



Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

James T. Smith, Jr.
Secretary

December 1, 2014

The Honorable Edward J. Kasemeyer
Chair
Senate Budget and Taxation Committee
5205 East Drive, Suite H
Arbutus MD 21227

The Honorable Sheila Ellis Hixson
Chair
House Ways and Means Committee
131 House Office Building
Annapolis MD 21401-1991

The Honorable Norman H. Conway
Chair
House Appropriations Committee
1312 Whittier Drive
Salisbury MD 21801-3241

Dear Chair Kasemeyer, Chair Conway and Chair Hixson:

Attached is the eighth annual and final report concerning the *Progress of the Intercounty Connector Project*. This report is written to respond to language found in § 4-321 (g) of the Transportation Article. The language directs:

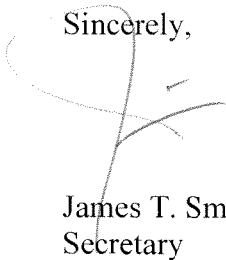
- “(1) *On or before December 1 of each year until completion of construction of the Intercounty Connector, in accordance with §2-1246 of the State Government Article, the Authority shall submit a report on the status of the Intercounty Connector to the Senate Budget and Taxation Committee, the House Appropriations Committee, and the House Committee on Ways and Means.*
- (2) *The report required under this subsection shall include:*
- (i) An update on the progress of the project and a comparison of the actual progress to the project schedule provided to the Committees in January, 2005;*
 - (ii) The revised estimate of the total project cost of the project and a statement of the reasons for any cost savings or cost overruns, relative to the estimate of \$2,447,000,000 provided to the Committees in January, 2005;*
 - (iii) A description of any changes to the financing plan for the project, including the impact of cost savings or cost overruns, and, consistent with the intent of the General Assembly to limit the overall amount of debt used for financing the Intercounty Connector, the specific identification of sources of funds that may be applied to address any cost overruns;*

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- (iv) Planned expenditures by year, categorized by planning and engineering, right-of-way acquisitions, and construction;*
- (v) Funding sources by year, categorized by:*
 - 1. Grant Anticipation Revenue Vehicle Bond Issuances;*
 - 2. Transfers from the Transportation Trust Fund;*
 - 3. Transfers from the General Fund;*
 - 4. Federal Funds;*
 - 5. Authority Cash Reserves;*
 - 6. Authority Revenue Bond Issuances;*
 - 7. Draws on a loan or line of credit extended to the State under the federal Transportation Infrastructure Finance and Innovation Act;*
 - 8. Bond anticipation notes; and*
 - 9. Any other revenue source;*
- (vi) A schedule of debt service for the Grant Anticipation Revenue Vehicle bond issuances and Authority revenue bond issuances; and*
- (vii) Financing assumptions, including maturities of bond issuances and forecasted interest rates. ”*

If you have any additional questions or concerns, please do not hesitate to contact Mr. Bruce W. Gartner, Executive Secretary, Maryland Transportation Authority (MDTA), at 410-537-1001. Of course, you should always feel free to contact me directly.

Sincerely,



James T. Smith, Jr.
Secretary

cc: The Honorable Thomas V. “Mike” Miller, President, Maryland Senate
The Honorable Michael E. Busch, Speaker, Maryland House of Delegates
Members of the Senate Budget and Taxation Committee, the House Appropriations
Committee, and the House Ways and Means Committee
Mr. Bruce W. Gartner, Executive Secretary, MDTA

A Report to the Maryland General Assembly's

Senate Budget and Taxation Committee,

House Appropriations Committee, and

House Ways and Means Committee

regarding

The Progress of the Intercounty Connector Project
(MD 200)

(as required in §4-321 of the Transportation Article,
SB 182, Chapter 567, Acts 2008)



The Maryland Transportation Authority
The Maryland Department of Transportation
December 2014

The Progress of the Intercounty Connector Project (MD 200)
(as required in §4-321 of the Transportation Article,
SB 182, Chapter 567, Acts 2008)

This is the eighth annual and final report prepared in response to Section 4-321 of the Transportation Article, SB 182, Chapters 567, Acts 2008, which specifically directs that:

