

Route 58 PPTA Project
Finance Plan Annual Update
Hillsville to Stuart Corridor

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Submitted To:

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Table of Contents

1.0 Project Background.....	3
1.1 Project Procurement.....	4
2.0 Project Description and Schedule.....	5
2.1 Phase 1, Parkway Crossing at Meadows of Dan.....	5
2.2 Phase 2, Hillsville Bypass.....	6
2.3 Phase 3, Laurel Fork.....	7
2.4 Remaining Projects.....	7
2.5 Right of Way Status.....	8
3.0 Cost Estimates.....	9
3.1 Phase 1, Parkway Crossing at Meadows of Dan.....	9
3.2 Phase 2, Hillsville Bypass.....	9
3.3 Phase 3, Laurel Fork.....	10
3.4 Remaining Projects.....	11
4.0 Finance Plan.....	11
4.1 Phase 1, Parkway Crossing at Meadows of Dan.....	12
4.2 Phase 2, Hillsville Bypass.....	13
4.3 Phase 3, Laurel Fork.....	14
5.0 Project Cash Flow.....	14
5.1 Phase 3, Laurel Fork.....	14
6.0 Involvement of Private Enterprise.....	16
7.0 Risk and Mitigation Measures.....	18

In December 2003, VDOT signed a public-private partnership agreement with Branch Highways Inc. to develop and widen 36 miles of the Route 58 Corridor from Hillsville to Stuart as funding becomes available. The corridor begins southwest of Hillsville and continues east through Carroll, Floyd, and Patrick counties to approximately one mile west of Stuart.

VDOT entered into the agreement with Branch Highways Inc. in accordance with the Public Private Transportation Act (PPTA). In 1995, the General Assembly passed the PPTA allowing private entities to propose innovative solutions for designing, constructing, financing and operating transportation improvements.

The Route 58 Corridor from Hillsville to Stuart is the last remaining section to complete Route 58 from Virginia Beach to I-77. Once connected with I-77, the long anticipated benefits of the 1989 General Assembly legislated “U.S. Route 58 Corridor Development Program” will greatly be enhanced throughout the entire region.

The first phase of widening Route 58 under this agreement was a 2.7 mile Blue Ridge Parkway crossing at Meadows of Dan. Phase 1 was completed in May 2006.

The second phase (Phase 2) of this corridor known as the Hillsville Bypass was executed in the fall of 2007. This is a 5.2 mile four-lane divided limited access bypass facility with three full interchanges. The original scope of work included the Hillsville Bypass and Route 669; however, due to funding limitations, Route 669 was eliminated from Phase 2 creating an eighth phase/section.

The third phase (Phase 3), known as Laurel Fork, was executed in December of 2011 and encompasses the sections originally developed as Laurel Fork and Tri-County Connector sections for a combined length of 8.2 miles.

Remaining phases include the Crooked Oak (7.2 mi.), Vesta (4.0 mi.), Lovers Leap (7.8 mi.) sections and Route 669. While design and right of way were initiated in the 1990s, these phases remain incomplete and construction funding has not been identified.

Additional information can be found on the Project’s website. The website may be accessed by going to VDOT’s external website at www.VirginiaDOT.org and entering “Route 58 PPTA” in the search box. The website provides additional information as well as links to VDOT’s website for the Route 58 Corridor Program and project specific sites sponsored by the Route 58 PPTA Contractor.

1.1 Project Procurement

Initiation of the Project began when VDOT received an unsolicited conceptual proposal in May 2001 in accordance with the Commonwealth's Public Private Transportation Act (PPTA) to design and construct a planned four-lane section of Route 58 between Stuart and Hillsville (36-mile segment). In accordance with VDOT's PPTA Implementation Guidelines, dated April 2001, a competition period with public notice was posted for forty-five days beginning May 25, 2001. The result of the competition period was that no other competing proposals were received.

Subsequent to the competitive public notice period, VDOT impaneled an Initial Review Committee (IRC) to determine if the conceptual proposal merited advancement to the Commonwealth Transportation Board (CTB) for review and recommendation. The IRC recommended advancement and at the October 17, 2001 public meeting of the CTB, the conceptual proposal was evaluated and recommended to be advanced to the Public-Private Transportation Advisory Panel for further consideration.

VDOT requested a detailed proposal which was received in January 2002 and evaluated by the Route 58 Advisory Panel. After several supplemental submittals of information to the Advisory Panel, in July 2003, the Committee recommended to the Commissioner to advance the proposal and begin negotiation for a comprehensive agreement for the entire segment of Route 58 between Stuart and Hillsville. After negotiations related to the roles and responsibilities and risk assignments of the entire project and the cost of Phase 1, the comprehensive agreement was executed on December 15, 2003.

Phase 1 consisted of a 2.7-mile section in Meadows of Dan which was completed on May 5, 2006. The Phase 2 work order for the completion of the 5.7-mile section known as the Hillsville Bypass was signed on October 2, 2007 and the Bypass was completed in November 2011. The second of two offsite stream mitigation projects is currently underway to satisfy the regulatory permitting requirements for the Hillsville Bypass project and is expected to be completed in early 2015. Phase 3 was executed on December 6, 2011 for an additional 8.2 miles and is currently underway.

