the breakdown of costs for the Project annually by activity and by state fiscal year. As shown, approximately $89.1 million was expended on the Project through the end of SFY 2024, including $68.5 million on Final Design and Construction for Sections 1 and 3 in this time period.

Phase 1 of the Project (the funded phase)– consisting of Project Development activities to date and additional costs to deliver Sections 1 and 3 – totals an estimated $469.4million, to be expended through SFY 2027. An estimated $922 million is anticipated to be expended during Phase 2 (unfunded)– consisting of the completion of Section 2 of the Project and additional Project Development activities associated with the delivery of Section 2.

Table 3-3. Project Expenditures by State Fiscal Year (YOE $ millions)

State Fiscal Year	2021 & Prior	2022	2023	2024	2025	2026	2027	Kentucky	Indiana	Funded Total	Future Cost to Complete*	Total Project Cost
Preliminary Eng & Environmental**	$24.0	$11.0	$8.0	$6.6	$6.2	$2.5	$1.5	$26.0	$32.5	$59.8	$35.3	$95.1
Right of Way	$0.0	$12.9	$1.0	$2.1	$5.1	$0.0	$0.0	$15.4	$5.6	$21.0	$10.0	$31.0
Utilities	$0.0	$0.2	$2.6	$7.1	$8.5	$0.0	$0.0	$18.3	$0.1	$18.4	$10.0	$28.4
Final Design and Construction	$0.0	$10.2	$22.8	$68.5	$123.7	$89.6	$30.0	$143.1	$201.7	$344.7	$817.8	$1,162.5
CEI, CM/Design Review, Admin	$0.0	$2.1	$3.7	$4.9	$8.5	$4.4	$2.0	$16.8	$8.7	$25.6	$48.9	$74.5
Total	**$24.0**	**$36.2**	**$38.0**	**$89.1**	**$152.0**	**$96.4**	**$33.5**	**$219.5**	**$248.7**	**$469.4**	**$922.0**	**$1,391.4**

* Project costs from SFY 2028 through SFY 2031, including Section 2 costs in this time period.
**Includes Project Development costs associated with all three project sections (see Table 3-1 for detail)
Note: Totals may not sum due to rounding.

3.4.2 2024 Financial Plan Update Projected Expenditure Changes

Table 3-4 provides an overview of annual historical and projected Project expenditures for the funded project phase and a comparison of annual expenditures as shown in the IFP and updated in the subsequent FPAUs. As shown, the primary change between the 2023 FPAU and the current plan relates to shifting of costs and an overall decrease of $93.5, or 16.6 percent, for the funded phase. As described previously, the cost increase from the IFP relates primarily to the addition of Section 3 to the funded phase of the Project. The cost decrease between the 2023 FPAU and the current 2024 FPAU reflects actual procurement and associated scope adjustments.

Table 3-4. Project Expenditures and Cost Estimate Summary Comparison by State Fiscal Year (YOE $ millions)

State Fiscal Year	IFP	2022 FPAU	2023 FPAU	2024 FPAU	Change from 2023 ($)	Change from 2023 (%)	Change from IFP ($)	Change from IFP (%)
2021 & Prior	$24.0	$24.0	$24.0	$24.0	$0.0	0.0%	$0.0	0.2%
2022	$62.4	$36.6	$36.2	$36.2	$0.0	0.0%	-$26.2	-42.0%
2023	$75.8	$89.7	$38.7	$38.0	-$0.7	-1.7%	-$37.8	-49.8%
2024	$63.8	$123.0	$172.9	$89.1	-$83.7	-48.4%	$25.4	39.8%
2025	$31.4	$122.3	$190.2	$152.0	-$38.2	-20.1%	$120.7	384.5%
2026		$78.3	$85.9	$96.4	$10.6	12.3%	$96.4	
2027		$23.1	$15.0	$33.5	$18.5	123.3%	$33.5	
Total	**$257.3**	**$497.1**	**$562.9**	**$469.4**	**-$93.5**	**-16.6%**	**$212.1**	**82.4%**

Note: Totals may not sum due to rounding.

Changes in cost estimates and project budgets are discussed further in Chapter 10 and Chapter 11.

CHAPTER 4. PROJECT FUNDS

4.1 INTRODUCTION

This chapter discusses the funding sources that are dedicated or planned to fund the Project. Specifically, it presents the available and committed funding required to complete the Project, including state transportation and federal-aid formula funds, and any federal discretionary funding. Given the phased project delivery approach, this chapter focuses on funding for the funded portions of the Project. Subsequent updates will address additional project phases as funding plans are further developed.

4.2 FINANCIAL PLAN OVERVIEW

The IFP reflected the planned funding approach for Phase 1 of the Project, which comprised Project Development activities completed to date as well as Section 1 costs and additional Project Development costs to be completed concurrently with Section 1. The2022 FPAU as well as subsequent FPAUs includes funding for those elements described above and for Section 3, which was advanced into the funded Phase 1.

Designated funding includes a combination of conventional state and federal transportation program funds. For completion of Sections 1 and 3, KYTC and INDOT have developed a financial plan that relies upon conventional funding sources, recognizes the limitations on conventional state and federal transportation funding, and works to address the following financial goals:

- Bringing the Project benefits to the public in the most expedient manner possible,
- Ensuring that the Project delivers value to taxpayers, Project partners, and end-users through the lowest feasible Project cost,
- Ensuring each state's financial obligations to the Project are manageable, and
- Securing private sector innovation and efficiencies in project delivery to optimize the Project's financials.

The phased delivery approach helps to meet the goal of advancing the project benefits most expediently. Meanwhile, the design-build delivery method selected by KYTC to deliver Section 1 of the Project and subsequently by INDOT for Section 3 has the potential of providing private sector innovation, efficiencies, and best value to taxpayers and end-users and to meeting the schedule goals for the overall project as well.

4.3 Procurement Approach and Financing

Section 1 of the Project has been procured using a design-build procurement approach through KYTC procurement processes. Section 3 also is being procured using a design-build approach, through INDOT procurement processes. No financing is anticipated to be utilized for Phase 1 of the Project.

4.4 State Transportation and Federal-Aid Formula Funding

4.4.1 Currently Anticipated State and Federal Funding

Kentucky is utilizing a combination of state and federal funding for Section 1 of the Project. Similarly, INDOT will utilize a combination of state and federal funding for Section 3. Both Kentucky and Indiana have utilized conventional state and federal funding for the Project Development activities completed to date and planned during Section 1 and Section 3 delivery.