- “(1) *On or before December 1 of each year until completion of construction of the Intercounty Connector, in accordance with §2-1246 of the State Government Article, the Authority shall submit a report on the status of the Intercounty Connector to the Senate Budget and Taxation Committee, the House Appropriations Committee, and the House Committee on Ways and Means.*
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 - (iv) Planned expenditures by year, categorized by planning and engineering, right-of-way acquisitions, and construction;*
 - (v) Funding sources by year, categorized by:*
 - 1. Grant Anticipation Revenue Vehicle Bond Issuances;*
 - 2. Transfers from the Transportation Trust Fund;*
 - 3. Transfers from the General Fund;*
 - 4. Federal Funds;*
 - 5. Authority Cash Reserves;*
 - 6. Authority Revenue Bond Issuances;*
 - 7. Draws on a loan or line of credit extended to the State under the federal Transportation Infrastructure Finance and Innovation Act;*
 - 8. Bond anticipation notes; and*
 - 9. Any other revenue source;*
 - (vi) A schedule of debt service for the Grant Anticipation Revenue Vehicle bond issuances and Authority revenue bond issuances; and*
 - (vii) Financing assumptions, including maturities of bond issuances and forecasted interest rates.”*

The Progress of the Intercounty Connector Project (MD 200) (as required in §4-321 of the Transportation Article, SB 182, Chapter 567, Acts 2008)

Introduction

The Intercounty Connector (ICC) (designated MD 200) is an 18.8-mile¹, limited access, six-lane, tolled highway with accommodations for express bus service connecting the I-270/I-370 Corridor in Montgomery County with the I-95/US 1 Corridor in Prince George's County.

With completion of the planning studies in 2006 and the project permits issued by the U.S. Army Corps of Engineers and the Maryland Department of the Environment (MDE), the project moved into its design/construction phases in 2007. All of the ICC mainline Design-Build Contracts have been procured with the award of Contract A (I-270/I-370 to MD 97) on May 25, 2007, the award of Contract C (US 29 to I-95) on June 22, 2007, the award of Contract B (MD 97 to US 29) on October 28, 2008, and the award of Contract D/E Modified, consisting of the final section of mainline ICC (I-95 to US 1) and the remaining collector/distributor roads along I-95, on February 17, 2012.

The first 7.2 mile mainline² Design-Build contract, Contract A, was opened to traffic on February 21, 2011. Contract B and Contract C were opened to traffic on November 22, 2011. Contract D/E Modified opened to traffic on November 9, 2014. Significant activities also continued on the over \$100 million of environmental and community stewardship projects which are an integral component of the ICC.

This will be the final report with the construction of the entire ICC mainline now completed from I-370 in Montgomery County to US 1 in Prince George's County. The work remaining includes any activities needed to successfully complete warranty periods; the close-out activities on Contract D/E Modified; activities regarding several environmental and stewardship projects; and the required long-term monitoring of the environmental aspects of the completed project. These items are not specifically related to the construction of the roadway.

Project Activities Completed Since December 2013 Report

- Through August 2014 approximately 97.2 percent of the total project cost has been spent with the construction value for the four mainline ICC contracts at 98.6 percent.
- Contract A, the first segment of the ICC, is a \$485.3 million contract, which provided for the construction of the ICC from I-370 to Georgia Avenue (MD 97). The Design-Builder, Intercounty Constructors (IC), is a joint venture of Granite Construction Company, Corman Construction Inc. and G.A. & F.C. Wagman, Inc. On February 21, 2011, Contract A was opened to traffic; tolling operations began on March 7, 2011, and

¹ 18.8 miles is the total length of construction project; actual tolled mileage from the I-370 / Metro Access Road interchange to US 1 is 17.5 miles.

² Of this length, 5.65 miles are tolled; the remainder is part of toll free I-370.

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the facility was accepted for maintenance on June 30, 2011. All work has been completed except one item now in an extended warranty period. Upon satisfactory completion of the warranty period final payment will be made. Approximately \$484.9 million was spent through August 2014. The majority of the remaining unused funds is related to unearned price adjustments and incentives and will not be paid.

Contract C, the second portion of the ICC to be awarded, is a \$528.5 million contract which provides for the design and construction of the US 29 and I-95 interchanges for the ICC, approximately 3.8 miles of new six-lane ICC highway and 1.9 miles of I-95 auxiliary roadways. ICC Constructors (IC3), the Design-Builder on this Contract, is a joint venture of Shirley Contracting Company, LLC; Clark Construction Group, LLC; Guy F. Atkinson Construction, LLC; Facchina Construction Company, Inc.; and Trumbull Corporation. On November 11, 2011, the facility was accepted for maintenance and, on November 22, 2011, Contract C was opened to traffic with tolling operations beginning on December 5, 2011. All work has been completed except one item now in an extended warranty period to end fall 2015. Through August 2014, approximately \$528.5 million has been expended under the contract.