Federal approval of the procurement process for the PPTA Contract was denied by FHWA in March 2009 and is not eligible for federal funding at this time. The Department has since completed the NEPA process in an effort to secure FHWA concurrence and possible future funding.

National Environmental Policy Act (NEPA) documents were completed for the Route 669 project (UPC 18107) and the remaining sections of Route 58 between the Hillsville Bypass and the Blue Ridge Parkway crossing (UPC's 17533, 17534 and 17538) and between the Parkway crossing and Stuart (UPC's 17536 and 17537). A Categorical Exclusion (CE) dated November 17, 2010 was completed for the Route 669 project. Two Environmental Assessments (EA) dated March 1, 2011 were completed for the remaining sections of Route 58. One EA included UPC's 17533, 17534 and 17538. The second EA

included UPC's 17536 and 17537. Based on the EA's the Federal Highway Administration issued Findings of No Significant Impact (FONSI) dated June 28, 2011. The primary NEPA documentation has therefore been completed for these projects. Future NEPA-related activities would include completing document reevaluations at appropriate stages of the project such as prior to additional right-of-way or easement acquisition or prior to advertisement/construction if federal funds were to be used for the projects.

2.0 Project Description and Schedule

The Route 58 PPTA Project begins at a point just west of Little Reed Island Creek on the southwest side of the Town of Hillsville and continues generally east thru Carroll, Floyd and Patrick counties to approximately 1 mile west of the town limits of Stuart, at which point the project ties into 4 lanes of existing Route 58. The Project is intended to be designed and constructed in phases. Phase 1 was approximately 3 miles long, and is referred to as the Blue Ridge Parkway Crossing in Meadows of Dan, in Patrick County. Phase 2 is approximately 5.2 miles long and is referred to as the Hillsville Bypass. Phase 3 combines the Laurel Fork and Tri-county sections totaling approximately 8.2 miles long and is referred to as the Laurel Fork project. The remaining three sections of the Route 58 corridor from Hillsville to Stuart will be constructed in various phases based on availability of funds and will be described in subsequent change orders to amend the Scope of Work.

2.1 Project Description - Phase I, Parkway Crossing at Meadows of Dan Project

The Parkway Crossing project was a 2.7 mile section of Route 58 along new alignment that bypassed the community of Meadows of Dan to the north and crossed the Blue Ridge Parkway. This is a four-lane divided limited access highway beginning approximately 0.3 miles west of the existing intersection of Route 58 and Route 600 and terminating less than 0.1 miles east of the existing intersection of Route 58 and Route 795.

The Parkway Bridge is an arched structure with an ornamental rock faced parapet that allows the Blue Ridge Parkway to cross over Route 58 with minimal impacts to the view shed. A copy of the original schedule, Appendix 12 to the Design-Build Contract is attached on page 19.



2.2 Project Description – Phase 2, Hillsville Bypass

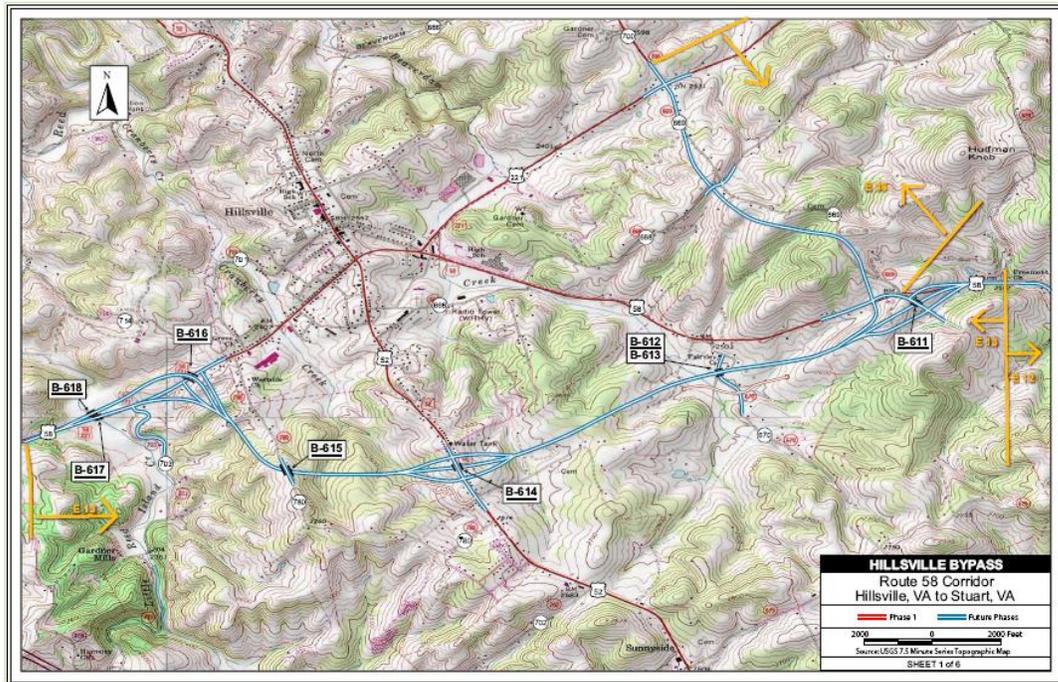
The Route 58 Hillsville Bypass is a new 5.2-mile section of four-lane divided highway built on new location in Carroll County around the Town of Hillsville. The new road improved the connection between Route 58 and Interstate 77.