Table 4-1 provides a summary of previously expended, committed (in budget), and planned (in relevant plans) funding for Phase 1 of the Project, now comprising Sections 1 and 3 as well as Project Development activities during this time period. As of this update, the table also includes limited committed and planned funding for Section 2 despite not yet being part of the fully funded project phase. Monies will continue to be added as they are made available to the Project. The States have applied for funding under the Multimodal Project Discretionary Grant (MPDG) program as well as the Bridge Investment Program (BIP). The BIP application was unsuccessful and the MPDG application remains outstanding, as discussed further below.

The table includes updates from project funding reflected in the IFP, primarily to account for Section 3's inclusion in the funded Phase of the Project as of the 2022 FPAU and, as of this update, related to cost estimate adjustments and related funding for Section 3 for Indiana and adjustments to funding in Kentucky's most recent six-year highway plan.

Based on prior expenditures, current commitments, and reasonably anticipated future funding, $495.8 million is available for Phase 1, which includes Section 1 and Section 3 costs as well as NEPA coordination/evaluation and mitigation activities associated with all sections through the end of SFY 2027. An additional $26.4 million is available toward Kentucky's share of Section 2 of the Project, as provided for in the FY 2024 – 2030 Six-Year Plan. Both Kentucky and Indiana have track records of meeting their state match obligations with a variety of state funding sources, including state-imposed fuel taxes and transportation-related fees.

Table 4-1. Federal and State Funding – Phase 1 (Funded) ($ millions)

FUND TYPE / FISCAL YEAR	Financial Plan	FY 2021 and Prior	2022	2023	2024	2025	2026	2027	Total
Federal									
Kentucky National Highway Performance Program (NHPP)	2024 FPAU	$12.0	$183.3	$2.4	$0.0	$0.0	$0.0	$0.0	$197.7
	2023 FPAU	$12.0	$183.3	$2.4	$1.6	$16.0	$8.0	$8.0	$231.3
	2022 FPAU	$13.8	$49.4	$60.6	$51.0	$25.1	$0.0	$0.0	$200.0
	IFP	$13.7	$49.6	$60.6	$51.0	$25.1	$0.0	$0.0	$200.0
	Difference from IFP	*($1.7)*	*$133.7*	*($58.2)*	*($51.0)*	*($25.1)*	*$0.0*	*$0.0*	*($2.3)*
Indiana National Highway Performance Program (NHPP)	2024 FPAU	$6.6	$0.0	$0.5	$53.6	$5.6	$0.0	$0.0	$66.2
	2023 FPAU	$6.5	$0.0	$0.8	$11.5	$1.0	$52.7	$0.0	$72.4
	2022 FPAU	$6.2	$0.0	$8.9	$79.9	$107.2	$0.0	$0.0	$202.2
	IFP	$4.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$4.1
	Difference from IFP	*$2.5*	*$0.0*	*$0.5*	*$53.6*	*$5.6*	*$0.0*	*$0.0*	*$62.1*
Indiana Surface Transportation Program - Urban (STP)	2024 FPAU	$0.4	$0.0	$0.0	$2.6	$0.0	$0.0	$0.0	$3.0
	2023 FPAU	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.4
	2022 FPAU	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.4
	IFP	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.4
	Difference from IFP	*($0.0)*	*$0.0*	*$0.0*	*$2.6*	*$0.0*	*$0.0*	*$0.0*	*$2.6*
Indiana American Rescue Plan Act (ARPA)	2024 FPAU	$0.0	$3.0	$9.1	$0.0	$0.0	$0.0	$0.0	$12.1
	2023 FPAU	$0.0	$3.0	$5.0	$0.0	$0.0	$0.0	$0.0	$8.0
	2022 FPAU	$0.0	$3.0	$14.5	$0.0	$0.0	$0.0	$0.0	$17.5
	IFP	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Difference from IFP	*$0.0*	*$3.0*	*$9.1*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$12.1*

	Subtotal, Federal Funds	**2024 FPAU**	**$18.9**	**$186.3**	**$12.0**	**$56.2**	**$5.6**	**$0.0**	**$0.0**	**$279.0**
		2023 FPAU	$18.9	$186.3	$8.2	$13.1	$17.0	$60.7	$8.0	$312.2
		2022 FPAU	$20.5	$52.4	$84.0	$130.9	$132.3	$0.0	$0.0	$420.1
		IFP	$18.1	$49.6	$60.6	$51.0	$25.1	$0.0	$0.0	$204.4
		Difference from IFP	*$0.8*	*$136.7*	*($48.7)*	*$5.2*	*($19.5)*	*$0.0*	*$0.0*	*$74.5*
State										
	Kentucky State Highway Fund	2024 FPAU	$3.0	$45.8	$0.6	$0.0	$0.0	$0.0	$0.0	$49.4
		2023 FPAU	$3.0	$45.8	$0.6	$0.4	$4.0	$2.0	$2.0	$57.8
		2022 FPAU	$1.2	$12.3	$15.2	$12.8	$6.3	$0.0	$0.0	$47.7
		IFP	$1.1	$12.4	$15.2	$12.8	$6.3	$0.0	$0.0	$47.7
		Difference from IFP	*$1.9*	*$33.4*	*($14.6)*	*($12.8)*	*($6.3)*	*$0.0*	*$0.0*	*$1.7*
	Indiana State Highway Fund	2024 FPAU	$2.4	$0.0	$0.5	$162.5	$2.1	$0.0	$0.0	$167.4
		2023 FPAU	$2.4	$0.0	$4.7	$106.3	$133.3	$13.2	$0.0	$259.8
		2022 FPAU	$3.3	$0.0	$2.2	$20.0	$26.8	$0.0	$0.0	$52.3
		IFP	$5.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$5.2
		Difference from IFP	*($2.8)*	*$0.0*	*$0.5*	*$162.5*	*$2.1*	*$0.0*	*$0.0*	*$162.2*
	Subtotal, State Funds	**2024 FPAU**	**$5.3**	**$45.8**	**$1.1**	**$162.5**	**$2.1**	**$0.0**	**$0.0**	**$216.8**
		2023 FPAU	$5.4	$45.8	$5.3	$106.7	$137.3	$15.2	$2.0	$317.6
		2022 FPAU	$4.5	$12.3	$17.4	$32.7	$33.1	$0.0	$0.0	$100.0
		IFP	$6.3	$12.4	$15.2	$12.8	$6.3	$0.0	$0.0	$52.9
		Difference from IFP	*($1.0)*	*$33.4*	*($14.1)*	*$149.7*	*($4.2)*	*$0.0*	*$0.0*	*$163.9*
Total by State - Federal & State										
	Kentucky	2024 FPAU	$15.0	$229.1	$3.0	$0.0	$0.0	$0.0	$0.0	$247.1
		2023 FPAU	$15.0	$229.1	$3.0	$2.0	$20.0	$10.0	$10.0	$289.1
		2022 FPAU	$15.0	$61.8	$75.8	$63.8	$31.4	$0.0	$0.0	$247.7
		IFP	$14.8	$62.0	$75.8	$63.8	$31.4	$0.0	$0.0	$247.7
		Difference from IFP	*$0.2*	*$167.2*	*($72.8)*	*($63.8)*	*($31.4)*	*$0.0*	*$0.0*	*($0.5)*