- Contract B, the third portion of the ICC to be awarded, is a \$560.9 million contract which provides for the design and construction of the ICC extending from approximately 600 feet east of MD 97 to west of US 29 comprising 6.9 miles of six-lane highway and the ICC / MD 182 and ICC / MD 650 interchanges. Proposals were received in May 2008 and MD 200 Constructors, a joint venture of Kiewit Southern Co.; Corman Construction, Inc.; and, G.A. & F.C. Wagman Inc. was selected as the best value for the State. On November 11, 2011, the facility was accepted for maintenance and, on November 22, 2011, Contract B was opened to traffic with tolling operations beginning on December 5, 2011. All work has been completed and this Contract is scheduled to be issued final payment in the fall of 2014. Through August 2014, approximately \$560.7 million has been expended under the contract. The majority of the remaining unused funds is related to unearned price adjustments and incentives and will not be paid.
- Contract D/E Modified combines elements of the two remaining segments into a single contract. Contract D/E was advertised in May 2011 to design and construct collector-distributor lanes along I-95 and the extension of the ICC from the eastern terminus of the I-95 interchange to an at-grade intersection at Virginia Manor Road. The contract was advertised to include an option to construct the ICC/Virginia Manor Road interchange and extend the ICC to US 1 contingent on available funding within the previously approved ICC financial plan. Bids were opened on September 29, 2011 and the bids for the optional interchange and full mainline to US 1 were favorable. ICC Constructors (IC3), a joint venture of Shirley Contracting Company, LLC; Clark Construction Group, LLC; Facchina Construction Company, Inc.; and Trumbull Corporation were awarded the contract on February 17, 2012 and a Notice to Proceed was issued that same date. Through August 2014, approximately \$85.9 million has been expended under the contract. Contract D/E opened to traffic on November 9, 2014 with project closeout

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activities to continue through spring 2015. There is also a one-year warranty, expiring in fall 2015, as a prerequisite to final payment.

- The Right-of-Way acquisition process continued during the year, and as of December, 2011, 100 percent of the total land area required for the ICC mainline and interchanges was controlled by the State Highway Administration (SHA).
- The Request for Proposal (RFP) for Contract A established a 15 percent overall Disadvantaged Business Enterprise (DBE) goal with 20 percent for professional services (design, quality control, public relations, etc.). The RFPs for Contract B and C contain a 20 percent overall DBE goal with 20 percent for professional services. The RFP for Contract D/E contained a 30 percent overall DBE goal with 30 percent for professional services.
- Total payments of over \$459 million have been made to DBE firms under the General Engineering Consultant (GEC) contract, the three substantially complete ICC Mainline Design-Build contracts, and the ongoing Contract D/E. The DBE participation credit under the four mainline contracts, as of September 2014, is as follows:

ICC Contract	Overall DBE Goal		Professional Services	
	Goal	To-Date	Target	To-Date
Contract A	15.0%	22.4%	20.0%	22.2%
Contract B	20.0%	23.2%	20.0%	26.8%
Contract C	20.0%	20.5%	20.0%	19.7%
Contract D/E	30.0%	32.6%	30.0%	48.0%

- The contract with GEC, awarded in April 2005, includes a 25 percent DBE participation goal; there are currently 20 Maryland Department of Transportation (MDOT)-certified DBE firms participating on the GEC Team. The GEC contract, which has been extended for a two-year period through April 2015, is approximately 97.8 percent complete and is on target to finish with a DBE participation rate of 25.0 percent.
- The ICC Project Team's commitment to diversity in contracting remained strong. The Project Team managed an extensive database of potential DBE contractors and maintained contact with the group keeping them advised of pre-bid opportunities and helping the DBE community make contact with the available field of prime contractors.

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- Under Contracts A, B, C and D/E, the ICC project required 150 On-the-Job training (OJT) opportunities; this goal was surpassed. (See table below.)