Three new interchanges were constructed as part of the project: one at each end of the new bypass to connect to Route 58 Business and one at Route 52. The interchange with Route 52 is located just south of Hillsville provides a direct connection for commercial vehicles from Route 52 to I-77 to minimize current and future congestion in Hillsville.

The project also includes eight new bridges including one carrying Route 780 (Howlett Street) over the new bypass and a pair to carry Route 58 over Route 670 (Snake Creek Road).

In an effort to expedite the start of construction, the Department retained permitting responsibilities for the Hillsville Bypass with plans to renew existing permits at the end of 2007. Upon submittal of the renewal application, the USCOE required the expiring LOP-1 permit to be replaced with an Individual Section 404 permit. The new permit was received and signed in February 2008. As a requirement of the new USCOE 404

permit, the Department was required to provide an additional 9,505 stream credits. As a result of this new requirement, the Department developed plans for two stream mitigation sites, the Pine Run site and the Hillsville Elementary site. The Pine Run site was completed in the fall of 2012 and the Hillsville Elementary site is currently underway and is expected to be completed in early 2015. A copy of the original schedule, Appendix 12 to the Design-Build Contract is attached on page 20.

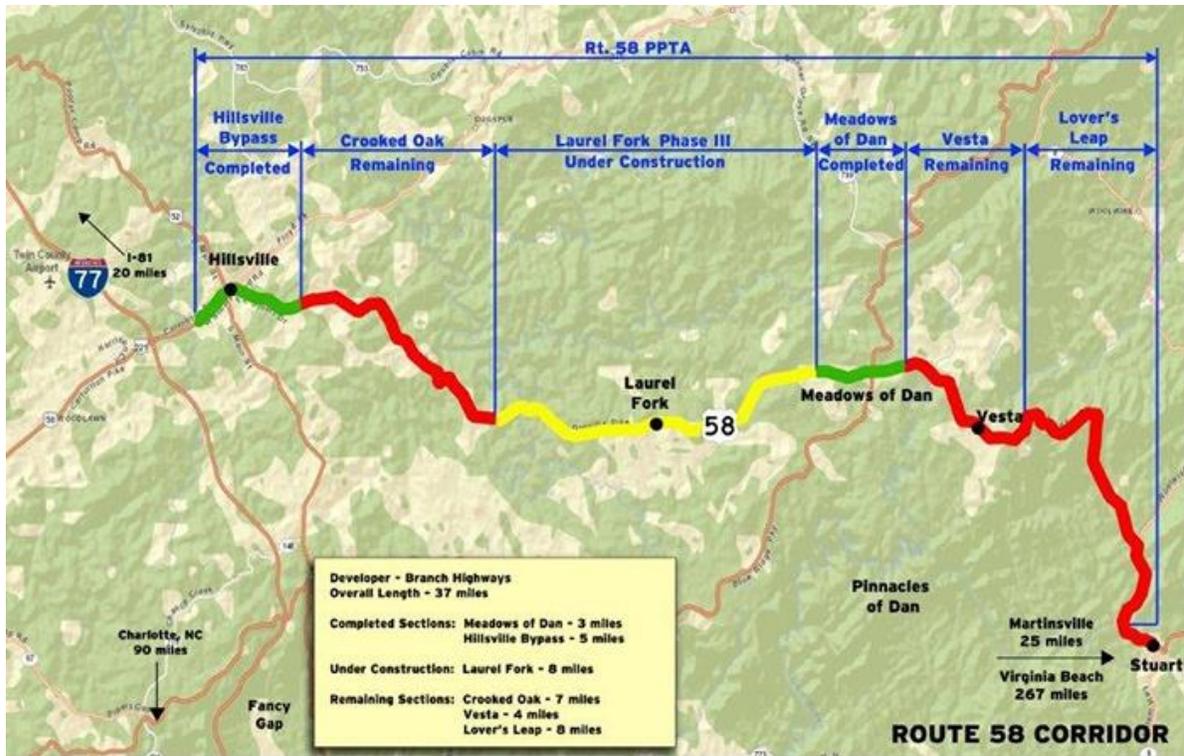


2.3 Project Description – Phase 3, Laurel Fork

The Laurel Fork section combines the Tri-County and Laurel Fork sections for a total of 8.2 miles extending from the west limits of the Meadows of Dan project through Patrick, Floyd and Carroll Counties. The project reconstructs the original two lanes and adds an additional two lanes along the original alignment to provide a 4-lane divided facility. The project was executed on December 6, 2011 and is anticipated to be completed in 2016. A copy of the original schedule, Appendix 12 to the Design-Build Contract is attached on page 21.