	Indiana	2024 FPAU	$9.3	$3.0	$10.0	$218.7	$7.6	$0.0	$0.0	$248.7
		2023 FPAU	$9.3	$3.0	$10.5	$117.8	$134.3	$65.8	$0.0	$340.7
		2022 FPAU	$10.0	$3.0	$25.6	$99.9	$134.0	$0.0	$0.0	$272.5
		IFP	$9.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.7
		Difference from IFP	*($0.4)*	*$3.0*	*$10.0*	*$218.7*	*$7.6*	*$0.0*	*$0.0*	*$239.0*
Total		**2024 FPAU**	**$24.3**	**$232.1**	**$13.0**	**$218.7**	**$7.6**	**$0.0**	**$0.0**	**$495.8**
		2023 FPAU	$24.3	$232.1	$13.5	$119.8	$154.3	$75.8	$10.0	$629.8
		2022 FPAU	$25.0	$64.8	$101.4	$163.7	$165.4	$0.0	$0.0	$520.1
		IFP	$24.5	$62.0	$75.8	$63.8	$31.4	$0.0	$0.0	$257.3
		Difference from IFP	*($0.2)*	*$170.2*	*($62.8)*	*$154.9*	*($23.7)*	*$0.0*	*$0.0*	*$238.5*

Note: Toll credits utilized for KYTC state match prior to FY 2021. For KYTC, totals do not include limited expenditures prior to 2007 for initial NEPA efforts.
Note: Totals may not sum due to rounding.

4.4.2 2024 Financial Plan Update to State and Federal Funds

Table 4-1 above demonstrates the share of federal and state funds committed and anticipated to fund the Project. Based on expectations regarding the availability of federal funding as well as the availability of corresponding state transportation funds, an estimated $495.8 million of federal-aid highway formula and state transportation funds is reasonably expected to be available to the Project, as Table 4-1 illustrates. This includes $269.4 million of federal and state funds available through June 30, 2023 and an additional $218,7 million through SFY 2024.[4] For Section 1 costs, this also includes KYTC additional planned funding (SFY 2024 – 2026) reflected in the state's Six-Year Highway Program.[5] For INDOT's delivery of Section 3, as well as the State's share of future Project Development costs, Table 4.1 includes funds that are available to the Project in the State's normal annual budgeting.

Any funds in Advance Construction (AC) that have not been converted to federal funds are included in the State Highway Fund line. AC plans are further discussed in Chapter 6.

It is anticipated that future funds for both Kentucky and Indiana will come from the NHPP funding category, although the commitment of specific funding categories of federal funding is subject to adjustment. As noted above, the Project was included in KYTC's FY 2020 – 2026 Six-Year Highway Program, KYTC's FY 2022 – FY 2028 Six-Year Highway Program, and most recently, KYTC's FY 2024 – FY 2030 Six-Year Highway Program, as well as the approved Evansville-Henderson Area Metropolitan Planning Organization (MPO) 2022 – 2026 Transportation Improvement Program (TIP) (page 40) and Kentucky's 2021 State Transportation Improvement Program (STIP) for Fiscal Years 2021 - 2024. Indiana's share of project costs is included in the INDOT 2024-2028 STIP (pdf page 68).

4.5 Federal Discretionary Funding

KYTC and INDOT will utilize all federal funds that are apportioned and/or allocated through authorization bills and will compete for any available competitive or discretionary grants as available and appropriate. The states' funding plan will be adjusted should any such discretionary funding become available to the Project.

KYTC and INDOT have applied for discretionary funding under the MPDG program as well as unsuccessfully under the BIP program. The outstanding MPDG grant would unleash significant state resources for the Project... If the grant applications are successful, the States will be able to construct the Project as presented in this Plan, with Section 2 becoming funded and the estimated letting for it advanced several fiscal years. This would

[4] The amount reported for SFY 2021 and Prior is $0.3 million higher than reported in the IFP and $0.7 million lower than the 2022 FPAU. This reflects minor amendments based in part on the sharing of expenditures between the states and the reimbursement process and timing. The amount available for Kentucky as of SFY 2022 has been updated to reflect the fully authorized amounts whereas in the IFP and the 2022 FPAU these funds were shown spread over the funding period.
[5] https://transportation.ky.gov/Program-Management/Pages/2020-Highway-Plan.aspx

allow for the completion of the cross-river I-69 corridor connection between Indiana and Kentucky. Completing this critical Project by 2029 will have a significant impact on the economy and quality of life for the Evansville – Henderson metropolitan area, providing improved mobility and access to jobs, education, and healthcare opportunities. Completion of the Project would also provide congestion relief and enhance the safety of the daily travelers in this area.

If the outstanding grant funds are not awarded, the Project will be impacted in the following ways. Without federal grant funds, KYTC cannot authorize any new funds and the cross-river bridge connecting I-69 in Kentucky and Indiana cannot be delivered in a reasonable timeframe. [6]Due to inflationary pressures on construction materials and labor, the cost estimates for the Project have grown beyond existing funding capacity. US 41 will continue to serve the metro area as the only cross-river bridge option and does not provide interstate quality system linkage required to support the continued development of the National I-69 Corridor, a critical part of the National Highway System.

For Section 3 of the Project, INDOT will utilize funding outside of federal-aid highway formula and state transportation funds. $12.1 million of ARPA funds will be used on the Project. The use of discretionary funding in future periods remains a possibility.

[6] The 2024 Enacted Highway Plan has included $142 million of matched federal NHPP funds and will leverage a combination of federal grant funding and state General Fund monies alongside Indiana's cost share. KYTC's ability to expend the state funds, however, is legislatively limited without federal discretionary grant funds for the Project.

CHAPTER 5. FINANCING ISSUES

5.1 INTRODUCTION

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

5.2 FINANCING STRATEGY

It is not anticipated that the states will incur any financing costs for delivery of Sections 1 and 3 of the Project. Section 5.2 of this finance plan will be updated as funding and financing strategies are developed for Section 2 of the Project and the corresponding Phase 2.