ICC Contract	Trainees		Percent in excess of requirement
	Required	Completed	
Contract A	45	50	11
Contract B	45	58	29
Contract C	45	46	2
Contract D/E	15	15	-
TOTAL	150	169	27

- MDOT and the Maryland Department of Labor, Licensing and Regulation (DLLR) partnered to support this program through a DLLR extension office that was co-located with the SHA's program management offices during the largest portion of the program.
- The ICC Community Outreach Team conducted targeted public outreach to communities, businesses, and property owners affected by each of the contracts on the project. Our communication efforts increased during 2014 with impacted communities along Contract D/E in order to provide more frequent updates on the schedule and construction activities. Numerous meetings and site visits took place with concerned citizens, stakeholders, and residents..Members of the Outreach Team also handled numerous questions and concerns about operations and maintenance issues on the opened segments of the ICC, redirecting enquiries to MDTA offices as appropriate.
- Public outreach efforts for environmental projects continued in 2014 as field activities progressed and new environmental contracts began. Communities located near current and future environmental projects have been interested in the potential impacts of construction activities associated with the stream restoration and stormwater management projects.
- The Outreach Team continued its business outreach program designed to educate small companies, large employers, and the general public about how best to use the ICC and the most efficient method for paying tolls. The Business Outreach team provided information to thousands of people in 2013 at employer events, fairs and festivals, and "drop in" centers at Motor Vehicle Administration (MVA) branches in Montgomery and Prince George's counties. This effort continued into 2014, in conjunction with the anticipated opening of Contract D/E Modified of the ICC.

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- A Park & Ride lot located in Montgomery County at the Georgia Avenue (MD 97) interchange in Silver Spring opened in February, 2012. The new lot includes 202 parking spaces and two bus shelters with benches located immediately adjacent to the drop-off and pick-up area. Full ICC Commuter Bus service provided by the MTA began February 21, 2012 and continues today.
- 84.5 percent of the \$109.34 million for projects related to Environmental Mitigation, Environmental Stewardship and Community Stewardship efforts associated with the ICC project have been expended. Design for the program is almost 100 percent completed and construction activities will continue through 2015 on some of the projects.

Through September of 2014, 19 contracts have been completed with final payment being authorized; 14 contracts are currently in a landscape warranty period or are being processed for final closeout; and the following 10 contracts are under active construction with the status as indicated:

- The NW-G project was comprised of two different sites with different types of restoration goals, both located in Montgomery County. The PR-257 site in the Olney Mill area included the restoration and reconfiguration of an old instream community pond. The pond was converted into a stream/wetland complex, and lower portions of the stream were restored. NW-39 is a SWM retrofit site that included outfall stabilization and new drainage structures. This facility was retrofitted to create a stormwater wetland. Both sites were substantially complete in June 2013. Additional work is scheduled to occur at PR-257 in the Fall/Winter of 2014/2015 to move a section of restored stream from a conflict with a previously unidentified sanitary line.
- The PG-B project consists of stream, floodplain, and wetland restoration efforts along the main stem of Paint Branch, near the confluence with Little Paint Branch. This project is located on both Maryland National Capital Park and Planning Commission (M-NCPPC) and the USDA BARC. A unique feature of this project is the breaching of existing levees to allow stream flows to inundate seasonally created wetlands. This contract was substantially complete in November 2103. Landscape warranty work was recently completed, however minor remediation work to the floodplain breach is needed due to storm event damage. This work should be completed by the end of 2014. The MO-B community stewardship project consists of building a new Northwest Recreational Park. This new facility, located along Norbeck Rd., will include the installation of four new athletic fields, two parking lots, and a section of trail through the site. The project also includes changes to existing site drainage as well as SWM facilities. This project was substantially complete in August of 2014, and punch list work should be complete by the end of October 2014. Turf establishment and landscape warranty will extend until Fall 2015. Once complete, the property will be owned and managed by M-NCPPC.