2.4 Project Description - Remaining Projects in the PPTA Corridor

There is approximately 19 miles of roadway left in the three remaining phases of this PPTA Corridor excluding the secondary connector, Route 669. Plans are at the 70% to 90% completion stage as of 2001 when work was stopped following receipt of the PPTA proposal. Environmental permitting activities are incomplete and significant work remains in this area. The remaining sections include Lovers Leap Mountain, Vesta, Crooked Oak and Route 669 Projects.



2.5 Right of Way Status

UPC	Project #	Project Name	Parcels	Parcels Cleared	Status
17535	0058-017-E13, RW 201	Hillsville Bypass	80 Parcels	79 Cleared	Project Complete, R/W Complete
18107	0669-017-E36, RW 201	Route 669	26 Parcels	26 Cleared	100% complete
17534	0058-017-E12, RW 201	Crooked Oak	107 Parcels	93 Cleared	86% complete
17533	0058-017-E11, RW 201	Laurel Fork	115 Parcels	112 Cleared	100% complete
17538	0058-962-E02, RW 201	Tri-County	139 Parcels	137 Cleared	100% complete
56352	0058-070-E02, C501	Parkway Crossing			Project Complete, R/W Complete
17537	0058-070-E19, RW 201	Vesta	78 Parcels	69 Cleared	88% complete
17536	0058-070-E18, RW 201	Lovers Leap	80 Parcels	55 Cleared	65% complete

3.0 Cost Estimates

The PPTA Comprehensive Agreement for this project includes six Route 58 mainline projects and the secondary connector, Route 669 to be completed in phases as funding becomes available.

3.1 Cost Estimates - Phase 1, Parkway Crossing at Meadows of Dan

Phase 1 was funded through \$22,483,000 in revenues through the Six Year Improvement Program with the primary source of this allocation coming from the Route 58 Corridor Fund. Patrick County contributed an additional \$48,156 in FY05 and \$52,144 in FY06 to the Revenue Sharing program and received an equal match. The Contract obligation was for \$19,971,672 with the balance being used for Department contract administration and funding for future Phases. Project was completed in May 2006 with final expenditures of \$20,381,931.

	Approved Estimate (Expenditures)	Expenditures (CRD)	Phase Activity Date (Schedule)	Current SYP Estimate (SYIP)
Date	08/25/2011	06/09/2006		07/01/2011
PE	\$0	\$0		\$0
RW	\$0	\$0		\$0
CN	\$20,381,931	\$20,381,931	01/12/2004 (actual)	\$20,381,931
Total	\$20,381,931	\$20,381,931		\$20,381,931

3.2 Cost Estimate - Phase 2, Hillsville Bypass

The Hillsville Bypass had an original construction Contract value of \$83M. Two additional offsite stream mitigation projects, Pine Run and Hillsville Elementary, were added for \$2,180,000 and \$1,700,000 respectively. Pine Run is complete and Hillsville Elementary is 90% complete. The project is expected to be completed under budget (Current SYIP Estimate).

	Approved Estimate (Award)	Expenditures (CRD)	Phase Activity Date (Schedule)	Current SYP Estimate (SYIP)
Date	04/12/2013	02/03/2015		07/01/2014
PE	\$5,567,795	\$5,567,795	07/08/1997 (actual)	\$5,567,795
RW	\$10,397,000	\$10,227,332	06/25/1999 (actual)	\$10,397,000
CN	\$90,602,445	\$90,258,602		\$90,602,445
Total	\$106,567,240	\$106,053,728		\$106,567,240

3.3 Cost Estimate - Phase 3, Laurel Fork

The Route 58 PPTA Phase 3, Laurel Fork Project was originally developed as two projects, Tri-County (UPC 17538) and Laurel Fork (17533). Following execution of the Laurel Fork PPTA Contract, a separate UPC (102629) was created to track the construction and engineering contract costs. However, services provided by PPTA Developer for right of way acquisition are being accounted for under the original UPCs 17538 and 17533. The Contract value for Phase 3 is \$119,750,000 which includes allowances for right of way and stream/wetland mitigation. The project is fully funded.

Tri-County UPC 17538				
	Approved Estimate (Financial Plan)	Expenditures (CRD)	Phase Activity Date (Schedule)	Current SYP Estimate (SYIP)
Date	07/09/2012	02/03/2015		07/01/2014
PE	\$4,986,000	\$4,768,294	07/08/1997 (actual)	\$4,986,000
RW	\$7,368,163	\$6,378,599	06/25/1999 (actual)	\$7,368,163
CN	\$0	\$0		\$0
Total	\$12,354,163	\$11,146,894		\$12,354,163

Laurel Fork UPC 17533				
	Approved Estimate (Financial Plan)	Expenditures (CRD)	Phase Activity Date (Schedule)	Current SYP Estimate (SYIP)
Date	04/12/2013	11/04/2014		07/01/2014
PE	\$2,865,000	\$2,783,458	07/08/1997 (actual)	\$2,865,000
RW	\$2,920,750	\$4,123,765	03/05/1999 (actual)	\$2,920,750
CN	\$0	\$0		\$0
Total	\$5,785,750	\$6,907,223		\$5,785,750

