

DRAFT FOR AGENCY REVIEW

CHAPTER 10

FINANCING AND IMPLEMENTATION

This chapter describes the project costs and the next steps towards its funding.

The build alternative(s) advancing under the Draft Environmental Impact Statement (Draft EIS) range in cost from \$1.31 billion to \$1.65 billion. The funding for the project is anticipated to be 80 percent federal and 20 percent state funds.

New York State Department of Transportation (NYSDOT) intends to break the total project into several individual contracts scheduled over multiple years, allowing for costs to be funded over time as part of the state's annual budget and within the overall long-term capital planning and program. In doing so, NYSDOT will seek to schedule contracts to ensure coordination and timing between contracts to minimize overall construction schedules and impacts and to reduce costs that may result from multiple construction contracts. Additionally, contract awards and milestones will be scheduled to provide the maximum available construction months and appropriate seasonal temperatures for proposed work. The flexibility gained by having multiple separate contracts and the flexibility in contract letting schedules will maximize efficiencies and minimize potential delays to keep additional costs to a minimum.

This project is categorized as a "Major" project by the Federal Highway Administration (FHWA) due to the significant financial investment (\$500 million or greater) under 23 U.S.C. 106 (h). To ensure that the necessary fund sources are identified, and that the necessary funds are available, NYSDOT will develop an annual financial plan as required by 23 U.S.C. (h)(3). The preparation of the financial plan shall:

1. Be based on detailed estimates of the cost to complete the project. The estimates will be reviewed for accuracy and reasonableness and incorporate potential cost escalation, projects risks, schedules, and milestones.
2. Be prepared annually to monitor costs and funding availability for the life of the project. The annual report will be submitted to the Secretary and developed using reasonable assumptions, as determined by the Secretary, of future cost to complete the project.

The annual financial plan submitted will provide an unbiased risk-based review of the current cost to complete the "Major" project. To do this, NYSDOT will utilize FHWA's risk-based analysis to proactively identify threats and opportunities to verify the reasonableness and accuracy of the cost estimate. Through the identification of risk, evaluation of likelihood through a probabilistic approach, the cost estimate will incorporate fluctuations due to uncertainties associated with large complex projects during the preliminary development stages.

Construction phasing and scheduling is further discussed in **Chapter 4, Construction Means and Methods**.