CHAPTER 6. CASH FLOW

6.1 INTRODUCTION

This chapter provides an estimated annual cash flow schedule for the Project and an overview of the planned sources of funds. Consistent with the funding approach to project delivery, this chapter only addresses the cash flow for Phase 1, the funded project phase.

6.2 ESTIMATED SOURCES AND USES OF FUNDING

6.2.1 Currently Planned Sources and Uses of Funds

An indicative summary of the sources and uses of funds for Phase 1 project elements is shown in Table 6-1. Phase 1 is anticipated to be fully funded through federal and state funds provided by KYTC and INDOT. As of this FPAU, Phase 1 includes Section 1 and Section 3 costs as well as Project Development costs in support of the overall project.

Table 6-1. Estimated Sources and Uses of Funds – Phase 1(Funded) ($ millions)

Sources and Uses of Funds	IFP	2022 FPAU	2023 FPAU	2024 FPAU	Change from 2023 ($)	Change from 2023 (%)	Change from IFP ($)	Change from IFP (%)
Kentucky National Highway Performance Program (NHPP)	$200.0	$200.0	$231.3	$197.7	($33.6)	-15%	($2.3)	-1%
Indiana National Highway Performance Program (NHPP)	$4.1	$202.2	$72.4	$66.2	($6.3)	-9%	$62.1	1523%
Indiana Surface Transportation Program - Urban (STP)	$0.4	$0.4	$0.4	$3.0	$2.6	654%	$2.6	654%
Indiana American Rescue Plan Act (ARPA)	$0.0	$17.5	$8.0	$12.1	$4.0	50%	$12.1	0%
Kentucky State Highway Fund	$47.7	$47.7	$57.8	$49.4	($8.4)	-15%	$1.7	4%
Indiana State Highway Fund	$5.2	$52.3	$259.8	$167.4	($92.4)	-36%	$162.2	3123%
Total Sources of Funds	$257.3	$520.1	$629.8	$495.8	($134.0)	-21%	$238.5	93%
Preliminary Engineering & Environmental	$28.3	$59.9	$69.1	$59.8	($9.3)	-14%	$31.5	111%
Right of Way	$11.2	$23.9	$20.0	$21.0	$1.0	5%	$9.8	87%
Utilities	$10.4	$14.1	$18.4	$18.4	$0.0	0%	$8.0	77%
Final Design and Construction	$190.1	$351.5	$411.3	$344.7	($66.6)	-16%	$154.6	81%
CEI, CM/Design Review, Admin	$17.3	$47.6	$44.1	$25.6	($18.5)	-42%	$8.2	48%
Total Uses of Funds	$257.3	$497.1	$562.9	$469.4	($93.5)	-17%	$212.1	82%

Note: Totals may not sum due to rounding.

6.2.2 2024 FPAU Sources and Uses of Funds Changes

The primary changes in the Sources and Uses of Funds from the prior FPAU include:

- Modest adjustments in Kentucky's available funding to align with anticipated expenditure needs.; and
- Reduced INDOT funding to align with revised Section 3 costs based on project letting.

With respect to Section 1, Kentucky maintains a $26 million surplus between Sources and Uses that will carry forward to future project elements and timeframes.

6.3 Cash Management Techniques

For project funding expected to be contributed from state and federal sources, KYTC and INDOT intend to utilize available cash management techniques, including AC, to manage the timing of cash needs against the availability of federal and state funds. These techniques provide authority to advance projects utilizing the federally accepted practice of AC codified in Title 23 §115. AC is a fund management tool that allows states to incur costs on a project and submit the full or partial amount later for federal reimbursement without having to currently obligate federal funds. This eliminates the need to set aside full obligational authority before starting a project. The states then convert the AC to an obligation to fund and reimburse, while future year expenditure estimates will remain under AC. At no time will AC amounts exceed future federal estimates.

Tables 6-2a and 6-2b provide the AC conversion status for Kentucky and Indiana, respectively, as of July 31, 2024. As shown, the Project had $109.5 million funded in AC for Kentucky and $62.0 million converted to federal obligation limitation funds to date. The remaining AC amount is thus $47.5 million. For Indiana, the Project had $87.2 million funded in AC and $63.7 million converted to date, with $23.4 million remaining AC as of July 31, 2024. The AC amount was reduced between the 2023 FPAU and the current 2024 FPAU and subsequent to the contract award for Section 3 to align with actual funding needs based on the letting.

Table 6-2a. Advance Construction Funding Status – KYTC ($ millions)

State Fiscal Year	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
2021	$4.5	$0.0	$4.5
2022	$125.8	$16.3	$109.5
2023	$109.5	$0.0	$109.5
2024	$109.5	$62.0	$47.5

Table 6-2b. Advance Construction Funding Status – INDOT ($ millions)

State Fiscal Year	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
2021	$3.6	$3.6	$0.0
2022	$3.6	$3.6	$0.0
2023	$235.3	$3.6	$231.7
2024	$87.2	$63.7	$23.4

6.4 Financing Costs

Phase 1 of the Project will utilize funding from the American Rescue Plan Act for Section 3 from INDOT. Therefore, there are no currently anticipated financing costs for Phase 1.

6.5 Projected Cash Flows

6.5.1 Currently Projected Cash Flows

Table 6-3 below summarizes prior, current, and anticipated total annual cash outlays for Phase 1 of the Project. Future plans will include a table summarizing the prior, current, and anticipated total annual cash outlays for the entire project. More specific cash flow schedules will continue to be developed as the Project progresses.

As shown in Table 6-3, $98.2 million was expended on the Project through June 30, 2023, and an additional $89.1 million through June 30, 2024. The remaining Project costs of $281.9 million for Phase 1 (for Project Development costs and Section 1 and Section 3 costs) is anticipated to be fully obligated by SFY 2027. As shown, the net available funding of $26.4 million at the end of this period will be applied to additional project costs and to Phase 2 of the Project as appropriate.

Table 6-3b provides a summary of cash flow by state, demonstrating that each state has sufficient resources on a year-over-year basis to fund their Project commitments.