Phase 3 – Laurel Fork UPC 102629				
	Approved Estimate (Financial Plan)	Expenditures (CRD)	Phase Activity Date (Schedule)	Current SYP Estimate (SYIP)
Date	04/19/2012	02/11/2015		07/01/2014
PE		\$0	\$0	\$0
RW		\$0	\$0	\$0
CN		\$124,075,000	\$77,703,441	11/01/2011 (actual) \$124,075,000
Total		\$124,075,000	\$77,703,441	\$124,075,000

3.4 Cost Estimate – Remaining Projects

While funding for construction for the remaining four sections has not been identified, engineering and right of way acquisition was initiated in the 1990s at varying levels of completion. The PPTA Developer (Contractor) has provided the following estimates for construction. The scope of work and actual price will be negotiated at such point additional funding is allocated to these projects.

Project	PPTA Developer's Est.(December 2013)	Length	Project Number	UPC
Rte. 58 - Lover's Leap	\$272,000,000.00	7.8 miles	0058-070-E18	17536
Rte. 58 - Vesta	\$108,000,000.00	4.0 miles	0058-070-E19	17537
Rte. 58 - Crooked Oak	\$173,000,000.00	7.2 miles	0058-017-E12	17534
Rte. 669	\$20,000,000.00	1.7 miles	0669-017-E36	18107
Total	\$573,000,000.00	20.7 miles		

For additional information, the Commissioner of Highways' report on the cash balances in the Route 58 Corridor Development Fund can be found at:

[http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/RD1842014/\\$file/RD184.pdf](http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/RD1842014/$file/RD184.pdf)

The report includes: (i) a comparison of actual spending to allocations by project and district, (ii) expenditures by project, district and funding sources and (iii) a six-year plan for planned future expenditures from the Fund by project and district.

4.0 Financial Plan

The Virginia General Assembly established the Route 58 Corridor Development Program in 1989 to enhance economic development potential across this largely rural portion of the state. Work is now completed through to the Town of Stuart, County seat for Patrick County. The Program was initially funded through the sale of bonds through the early 2000s. Bonds are anticipated to again be a primary source of funding beginning in 2020.

58.1-815 Code of Virginia

- Creation of the U.S. Route 58 Corridor Development Fund

- First \$40M of annual collections of the state recordation taxes. This \$40M along with some supplemental funding from the Construction Fund is expected to reduce the debt service significantly to \$27.3 million in FY 2020 with all existing Rt. 58 debt paid off in FY 2026.

1999 General Assembly Session

- HB 1953 increased bond issuance authority from \$600M to \$704.3M.
- Designated \$82 M of the \$104.3 M increase from 1999 to particular projects in Bristol and Salem Districts. Bonds were sold in September 2001 and allocated.
- Designated the remainder of the \$104 M increase (\$22.3M) for R/W acquisition from Stuart to I-77. These bonds were sold in September 2001 and allocated and spent.

2007 General Assembly Session

- Provisions contained in Item 449.10 of Chapter 847 of the 2007 Acts of Assembly which stipulate that monies from the \$305,000,000 appropriated to the program are designated \$77M to the Hillsville Bypass Project.

2013 HB1953

- Increased bond issuance authority from \$704.3 M to \$1.3 B.
- Beginning July 1, 2013, prioritized the Crooked Oak, Vesta and Lover's Leap sections above any other sections, with the Lover's Leap Section being the highest priority.

2013 HB2313

- Beginning in FY2020, \$20M annually from the Construction Fund Share of the Transportation Trust Fund goes to the Route 58 Corridor Development Fund.

4.1 Financial Plan - Phase 1, Parkway Crossing at Meadows of Dan

Project was completed in May 2006 with final expenditures of \$20,381,931 and was fully funded.

4.2 Financial Plan - Phase 2, Hillsville Bypass

The Hillsville Bypass had an original construction Contract value of \$83M. Two additional offsite stream mitigation projects, Pine Run and Hillsville Elementary, were added for \$2,180,000 and \$1,700,000 respectively. Pine Run is complete and Hillsville Elementary is nearing completion. Carroll County also contributed \$150,000 to the Revenue Sharing Program for an equal match.

Funding for sources for Route 58 - Hillsville Bypass (UPC17535)	
Revenue Sharing Funds: Local Match (CNL201)	\$150,000
Revenue Sharing Funds: State Match (CNS202)	\$150,000
Bond Proceeds: Route 58 Bond CDP Funds (CNB581)	\$14,199,712
Transportation Partnership Opportunity Fund: TPOF - FY08 (CNS281)	\$77,000,000
Formula - Primary: Primary Formula - State : Salem (CNS472)	\$4,649,140
FRAN Bond Proceeds: Primary FRANS (CNB294)	\$3,804,968
Priority Transportation Funds: Primary PTF (CNS246)	\$6,613,420
Total	\$106,567,240

Current Estimates and Expenditures as of February 2015			
	Estimate	Expended	Balance
PE	\$5,567,795	\$5,567,795	\$0
RW	\$10,397,000	\$10,227,332	\$169,668
CN	\$90,602,445	\$90,258,602	\$343,843
Total	\$106,567,240	\$106,053,729	\$513,511

4.3 Financial Plan - Phase 3, Laurel Fork

The Contract value for Phase 3 is \$119,750,000 which includes allowances for right of way allowance and stream/wetland mitigation. The project is fully funded.