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- The PB-H contract construction started in May 2013, and was substantially complete in September 2014. The goal is to restore over 2,500 linear feet of stream in the Good Hope watershed, an important tributary to the unique cold water fishery that is the Upper Paint Branch. It consists of 4 sites, and also included a SWM retrofit and regenerative outfall design to improve water quality. Minor punch list work remains to be completed prior to the end of 2014, and the landscaping will remain under warranty until fall of 2015.
- The NW-H contract consists of two stormwater retrofits of existing homeowner associated ponds that are located adjacent to the Intercounty Connector. The ponds are being upgraded to meet current best management design. The contract was awarded in spring 2013, and the project is scheduled to be substantially complete in November 2014. Work had to be planned around in stream work closure periods. Landscaping was installed in September 2014 and will remain under warranty until fall 2015.
- The RC-A contract was given a notice to proceed in early 2013, and is one of the largest stream restoration projects associated with the ICC. Almost 9,000 linear feet of stream restoration is proposed, including several small tributaries of the North Branch of Rock Creek in Montgomery County. The project is split into two sites, NB-1 and NB-3. NB-1 was substantially complete in May 2014, and the landscaping is being replaced per the warranty conditions. NB-3 is actively under construction and is scheduled to be complete in December 2015.
- The PG-C contract consists of two main sites with different goals. The project is located along Indian Creek in Prince George's County. To promote fish passage along a concrete section of the creek, a series of baffles are being installed along 1900 linear feet to elevate the water levels to provide depth for fish passage. The floodplain restoration site encompasses 1.85 acres, and is designed to remove an old berm in order to reconnect the floodplain and enhance connections with existing wetlands. This contract started in November 2013 and should be substantially complete in November 2014.
- The PB-L stream restoration project is located on Hollywood Branch, a tributary to Paint Branch in Montgomery County. This project is designed to restore 6400 linear feet of stream. The goals of this project are to reduce the amount of sediment delivery into Paint Branch system through bank stabilization, targeted grade control, and floodplain creation. This project started in March 2013 and an initial section of stream work was completed in August 2013. Work will continue once the stream work closure period is over, on May 1, 2015 and the entire project is scheduled to be completed by December 2015.

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- The NW-C contract is a stream restoration project located in Montgomery County. The project entails restoration of approximately 5200 linear feet of stream in the Crickett Lane tributary, a small tributary to the Northwest Branch of the Anacostia. The goals of this project include: reducing bank erosion and instream sedimentation, providing fish passage, and enhancing the habitat conditions for benthic invertebrates and fish communities. The project started in March 2013 and is expected to finish by May 2015.
- The Administration and the ICC have partnered with the Maryland Correctional Services Administration to perform several reforestation and landscape maintenance tasks throughout the ICC corridor. Work includes the installation of new trees and vegetation management (mowing, invasive species control, etc. This partnership is scheduled to continue, on a task order basis, throughout 2015. .
- The Administration and the ICC have partnered with the Maryland-National Capital Planning and Parks Commission (M-NCPPC) to perform design and construction on one pedestrian/bike trail in Prince Georges County (PG-E) and two storm water quality retrofits in Montgomery County (RC-C). The \$5 million trail project is scheduled to begin construction in the spring of 2015 and be completed in 2017. The \$1.4 million water quality retrofit project is scheduled to begin in spring of 2015 and completed in 2016.
- Construction of the \$4.6 million Western Operations Facility for the Maryland Transportation Authority (MDTA) in Gaithersburg, Montgomery County, has been completed; and the Use and Occupancy permit was issued on September 14, 2010. The facility houses an administration building, salt storage dome, fuel distribution station, and temporary police building. During the construction of the \$17 million Eastern Facility, the MDTA was operating from the Western facility to maintain the ICC. The Eastern Operations Facility was substantially complete on June 27, 2012 with the receipt of the Use and Occupancy permit. The Eastern Facility includes an all-inclusive operations building, which has an office and administration wing housing both the operations and police personnel, and a vehicle repair and maintenance wing which includes a truck wash bay. Also included are a Salt Storage Building, a fueling depot, a storage building, and a large parking area for the storage of vehicles.
- The ICC Project has been the recipient of numerous industry awards. In 2014, the Upper Paint Branch SWM Retrofits project, also referred as the PB-E contract, won the 2013 Maryland Quality Initiative Green / Sustainable / Environmental Award.
- Other Major ICC Awards Received by the SHA and its Partners include the following:
 - American Society of Civil Engineers – Maryland Section’s Outstanding Civil Engineering Achievement Award in 2013 for Major Construction over \$20 million was presented in June to the members of the Contract C project.