Table 6-3. Project Cash Flows by Fiscal Year – Phase 1 (Funded)($millions)

Revenue	2021 & Prior	2022	2023	2024	2025	2026	2027	Total
Carry Forward	*$0.0*	*$0.3*	*$196.2*	*$171.2*	*$300.7*	*$156.3*	*$59.9*	
Kentucky National Highway Performance Program (NHPP)	$12.0	$183.3	$2.4	$0.0	$0.0	$0.0	$0.0	$197.7
Indiana National Highway Performance Program (NHPP)	$6.6	$0.0	$0.5	$53.6	$5.6	$0.0	$0.0	$66.2
Indiana Surface Transportation Program - Urban (STP)	$0.4	$0.0	$0.0	$2.6	$0.0	$0.0	$0.0	$3.0
Indiana American Rescue Plan Act (ARPA)	$0.0	$3.0	$9.1	$0.0	$0.0	$0.0	$0.0	$12.1
Kentucky State Highway Fund	$3.0	$45.8	$0.6	$0.0	$0.0	$0.0	$0.0	$49.4
Indiana State Highway Fund	$2.4	$0.0	$0.5	$162.5	$2.1	$0.0	$0.0	$167.4
Revenue Subtotal	**$24.3**	**$232.1**	**$13.0**	**$218.7**	**$7.6**	**$0.0**	**$0.0**	**$495.8**
Expenditures								
Preliminary Engineering & Environmental	$24.0	$11.0	$8.0	$6.6	$6.2	$2.5	$1.5	$59.8
Right of Way	$0.0	$12.9	$1.0	$2.1	$5.1	$0.0	$0.0	$21.0
Utilities	$0.0	$0.2	$2.6	$7.1	$8.5	$0.0	$0.0	$18.4
Final Design and Construction	$0.0	$10.2	$22.8	$68.5	$123.7	$89.6	$30.0	$344.7
CEI, CM/Design Review, Admin	$0.0	$2.1	$3.7	$4.9	$8.5	$4.4	$2.0	$25.6
Expenditures Subtotal	**$24.0**	**$36.2**	**$38.0**	**$89.1**	**$152.0**	**$96.4**	**$33.5**	**$469.4**
Net Cash Flow	**$0.3**	**$196.2**	**$171.2**	**$300.7**	**$156.3**	**$59.9**	**$26.4**	**$26.4**

Note: Totals may not sum due to rounding.

Table 6-3b. Project Cash Flow by State Fiscal Year by State – Phase 1 ($ millions)

State Fiscal Year	2021 & Prior	2022	2023	2024	2025	2026	2027	Total
Kentucky								
Carry forward		*$0.1*	*$193.2*	*$165.9*	*$113.8*	*$41.3*	*$26.4*	
Sources of Funds	$15.0	$229.1	$3.0	$0.0	$0.0	$0.0	$0.0	**$247.1**
Uses of Funds	$14.9	$36.1	$30.3	$52.1	$72.4	$14.9	$0.0	**$220.7**
Net Cash Flow	*$0.1*	*$193.2*	*$165.9*	*$113.8*	*$41.3*	*$26.4*	*$26.4*	

State Fiscal Year	2021 & Prior	2022	2023	2024	2025	2026	2027	Total
Indiana								
Carry forward		*$0.1*	*$3.0*	*$5.3*	*$186.9*	*$115.0*	*$33.5*	
Sources of Funds	$9.3	$3.0	$10.0	$218.7	$7.6	$0.0	$0.0	**$248.7**
Uses of Funds	$9.2	$0.1	$7.7	$37.1	$79.6	$81.5	$33.5	**$248.7**
Net Cash Flow	*$0.1*	*$3.0*	*$5.3*	*$186.9*	*$115.0*	*$33.5*	*$0.0*	

Note: Totals may not sum due to rounding.

6.5.2 2024 FPAU Changes to Cash Flow

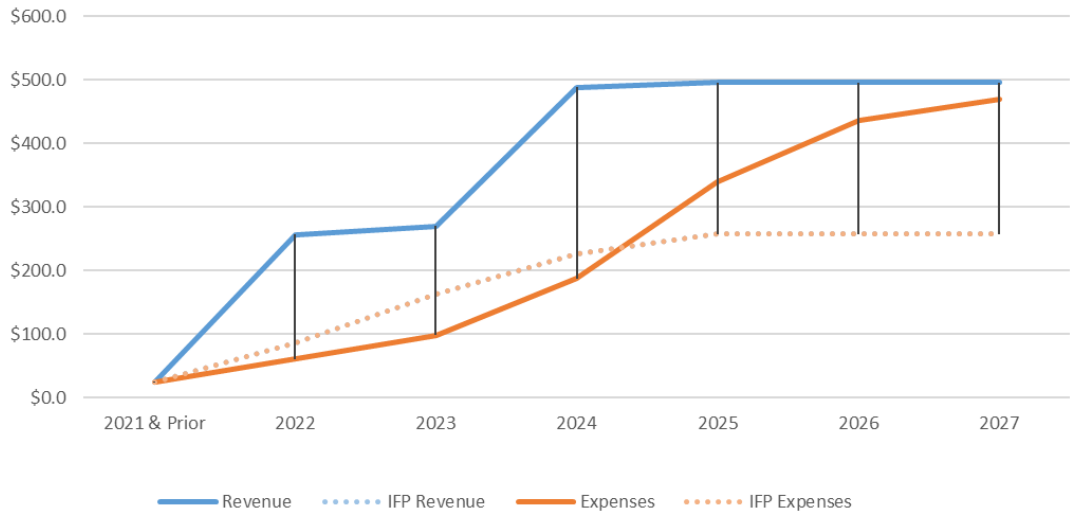
Table 6-3c and Figure 6-3 provide a comparison of the Cash Flow between the IFP and this FPAU. As shown, revenue is increased from $257.3 million to $495.8 million over the period through SFY 2027 (extended from SFY 2025 in the IFP) and expenses are increased from $257.3 million to $469.4 million, primarily to reflect the inclusion of Section 3 in Phase 1 of the Project and subsequent cost estimate updates.

Table 6-3c. 2024 FPAU Cash Flow Comparison

	2021 & Prior	2022	2023	2024	2025	2026	2027	Total
Revenue	$24.3	$256.4	$269.4	$488.1	$495.8	$495.8	$495.8	$495.8
IFP Revenue	$24.5	$86.4	$162.2	$225.9	$257.3	$257.3	$257.3	$257.3
Expenses	$24.0	$60.3	$98.3	$187.4	$339.4	$435.9	$469.4	$469.4
IFP Expenses	$24.0	$86.4	$162.2	$225.9	$257.3	$257.3	$257.3	$257.3

Note: Totals may not sum due to rounding.

Figure 6-3 Cumulative Cash Flow Comparison



CHAPTER 7. PUBLIC-PRIVATE PARTNERSHIP (P3) ASSESSMENT

7.1 INTRODUCTION

This chapter provides information on the process used to assess the appropriateness of a public-private partnership (P3) to deliver the funded portion of the Project.