Funding for sources for Route 58 - Laurel Fork (UPC102629)	
Bond Proceeds: Bond Proceeds - Capital Projects Revenue (CNB267)	\$116,304,798
Bond Proceeds: Route 58 Bond CDP Funds (CNB581)	\$4,083,896
State Discretionary: Discretionary State CN (CNS298)	\$3,578,406
Residue Parcel Revenue: Residue Parcel - Salem (CNS453)	\$107,900
Total	\$124,075,000

Current Estimates and Expenditures as of October 2014			
	Estimate	Expended	Balance
PE	N/A	N/A	N/A
RW	N/A	N/A	N/A
CN	\$124,075,000	\$77,703,441	\$46,371,559
Total	\$124,075,000	\$77,703,441	\$46,371,559

5.0 Project Cash Flow

The Comprehensive Agreement between the PPTA Developer and the Department establishes the maximum allowable monthly draw for each Phase in Exhibit D, Plan of finance. The monthly draw requests for Phases 1 and 2 followed slightly behind Exhibit D during most of construction and accelerated in the final months to 100% paid. The plan of Finance for Phase 3 is as follows below.

5.1 Project Cash Flow - Phase 3, Laurel Fork

Exhibit D of the Design-Build Contract establishes the maximum monthly draws to ensure adequate available funding. The PPTA Developer has submitted draw requests for Phase 3 with a cumulative total of \$78,310,744 as of the 02/20/2015. This is less than the maximum allowable and follows the payout patterns of earlier phases.

**EXHIBIT D TO THE
COMPREHENSIVE AGREEMENT TO DEVELOP, DESIGN, AND CONSTRUCT
ROUTE 58 CORRIDOR FROM HILLSVILLE TO STUART**

Plan of Finance for Phase 3

Month	Date	Total Monthly Draw	Right of Way Allowance	Stream/Wetland Mitigation Allowance	Fiscal Year Draw Requirement	Total Funds Required Phase 3
1	01/20/2012	\$2,000,000				\$2,000,000
2	02/20/2012	\$3,000,000				\$3,000,000
3	03/20/2012	\$3,000,000				\$3,000,000
4	04/20/2012	\$3,000,000				\$3,000,000
5	05/20/2012	\$3,000,000				\$3,000,000
6	06/20/2012	\$3,000,000			\$17,000,000	\$3,000,000
7	07/20/2012	\$3,000,000	\$360,000	\$8,000,000		\$11,360,000
8	08/20/2012	\$3,000,000				\$3,000,000
9	09/20/2012	\$3,000,000				\$3,000,000
10	10/20/2012	\$2,000,000				\$2,000,000
11	11/20/2012	\$2,000,000				\$2,000,000
12	12/20/2012	\$1,000,000				\$1,000,000
13	01/20/2013	\$1,000,000				\$1,000,000
14	02/20/2013	\$1,000,000				\$1,000,000
15	03/20/2013	\$1,000,000				\$1,000,000
16	04/20/2013	\$1,000,000				\$1,000,000
17	05/20/2013	\$2,000,000				\$2,000,000
18	06/20/2013	\$3,800,000			\$32,160,000	\$3,800,000
19	07/20/2013	\$3,800,000				\$3,800,000
20	08/20/2013	\$3,800,000				\$3,800,000
21	09/20/2013	\$3,800,000				\$3,800,000
22	10/20/2013	\$3,800,000				\$3,800,000
23	11/20/2013	\$2,800,000				\$2,800,000
24	12/20/2013	\$1,800,000				\$1,800,000
25	01/20/2014	\$1,000,000				\$1,000,000
26	02/20/2014	\$1,000,000				\$1,000,000
27	03/20/2014	\$1,000,000				\$1,000,000
28	04/20/2014	\$1,000,000				\$1,000,000
29	05/20/2014	\$3,800,000				\$3,800,000
30	06/20/2014	\$3,800,000			\$31,400,000	\$3,800,000
31	07/20/2014	\$3,800,000				\$3,800,000
32	08/20/2014	\$3,800,000				\$3,800,000
33	09/20/2014	\$3,800,000				\$3,800,000