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- Maryland Quality Initiative's (MdQI) 2013 Award of Excellence, Partnering Silver Award was presented in January to the Contract B project team.
- Metropolitan Washington and Virginia Chapters of Associated Builders and Contractors (ABC) - Certificate of Merit for Excellence in Construction for Contract C of the ICC.
- Engineering News Record (ENR) magazine selected Contract B of the ICC (from MD 97 to US 29) as the 2012 Best Transportation Project as part of the 2012 'Best Projects' competition in the Mid-Atlantic region. Contract C of the ICC (from US 29 to I-95) earned ENR's Award of Merit in the same 2012 Best Projects competition for the Mid-Atlantic Region.
- The FHWA selected the ICC for the 2012 Exemplary Environment Initiatives for its innovative wildlife passages.
- The American Association of State Highway and Transportation Officials (AASHTO) named the ICC a Top 10 Finalist as part of that organization's 2012 America's Transportation Awards competition.
- In August 2012, SHA and the ICC Project Team earned a Design-Build National Award from the Design-Build Institute of America (DBIA). This prestigious award recognized SHA's use of the innovative design-build approach for constructing the ICC.
- American Road and Transportation Builders Association (ARTBA) - First Place and Second Place 2012 Globe Awards
- American Association of State Highway and Transportation Officials (AASHTO) 2011 President's Award
- Engineering News Record (ENR) – Mid-Atlantic Region's Best Transportation Project for 2011
- Maryland Quality Initiative (MdQI) - 2011 Award of Excellence
- WTS Baltimore Chapter - 2011 Rosa Parks Diversity Leadership Award
- Suburban Maryland Transportation Alliance (SMTA) - 2011 Transportation Hero Award
- Roads & Bridges Magazine - 2011 Top 10 Road
- Maryland Asphalt Association's - 2011 Quality Pavement Award for New Construction
- FHWA - 2011 Award for Exceptional Environmental Stewardship

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Legal Activities During 2013

- All legal actions related to the National Environmental Policy Act (NEPA) Record of Decision have been successfully resolved. A settlement of the air quality issues was reached in November 2008 with the State of Maryland, the Federal Highway Administration (FHWA) and the Department of Justice. On February 1, 2011, after negotiation of a settlement to the condemnation case for land needed for the ICC project, a joint agreement allowing the construction of the final phase of the ICC to move forward and to assist economic development efforts in Prince George's County was executed. Other than minor construction claims and condemnation actions that are pending, none having any significant funding or scheduling implications, there are no remaining legal issues affecting progress of the project.

Cost Estimate and Finance Plan

- The ICC Initial Financial Plan (IFP) was issued on June 29, 2006. The first Annual Update was approved by FHWA on September 27, 2007. Subsequent updates were approved on November 25, 2008, November 10, 2009, February 16, 2011, February 24, 2012, February 28, 2013 and April 21, 2014. The eighth and final update to the Financial Plan, to conclude with data ending December 31, 2014, is under development and will be submitted to FHWA in early 2015.
- The total financial plan for the ICC is now estimated to be \$2.387 billion, which is approximately \$59 million below the \$2.446 billion IFP amount as well as being \$60 million below the \$2.447 billion estimate provided to the committees in January, 2005.
- Since inception (FY 2003 through June 30, 2014), the project has expended \$2.322 billion, or 97 percent of the current project estimate. No additional funding will be required to complete the project. The project is funded with a combination of the following State and federal sources:
 - \$1,172.4 million in MDTA toll revenue backed debt³ and cash
 - \$750.0 million in GARVEE bonds
 - \$264.9 million in State General Funds and General Obligation Bonds
 - \$180.0 million in State transportation trust funds
 - \$19.3 million in special federal funds

³ Includes Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

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- In May 2007 and December 2008, the MDTA issued a total of \$750 million in par amount of Grant Anticipation Revenue Vehicle (GARVEE) Bonds. The composite “True Interest Cost” for the \$750 million issued was 4.17 percent. These bonds were rated AAA by Standard & Poors and AA and Aa2, respectively, by Fitch and Moody’s.
- The final \$30 million from the TTF was received in FY 2010.
- In March 2008, the MDTA issued \$300 million (par amount) in tax exempt bonds, \$176.3 million of which was used for the ICC. The True Interest Cost was 4.929 percent.
- In December 2009, MDTA issued \$549.385 million (par amount) of tax exempt and federally taxable Build America Bonds, of which \$278.9 million was used for the ICC. The True Interest Cost was 3.80 percent. Build America Bonds are taxable bonds created pursuant to P.L. 111-5, the American Recovery and Reinvestment Act of 2009. The issuer receives a payment from the United States Treasury for a percentage of the interest due on the bonds. percent
- In July 2010, the MDTA issued \$326.435 million (par amount) of tax exempt and federally taxable Build America Bonds, of which, approximately \$82.3 million will be used for the ICC. The True Interest Cost was 3.66 percent. (Note: the estimate of the allocation of bonds is as of the 2013 Financial Plan Annual Update which conforms to figures presented in MDTA’s July 2014 Financial Forecast.)
- In October 2010, the MDTA began drawing from the \$516 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. The loan rate, set with the December 2008 loan agreement, is 2.56 percent. MDTA has drawn \$383.97 million; the remaining \$132.02 million will be drawn no later than July 1, 2015.
- The MDTA will use available cash, the remaining TIFIA loan proceeds and/or toll revenue bonds, to finance remaining costs of the project. The table below indicates remaining funding sources to be allocated to the project.