7.2 P3 ASSESSMENT

Kentucky, the sponsor of Section 1, has evaluated alternative contracting methods currently permitted under Kentucky law. Based on Kentucky's delivery options and screening analysis using the FHWA P3 Screening tool, Section 1 will be procured under a conventional design-build contract.

Indiana, the sponsor of Section 3, has evaluated alternative contracting methods currently permitted under Indiana law. Based on the initial screening assessment results described below, Section 3 will be procured under a conventional design-build contract.

P3 alternatives will continue to be considered for delivery of Section 2

7.3 LEGISLATIVE AUTHORITY

Kentucky, the sponsor of Section 1, does have the authority to enter P3 agreements. Transportation-related P3 projects are governed by. KRS 175B.015 and KRS 175B.037.

Indiana, the sponsor of Section 3, also has the authority to enter P3 agreements. Transportation-related P3 projects are governed by IC 8-15.5 and IC 8-15.7.

7.4 BENEFITS / DISADVANTAGES

Kentucky, the sponsor of Section 1, used the FHWA P3 Screening tool as the basis for an initial assessment of whether a P3 delivery model should be considered for Section 1 of the Project. Indiana completed the same assessment for Section 3 of the Project. Screening criteria and results from both assessments are summarized in Table 7.1.

Table 7-1. Public-Private Partnership Screening Summary

			IFP Section 1 Kentucky	2022 FPAU Section 3 Indiana
Legal				
	Sponsor Authority	Does the project sponsor have legal authority to pursue delivery of the project as a P3?	Yes	Yes
Planning and Environmental				
	Long Range Planning	Is the project consistent with the project sponsor's and regional long-term transportation goals?	Yes	Yes
	Environmental Review	Will the required NEPA decision document be completed within 2 - 3 years?	Yes	Yes
Public Support				
	Local Support	Is there consensus among local and regional stakeholders to pursue the project?	Yes	Yes
	Political Support	Is there political support for delivering the project?	Yes	Yes
Organizational Capacity				
	Technical Capacity	Does the sponsor have access to sufficient internal and external technical resources to successfully manage all phases of the P3 delivery option (development, procurement, negotiation and long-term contract oversight) in the public interest?	Other[7]	Yes
	Policy Guidelines	Has the project sponsor established guidelines and regulations for procuring and managing P3 projects?	No	Yes
Project Scope & Complexity				
	Size	Is the project size and scope suitable for delivery via P3 (generally costing more than $100 million)?	Yes	Yes
	Risk	Have project risks been identified?	Yes	Yes
	Risk Allocation	Is there potential to allocate risks to the party more capable of managing those risks by delivering the project as a P3?	No	No
	Innovation	Is there potential to derive benefits from technological or other types of innovation through private sector delivery of the project?	Yes	Yes

[7] KYTC has financial advisors with P3 experience, but KYTC has not previously delivered a P3 project.

			IFP	2022 FPAU
	Efficiency	Is there potential to achieve cost/schedule savings by delivering the project as a P3?	No	No
	Quality	Is there potential for higher quality product/service delivery with a P3?	No	No
	Life-Cycle Costs	Have the life-cycle costs of the proposed project been determined?	Yes	Yes
Affordability				
	Near and Long-Term Financial Capacity	Does the project sponsor have the financial capacity to meet the project's lifecycle costs using conventional public funding and financing sources?	Yes	Yes
	Revenue Potential	Does the project have the revenue generation potential to repay any or all of the project costs?	No	No
Industry Interest				
	Industry Capacity	Do three or more private sector firms have the capability to deliver the project as a P3?	Yes	Yes
	Industry Interest	Have three or more private entities demonstrated interest in the project to suggest the opportunity exists for a competitive process?	No	No

Based on the results of the initial screening, potential P3 procurement of Section 1 and Section 3 does not offer sufficient benefits as compared to a traditional design-build procurement and will not be used for this phase of the project.

7.5 Risk Allocation Analysis

As the initial screening assessment determined that the use of a P3 procurement for Section 1 and Section 3 of the Project did not warrant further consideration no further risk allocation analysis was performed.

7.6 Market Conditions and Cost of Capital

The funded portion of the Project will not utilize funding outside of federal-aid and state transportation funds appropriated to the states, as discussed in Chapter 4.

7.7 Permit Requirements

Consistent with the FEIS/ROD for the Project, Table 7-2 provides a summary of the required permits for the overall project and the status of each permitting requirement. The states will continue to pursue permitting activity in a timeframe to meet project development needs and will work with contractors to do the same for activities for which

they are directly responsible. No issues are anticipated as to the ability to meet these permitting requirements.

Table 7-2 has been updated as of the 2024 FPAU to reflect current permitting and approvals status. No issues have been identified to restrict the ability to meet these requirements.

Table 7-2. Required Permits or Approvals/Concurrences

Required Permit or Concurrence	Issuing Agency	Activity	Status
CWA Section 404 Permit	USACE	Dredge/fill in WOTUS (streams, wetlands, open water jurisdictional ponds)	Section 1 -- completed Section 2 – not started Section 3 – completed
CWA Section 401 WQC	IDEM/KDOW	Water quality protection	Same as above
Construction Stormwater General Permit/ Kentucky Pollutant Discharge Elimination System (KPDES) Permit	IDEM /KDOW	Project construction	Contractor's responsibility
CWA Section 408 / Levee Permit	USACE	Modification to flood control levee	Section 3 – completed Section 2 – not started
Rivers and Harbors Act Section 9 Permit	USCG	Construction of Ohio River bridge	Section 2 only – not started
Rivers and Harbors Act Section 10 Permit	USACE	Construction in Ohio River	Section 2 only – not started
Construction in a Floodway (CIF) Permit	IDNR	Construction in a navigable waterway and/or floodway	Section 3 – Ohio River Floodway CIF – completed Eagle Creek Floodway CIF – completed
Permit to Construct Across or Along a Stream/No-Rise Certification	KDOW/Henderson County	Construction in a floodplain	Section 1 – completed Section 2 – completed
Notice of Proposed Construction or Alteration (Tall Structure Permit)	Federal Aviation Administration (FAA)	Construction of Ohio River bridge	Section 1 – not applicable Section 2 – not started Section 3 – not applicable
Conditional Letter of Map Revision (CLOMR)/Letter of Map Revision (LOMR)	FEMA	Modification to regulated floodway	Section 1 – CLOMR completed; LOMR in development Section 2 & 3 – not required due to no-rise determination

CHAPTER 8. RISK AND RESPONSE STRATEGIES

8.1 INTRODUCTION

This chapter addresses risk factors that could affect the Project and, in particular, the financial plan for the Project. The focus of this review is on risks that could affect delivery of the funded portion of the Project, specifically Section 1 and Section 3, and has been updated as of the 2024 FPAU. These risks have been identified throughout project development and specifically addressed as part of the Cost Estimate Review conducted for the Project. Identified 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. Where a risk applies to multiple risk categories, it is included in the primary risk category.