34	10/20/2014	\$3,800,000			\$3,800,000
35	11/20/2014	\$2,800,000			\$2,800,000
36	12/20/2014	\$1,800,000			\$1,800,000
37	01/20/2015	\$1,000,000			\$1,000,000
38	02/20/2015	\$1,000,000			\$1,000,000
39	03/20/2015	\$1,000,000			\$1,000,000
40	04/20/2015	\$1,000,000			\$1,000,000
41	05/20/2015	\$2,000,000			\$2,000,000
42	06/20/2015	\$2,500,000		\$28,300,000	\$2,500,000
43	07/20/2015	\$2,500,000			\$2,500,000
44	08/20/2015	\$2,500,000			\$2,500,000
45	09/20/2015	\$2,000,000			\$2,000,000
46	10/20/2015	\$2,000,000			\$2,000,000
47	11/20/2015	\$1,890,000		\$10,890,000	\$1,890,000
	Totals	\$111,390,000	\$360,000	\$8,000,000	\$119,750,000
				\$119,750,000	

6.0 Involvement of Private Enterprise

Appendix 7 of the Design-build Contract for the Route 58 Corridor from Hillsville to Stuart project outlines the Disadvantaged Business Enterprise Subcontracting Plan and is stated as follows.

POLICY STATEMENT

It is the policy of Branch Highways Inc. (Developer) that all Disadvantaged Business Enterprises (“DBE”) shall have the maximum opportunity to participate in the performance of the Contract. Our commitment to this policy will be demonstrated by taking the necessary and reasonable steps to ensure that DBE’s are afforded the opportunity to compete for and perform work on this Project.

PLAN OBJECTIVES

The objective of this plan is to provide guidance in our efforts to meet or exceed the eight percent (8%) DBE Participation Goal established for this project.

PLAN STRATEGY

1. Organization

Developer will designate a DBE liaison officer who will be assigned the responsibility of actively administering this plan, and encouraging and promoting the utilization of DBE's in the performance of the Contract.

2. Subcontracting

Establishing subcontracting goals for DBE's for this Project will include a review and analysis of the items of work to be performed; the complexity of various items of work; the time frame in which the work is to be performed; and the availability of DBE's. This process will allow for the identification of items of work that lends them to subcontracting to qualified DBE firms.

3. Implementation

Once specific opportunities for DBE participation are identified the following guidelines will be implemented to encourage and promote interest in the Project from qualified DBE firms:

- Arrange pre-solicitation or pre-bid meetings at which potential DBE's can be informed of any subcontracting opportunities.
- Advertise in general circulation any subcontracting opportunities on the Project.
- Provide written notice to specific DBE firms that their interest in the Project is being solicited in sufficient time to allow the DBE's to participate in the subcontracting process effectively.
- Follow-up solicitations of interest by contacting potential DBE's to determine any level of interest that they may have in the Project
- Provide interested DBE's with adequate information about scope of work and the requirements of the Contract.
- Negotiate in good faith with interested DBE's, not rejecting any DBE as unqualified without sound reasons based upon financial aspects and capabilities.
- Make efforts to assist interested DBE's in obtaining bonding or insurance required by Branch Highways, Inc. or the Contract.
- Make efforts to assist interested DBE's in obtaining the necessary equipment, supplies, materials or other necessary or related services.
- Utilize available services and community organizations in soliciting potential DBE firms.

PARTICIPATION AND DOCUMENTATION

Once a firm is determined to be an eligible DBE, the appropriate dollar value of the work performed will be counted toward the applicable DBE goal. DBE participation will be counted toward meeting the goals established as follows:

- The total dollar value of a contract will be counted for DBE's that perform a commercially useful function. A DBE will be considered as performing a commercially useful function when it is responsible for the execution of a distinct element of the work and carries out its responsibilities by actually performing, managing and supervising the work involved.
- When a DBE firm subcontracts part of the work of its contract to another firm, the value of the subcontracted work may be counted toward DBE goals only if the DBE's subcontractor is itself a DBE.
- If materials or supplies are obtained from a DBE manufacturer, 100% of the expenditure is counted towards the DBE goal. If materials or supplies are purchased from a DBE regular dealer, only 60% of the cost of the materials or supplies is counted toward the DBE goal.

Developer will, throughout the life of the Project, maintain records sufficient to document and demonstrate its good faith efforts used to identify and award subcontracts to qualified DBE firms. Developer will also provide the Virginia Department of Transportation reasonable documentation to assist in verifying and reporting DBE participation on the Project and shall include sufficient information to aid the District Civil Rights Manager in verifying and reporting DBE participation on the project in both the design and construction phases.

7.0 Risk and Mitigation Measures

Phase 1 was successfully completed in 2006. Phase 2 was certified substantially complete on August 26, 2011 and final completion is expected in early 2015 with completion of the Hillsville Elementary Stream Mitigation site.

A Request for Change (RFC) was received from the Contractor in 2014 for Phase 3 for third party regulatory agency delays and utility relocation delays. While the impacts of the RFC to schedule and budget have not been mutually resolved at the time of this report, any impacts are expected to be mitigated within the current available funding for the Route 58 corridor.