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Future Expenditures and Funding by Year

Expenditures (Dollars in Millions) – Numbers may not add due to rounding.

Category	Prior	FY13	FY14	FY15	FY16	Total
Project Planning	\$28.9	\$0.0	\$0.0	\$0.0	\$0.0	\$28.9
Preliminary Engineering	\$75.2	\$0.0	\$0.0	\$0.0	\$0.0	\$75.2
Right-of-Way	\$242.8	\$0.3	\$2.9	\$0.0	\$0.0	\$246.0
Construction	\$1,829.5	\$67.7	\$80.0	\$56.8	\$2.5	\$2,036.5
Total	\$2,176.4	\$68.1	\$82.9	\$56.8	\$2.5	\$2,386.6

Funding (Dollars in Millions) – Numbers may not add due to rounding.

Category	Prior	FY13	FY14	FY15	FY16	Total
GARVEE Bonds	\$750.0	\$0.0	\$0.0	\$0.0	\$0.0	\$750.0
Transportation Trust Fund	\$180.0	\$0.0	\$0.0	\$0.0	\$0.0	\$180.0
General Funds / General Obligation Bonds *	\$243.4	\$0.0	\$21.5	\$0.0	\$0.0	\$264.9
Federal Funds	\$19.3	\$0.0	\$0.0	\$0.0	\$0.0	\$19.3
Authority Cash Reserves	\$158.8	\$4.3	\$87.9	(132.0)	\$0.0	\$119.0
Authority Revenue Bonds	\$537.5	\$0.0	\$0.0	\$0.0	\$0.0	\$537.5
Authority TIFIA Loan	\$384.0	\$0.0	\$0.0	\$132.0	\$0.0	\$516.0
Total	\$2,273.0	\$4.3	\$109.4	\$0.0	\$0.0	\$2,386.6

* All funds in FY 10 through FY 14 are proceeds from General Obligation Bonds.

Source for expenditures and funding figures above: Draft FY15-20 CTP, which was the basis of the MDTA July 2014 Financial Forecast.

Traffic and Revenue

- Traffic volumes on the ICC have been generally consistent with MDTA estimates. The rate of growth was substantial in the first three years, and is now likely to diminish as users have become more familiar with the facility and its time-saving benefits. Traffic was expected to “ramp up” for approximately three years after the completion of the segments between I-370 and I-95; i.e., through FY 15. Revenue service on the ICC to I-95 segment began in December 2011. Traffic has increased as described below:

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 (as required in §4-321 of the Transportation Article,
 SB 182, Chapter 567, Acts 2008)

Traffic Growth On ICC
 (Average Daily Traffic - Both Directions - Rounded)
 (Excludes traffic during “test drive periods” in 2011)

Month	Highest Volume Segment I-370 to MD 97			Lowest Volume Segment Briggs Chaney Rd. to I-95			Average of All 5 Segments <i>Only I-370–MD 97 in FY 11/12</i>		
	Weekday	Weekend	Total	Weekdays	Weekend	Total	Weekdays	Weekend	Total
3/2011	10,400	7,840	9,790		n/a		10,400	7,840	9,790
6/2011	13,770	9,170	12,540		n/a		13,770	9,170	12,540
FY 11 Growth	32%	17%	28%		n/a		32%	17%	28%
12/2011	26,550	18,380	24,130	17,320	11,560	15,610	22,160	14,760	19,970
<i>(ICC opened to revenue service from MD 97 to I-95 in December 2011)</i>									
6/2012	34,080	23,890	31,030	24,300	16,150	21,860	30,360	20,310	27,640
FY 12 Growth	147%	161%	147%		n/a		120%	121%	118%
6/2013	40,400	26,760	38,850	30,150	19,420	26,570	32,290	23,730	32,770
FY 13 Growth	19%	12%	16%	24%	20%	22%	23%	17%	20%
6/2014	47,150	31,170	42,350	36,740	23,980	32,910	44,670	28,580	39,840
FY 14 Growth	17%	16%	18%	22%	23%	24%	20%	20%	22%
Growth Since 6/2011	242%	240%	238%		n/a		224%	212%	218%
Growth Since 12/2011	78%	70%	76%	112%	107%	111%	102%	94%	99%