This chapter will be updated to include additional risk factors associated with Section 2 of the Project when project delivery plans are further developed. It also will be updated in future Annual Updates to reflect progress toward risk mitigation or retirement.

8.2 PROJECT COST RISKS AND RESPONSE STRATEGIES

The factors shown in Table 8-1 have been identified as possible reasons for cost overruns. The table includes the potential risk and anticipated response or mitigation strategies.

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

Description of Project Risk	Mitigation Strategy	Risk Level/Status
Utility Related Cost Risk		
Big River's transmission Line was not 100% designed prior to bid, with possibility of higher cost as well as impact on project schedule.	Construction cost has been agreed to with contractor.	Retired
Geotechnical Uncertainty Related Cost Risk		
A variety of geotechnical uncertainties, including quality of foundation bedrock, impact on bridge design, and liquefication and lateral spreading hazards have potential to impact project cost as well as schedule.	Section 1 – design-build procurement is complete.	Section 1 – Low/Active
	Section 2 – Project sponsors will consider potential for additional geotech investigations and explore possibility of offering proposers opportunity to request specific investigation locations.	Section 2 - High/Active

Description of Project Risk	Mitigation Strategy	Risk Level/Status
	Section 3 – design-build procurement is complete.	Section 3 – Low/Active
Cost Risk Associated with Scope Changes		
Cost (and schedule) risk associated with the impact of Alternative Technical Concepts (ATCs) and Design-Build innovations	Section 1 – procurement is complete.	Section 1 – Retired
	Section 2 – Project sponsors will monitor ATC development and adjust budgets and funding commitments as appropriate.	Section 2 - High/Active
	Section 3 – procurement is complete.	Section 3 - Retired
Contractor Design Evolution - Cost risk associated with additional design development that identifies cost elements not included in the preliminary cost estimates	Section 1 – procurement is complete.	Section 1 – Low/Active
	Section 2 – Project sponsors will monitor design development and adjust budgets and funding commitments as appropriate.	Section 2 - High/Active
	Section 3 – procurement is complete.	Section 3 – Low/Active
Cost risk associated with Owner Directed Change in Scope	Project sponsors will monitor scope changes and adjust budgets and funding commitments as appropriate.	High/Active

8.3 Project Schedule Risks and Response Strategies

The risks shown in Table 8-2 have been identified as those that may affect Project schedule primarily and, therefore, the ability of the Project Sponsor to deliver the Project on a timely basis. This, in turn, has an impact on project costs as a secondary impact.

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

Description of Project Risk	Mitigation Strategy	Risk Level
Schedule Delay Risk Due to Right of Way Acquisition		
Potential delays in obtaining ROW	Section 1 – ROW acquisition is complete.	Section 1 – Retired
	Section 2 – The Project Sponsors will conduct regular check-ins with ROW manager, re-evaluation of priority parcels, and consideration of when staging is developed.	Section 2 - Medium/Active
	Section 3 – ROW acquisition is near completion.	Section 3 – Low/Active
Schedule Delay Risk Due to Construction-Related Activities		
Potential delays due to flooding and earthwork impacts	The Project Sponsors will make as much related information available to proposers as possible and will call attention to critical details in the technical specifications.	Medium/Active
Potential risk that the duration of acceptable embankment settlement on bridge approaches delays roadway paving.	Section 1 – settlement provisions included in the design build contract.	Section 1 – Low/Active
	Section 2 – Consideration will be given during phasing/ specification development, with possibility of having more open specifications, to allow proposers to develop the best plan based on their equipment/operational capabilities.	Section 2 – Medium/Active
	Section 3 – settlement provisions included in the design build contract.	Section 3 – Medium/Active
Schedule Delay Risk Due to Permitting Activities		
Potential for delays in obtaining permits	Section 1 – all permits have been obtained.	Section 1 – Low/Active
	Sections 2 – The Project Sponsors will ensure early coordination efforts and regular updating by permit coordinator with project team.	Section 2 - Medium/Active
	Section 3 – Majority of permits have been obtained.	Section 3 – Medium/Active

8.4 Financing Risks and Response Strategies

Table 8-3 discusses risks that may negatively affect the Project sponsor's ability to fund the Project cost effectively. For each risk, this table provides a summary of potential mitigation strategies.

There are very limited financing related risks for Section 1 and Section 3 of the Project. All funds are either expended, committed in budget, or established in plans. Should additional funds be required, adjustments in budget and funding commitments can reasonably be expected to be made. This section will be revised for Section 2 once the funding strategy is more fully established.

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

Description of Project Risk	Mitigation Strategy	Risk Level
Risk that federal transportation funds are not available for the Project despite current allocations and planned funding	The Project Sponsors will ensure good communication and as soon as any funding delay seems more possible. The team will consider alternative ways to deliver the Project, changes to schedule, or contract packaging to find a workable solution.	Low

8.5 Procurement Risks and Response Strategies

The risks shown in Table 8-4 may affect the Project Sponsor's ability to implement the Project due to risks associated with the procurement of the Project through the currently anticipated design-build structure.

Table 8-4. Procurement – Risks and Response Strategies

Description of Project Risk	Mitigation Strategy	Risk Level
Labor and Contractor Supply Risks		
Availability of qualified disadvantaged business enterprises (DBEs) and workforce	Project Sponsors are including DBE information in industry days, including likely percentage ranges, schedule, how to get prequalified, etc. to enhance DBE involvement.	Medium
Lack of labor due to smaller urban area	Section 1 – procurement is complete. DB Contractor holds labor risks.	Section 1 – Low
	Section 2 – Project Sponsors will consider possible industry days, to include construction associations, potential bidders, so that they can be prepared for construction.	Section 2 – Medium

Description of Project Risk	Mitigation Strategy	Risk Level
	Section 3 – procurement is complete. DB Contractor holds labor risks.	Section 3 - Low
Letting-Related Risks		
Letting timing / competition	Section 1 – procurement is complete.	Section 1 – Low
	Section 2 – Project Sponsors will consider possible industry days throughout planning to increase participation, evaluate number of potential bidders.	Section 2 – Medium
	Section 3 – procurement is complete.	Section 3 – Low

CHAPTER 9. ANNUAL UPDATE CYCLE

9.1 INTRODUCTION

This chapter addresses the annual reporting period for subsequent Annual Updates to the Financial Plan for the Project.

