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3400 Victoria Blvd. Hampton, VA 23661
Ph: (757) 222-6000 Fx: (757) 222-6195

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Contact: Tom Holden, Public Affairs Manager
Office: 757-222-6183; Cell: 757-676-2616

A cost to complete and a new date

Norfolk, Va. – Hampton Roads Transit announced Thursday that the final cost to complete construction of The Tide will be \$338.3 million and that passenger service will begin in May 2011.

The new figure comes after a six-month review by HRT and its financial advisor to identify costs not fully accounted for in previously released budgets, including the additional time required to design project changes and then complete construction.

The figure is based upon the work of AECOM, HRT's financial consultant of record, an internal assessment of the project conducted by HRT last fall, and a "bottom up" review that combined previous efforts into a final cost.

"This is the review that has long been needed," said HRT President and CEO Philip A. Shucet. "The public now has a clear idea about what it will take to complete this important project and when passengers will board. Our organization will own the responsibility of this work."

The amount includes changes in three broad categories that affect the bottom line: hard construction, such as those associated with actual building, soft costs, or those involving design and construction and program management oversight. The third is real estate.

The reviews of hard costs found numerous examples of changes that were required and now account for about \$224.8 million of the total project cost. This figure includes the additional time required to build project components after changes were made to existing contracts, extensive underground utility relocation, system safety enhancements, and delays relating to the vehicle maintenance and storage facility.

Soft costs, such as program and construction management fees, rose as the time to deliver the project grew longer. Updated soft costs now account for \$69.9 million of the total project costs. As The Tide nears completion – it's about 62 percent complete – the amount of hired help has declined as HRT assumes a greater control over the project.

Higher costs associated with real estate, utilities and insurance now account for \$30.8 million in project costs. Some of the higher real estate costs are associated with the work required to obtain a large number of temporary construction easements to allow workers access to property.

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