- Looking at the average of all five segments, between December 2011 (the first full month of tolled operations after completion to I-95) and June 2014 (end of FY 2014):
 - total average monthly traffic volumes have grown by 99 percent.
 - weekday volumes have grown by 102 percent, and
 - weekend volumes have grown by 94 percent.

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- Looking at the highest volume segment, between December 2011 and June 2014:
 - total average monthly traffic volumes have grown by 76 percent;
 - weekday by 78 percent, and
 - weekend by 70 percent.
- Looking at the lowest volume segment, between December 2011 and June 2014:
 - total average monthly traffic volumes have grown by 111percent;
 - weekday by 112 percent, and
 - weekend by 107 percent.
- Traffic is typically higher at the west end and in the center segments of the roadway, and lower at the east end.
- Average weekday traffic in three of the five segments is now approaching 48,000 per day; 46,000 in the fourth and 37,000 in the Briggs Chaney Road to I-95 segment.
- ICC revenues have been very close to projections made in 2011 when toll rates were set.

ICC Toll Revenues (\$000s)				
Fiscal Year (State)	Projected	Actual	Difference	Cumulative Difference
2011	\$1,888	\$1,474	-21.9%	-21.9%
2012	\$18,714	\$19,733	5.4%	2.9%
2013	\$39,557	\$39,586	0.1%	1.1%
2014	\$49,764 *	\$48,029	-3.5%	-1.0%
2014	\$48,550 **	\$48,029	-1.1%	+0.0%

*As projected in 2011 traffic forecasts, which assumed that toll rates might increase every two years beginning in 2014, tracking inflation at an assumed 2.5percent per year rate.

**Without forecasted 2.5 percent increase in toll rate; tolls were not changed.

- Cumulative revenues are 1 percent below the original forecast, and are equal to adjusted projections subtracting the effect of the assumed 2.5 percent increase in tolls in FY 2014
- ICC tolls have not been changed since the project opened to traffic in spring 2011.
- MDTA is updating its traffic and revenue forecast for the ICC, based on experience since opening the facility in 2011. The update will be completed in mid 2015.

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Debt Service and Financing Assumptions

The debt service schedule for the GARVEE bond issuances is presented in the table below. These bonds have a twelve-year maturity and were issued at True Interest Costs of 3.999 percent (Series 2007) and 4.312 percent (Series 2008).

With the exception of the TIFIA loan, the MDTA does not issue toll revenue bonds specifically for the ICC project. Proceeds from any given bond issuance might be used for the I-95 Electronic Toll Lane (ETL) project, other MDTA Transportation Facilities Projects, or the ICC.

The financing of the ICC benefited from very low interest rates in borrowing markets. The blended borrowing rate applicable to MDTA toll revenue backed debt used for the ICC is approximately 3.35 percent, including:

- Series 2008 toll revenue bonds - True Interest Cost = 4.929 percent.
- Series 2009 toll revenue bonds – True Interest Cost = 3.80 percent
- Series 2010 toll revenue bonds – True Interest Cost = 3.66 percent
- TIFIA loan (\$516 million) – Interest rate = 2.56 percent

MDTA toll revenue-backed debt service applicable to the ICC will peak at approximately \$65 million per year.

Debt Service
Grant Anticipation Revenue Vehicle Bonds
(GARVEE Bonds)
Intercounty Connector
(\$millions)

<u>State Fiscal Year</u>	<u>Amount</u>
2008	\$36.091
2009	\$40.364
2010	\$87.458
2011	\$87.455
2012	\$87.457
2013	\$87.451
2014	\$87.458
2015	\$87.454
2016	\$87.450
2017	\$87.452
2018	\$87.457
2019	\$87.452
2020	\$51.365
Total	\$1,002.363