ID	Task Name	Duration	Start	Finish	Cost	2012				2013				2014				2015			
						Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3
1	Phase 3 - Tri-County and Laurel Fork	1045 days	Thu 12/15/11	Wed 12/16/15	\$119,750,000.00																
2	Execute Work Order & Issue NTP	0 days	Thu 12/15/11	Thu 12/15/11	\$0.00																
3	Preliminary Items	365 days	Thu 12/15/11	Wed 5/8/13	\$25,750,000.00																
4	Project Mobilization	1 day	Thu 12/15/11	Thu 12/15/11	\$2,000,000.00																
5	Permit Acquisition	160 days	Thu 12/15/11	Wed 7/25/12	\$1,340,000.00																
6	Stream/Wetland Mitigation Allowance	1 day	Thu 7/26/12	Thu 7/26/12	\$8,000,000.00																
7	ROW Acquisition	150 days	Thu 12/15/11	Wed 7/11/12	\$2,500,000.00																
8	ROW Allowance	60 days	Thu 4/19/12	Wed 7/11/12	\$360,000.00																
9	Utility Relocation (AEP & CenturyLink)	208 days	Thu 12/15/11	Mon 10/1/12	\$0.00																
33	Early Grading Plans	100 days	Thu 12/15/11	Wed 5/2/12	\$3,000,000.00																
34	Final Design Plans	250 days	Thu 5/3/12	Wed 4/17/13	\$5,000,000.00																
35	Prepare & Submit Detailed CPM Schedule	60 days	Thu 12/15/11	Wed 3/7/12	\$750,000.00																
36	Prepare & Submit Environmental Plan	40 days	Thu 12/15/11	Wed 2/8/12	\$700,000.00																
37	Prepare & Submit Safety Plan	10 days	Thu 12/15/11	Wed 12/28/11	\$700,000.00																
38	Prepare & Submit QA/QC Plan	40 days	Thu 12/15/11	Wed 2/8/12	\$700,000.00																
39	Prepare & Submit Construction TMP	120 days	Thu 12/15/11	Wed 5/30/12	\$700,000.00																
40	VDOT Review of Plans	15 days	Thu 5/3/12	Wed 5/23/12	\$0.00																
41	VDOT Review of CPM/Construction Schedule	15 days	Thu 3/8/12	Wed 3/28/12	\$0.00																
42	VDOT Review of Traffic Mgmt Plan	15 days	Thu 5/31/12	Wed 6/20/12	\$0.00																
43	VDOT Review of Final Design Plans	15 days	Thu 4/18/13	Wed 5/8/13	\$0.00																
44	Start-Up Items for Construction	990 days	Thu 3/1/12	Wed 12/16/15	\$15,900,000.00																
45	Construction Mobilization	22 days	Thu 3/1/12	Fri 3/30/12	\$5,000,000.00																
46	Construction Project Management	990 days	Thu 3/1/12	Wed 12/16/15	\$2,000,000.00																
47	CEI Mobilization	22 days	Thu 3/1/12	Fri 3/30/12	\$500,000.00																
48	CEI Program	935 days	Mon 4/2/12	Fri 10/30/15	\$7,000,000.00																
49	Surveying	840 days	Thu 3/1/12	Wed 5/20/15	\$900,000.00																
50	Environmental Monitoring	940 days	Thu 5/3/12	Wed 12/9/15	\$500,000.00																
51	Construction	890 days	Wed 5/2/12	Wed 9/30/15	\$78,100,000.00																
52	NTP/Start Construction	0 days	Wed 5/2/12	Wed 5/2/12	\$0.00																
53	Initial Erosion Control	100 days	Thu 5/3/12	Wed 9/19/12	\$1,000,000.00																
54	Clear & Grub	100 days	Mon 6/4/12	Fri 10/19/12	\$1,500,000.00																
55	E&S Maintenance	790 days	Thu 9/20/12	Wed 9/30/15	\$1,500,000.00																
56	Deep Drainage Installation	130 days	Wed 7/4/12	Tue 1/1/13	\$5,000,000.00																
57	Mass Grading	380 days	Fri 8/3/12	Thu 1/16/14	\$10,000,000.00																
58	Surface Drainage	300 days	Thu 5/9/13	Wed 7/2/14	\$4,000,000.00																
59	Grading - Laurel Fork	100 days	Thu 7/3/14	Wed 11/19/14	\$10,000,000.00																
60	Paving/Base Stone - Laurel Fork	100 days	Thu 11/20/14	Wed 4/8/15	\$15,000,000.00																
61	Finish Work - Laurel Fork	104 days	Thu 4/9/15	Tue 9/1/15	\$5,000,000.00																
62	Grading/Paving/Finish Tri-County	100 days	Thu 7/3/14	Wed 11/19/14	\$8,000,000.00																
63	Paving/Base Stone - Tri-County	100 days	Thu 11/20/14	Wed 4/8/15	\$12,000,000.00																
64	Finish Work - Tri-County	104 days	Thu 4/9/15	Tue 9/1/15	\$5,000,000.00																
65	Completion	43 days	Tue 9/1/15	Fri 10/30/15	\$0.00																
66	Substantial Completion	0 days	Tue 9/1/15	Tue 9/1/15	\$0.00																
67	Punch List Work	43 days	Wed 9/2/15	Fri 10/30/15	\$100,000.00																
68	Final Completion	0 days	Fri 10/30/15	Fri 10/30/15	\$0.00																