9.2 FUTURE UPDATES

The effective date for the IFP was June 30, 2021. The effective date for the 2022 FPAU was July 31, 2022. This and all future annual updates will have an effective date of July 31 each year. These annual updates will be submitted to FHWA by October 31 each year with an as-of date of July 31.

The IFP had an as-of date of June 30, 2021, making the document due to FHWA by September 30, 2021. It was originally planned and intended for the as-of date to be July 31st of each year to accommodate the number of major project financial plans that INDOT has to manage in the quarter that involves both Federal and State fiscal year changeovers. However, it became apparent that the IFP needed to be completed, certified, and delivered to FHWA prior to advertising for the letting of Phase 1 – Section 1 construction contract. It was therefore decided that the IFP would be an offset in terms of the as-of date with recognition that future updates would have an as-of date a month later.

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

10.1 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.

10.2 2024 FINANCIAL PLAN UPDATE

As shown in Table 10-1, the funded phase of the Project has realized a decrease over the 2023 FPAU of $93.5 million. Significant cost estimate changes include the following:

- Decrease in Preliminary Engineering and Environmental costs of $9.3 million as the Project moves through this phase and costs become more certain.
- Decrease in Final Design and Construction cost estimates of $70.4 million for Section 3 due to scope adjustments as part of procurement and an overall cost decrease of $66.6 million. A portion of NEPA-defined Section 3 costs have been shifted to Phase 2 and to be completed along with Section 2 of the Project.
- Decrease in CEI, Admin, and Program Costs of $18.5 million, primarily related to actual procurement of underlying services.

Table 10-1. Summary of Cost Changes Since the Prior FPAU – Phase 1 ($ millions)

	2023 FPAU			2024 FPAU			
	Section 1	Section 3	Total	Section 1	Section 3	Total	*Change from 2023*
Prelim Eng & Environmental			$69.1			$59.8	*($9.3)*
Right of Way	$13.8	$6.2	$20.0	$15.4	$5.6	$21.0	*$1.0*
Utilities	$18.3	$0.1	$18.4	$18.3	$0.1	$18.4	*$0.0*
Final Design and Construction	$139.3	$272.1	$411.3	$143.1	$201.7	$344.7	*($66.6)*
CEI, CM/Design Review, Admin	$21.1	$23.0	$44.1	$16.8	$8.7	$25.6	*($18.5)*
Total	**$192.4**	**$301.4**	**$562.9**	**$193.5**	**$216.1**	**$469.4**	***($93.5)***

Note: Totals may not sum due to rounding.

The states will continue to monitor Phase 1 (Sections 1 and 3) costs and will make scope adjustments as necessary. The states also intend to conduct an updated CER prior to the procurement of Section 2.

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

11.1 INTRODUCTION

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

11.2 2024 FINANCIAL PLAN UPDATE

Since the IFP, the Project has realized a $212.1 million increase in costs and a corresponding increase in funding, as shown in Table 11-1. These increased costs include an advancement of project costs that have been funded from INDOT's capital program related to Section 3 of the Project being brought into the funded phase of the Project (Phase 1) and do not reflect cost trends with which to be concerned. Additional adjustments primarily relate to further development of Sections 1 and 3 of the Project, and subsequent procurement and related cost estimate adjustments.

There are no major implications for the remainder of the Project resulting from these cost changes. The states recognize current inflationary pressures and associated uncertainty. Further scope adjustments will be made to Section 3 to the extent necessary. Cost estimates, including inflation factors, for the unfunded phase of the Project (Section 2), have been updated as of this FPAU and will continue to be evaluated as project development continues. and the states further anticipate adjusting cost estimates for Section 2 (to be included in subsequent Financial Plan Updates) when more is known about longer-term construction cost trends. To date, it has been the experience of the states that Major Projects have been better able to withstand the immediate inflationary pressures in the letting process.

Table 11-1. Summary of Cost and Funding Changes Since the IFP

		2022 FPAU			2023 FPAU			2024 FPAU			*Change from IFP*
	IFP	Section 1	Section 3	Total	Section 1	Section 3	Total	Section 1	Section 3	Total	
Prelim Eng & Environmental	$28.3			$59.9			$69.1			$59.8	*$31.5*
Right of Way	$11.2	$12.9	$11.0	$23.9	$13.8	$6.2	$20.0	$15.4	$5.6	$21.0	*$9.8*
Utilities	$10.4	$14.0	$0.1	$14.1	$18.3	$0.1	$18.4	$18.3	$0.1	$18.4	*$8.0*
Final Design and Construction	$190.1	$143.5	$208.0	$351.5	$139.3	$272.1	$411.3	$143.1	$201.7	$344.7	*$154.6*
CEI, CM/Design Review, Admin	$17.3	$24.6	$23.0	$47.6	$21.1	$23.0	$44.1	$16.8	$8.7	$25.6	*$8.2*
Total	**$257.3**	**$195.0**	**$242.1**	**$497.1**	**$192.4**	**$301.4**	**$562.9**	**$193.5**	**$216.1**	**$469.4**	***$212.1***

Note: Totals may not sum due to rounding.

Following is a list of significant change orders contributing to the change shown in Table 11-1.
[This is a placeholder to list change orders, cost changes, and/or overruns over $10 million, of which there are none as of this 2024 FPAU.]

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

12.1 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.

12.2 2024 FINANCIAL PLAN UPDATE

This FPAU brings fairly minor changes to the Project schedule since the 2023 FPAU and no change to the overall completion timeline for the funded project phase. The overall project schedule, including the yet fully funded Section 2, remains to be SFY 2031, two years ahead of the schedule provided in the IFP. Should the states be successful in securing discretionary grant funding, it is anticipated that the overall timeline can be advanced.

Actions taken to monitor and control schedule growth continue as the Project progresses. The INDOT and KYTC Project Team employs the critical path method (CPM), including regular coordination Project meetings with all involved team members to discuss Project progress. Critical path issues are discussed and, at this point in the Project's lifecycle, typically includes a focus on overall schedule.

CHAPTER 13. SCHEDULE TRENDS SINCE INITIAL FINANCIAL PLAN

13.1 INTRODUCTION

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

13.2 2024 FINANCIAL PLAN UPDATE

The Project's schedule trends since the IFP have been minor adjustments to individual elements as well as the advancement of Section 3 of the Project into the funded phase (Phase 1) and the overall Project advancement from estimated completion in SFY 2033 to SFY 2031. No additional significant schedule changes or trends have materialized.