



Multimodal Solutions - 495 to Haymarket

Project Procurement Solutions

September 16, 2015

Charles A. Kilpatrick, PE
Commissioner of Highways

J. Douglas Koelemay
Director, Virginia Office of Public-Private Partnerships

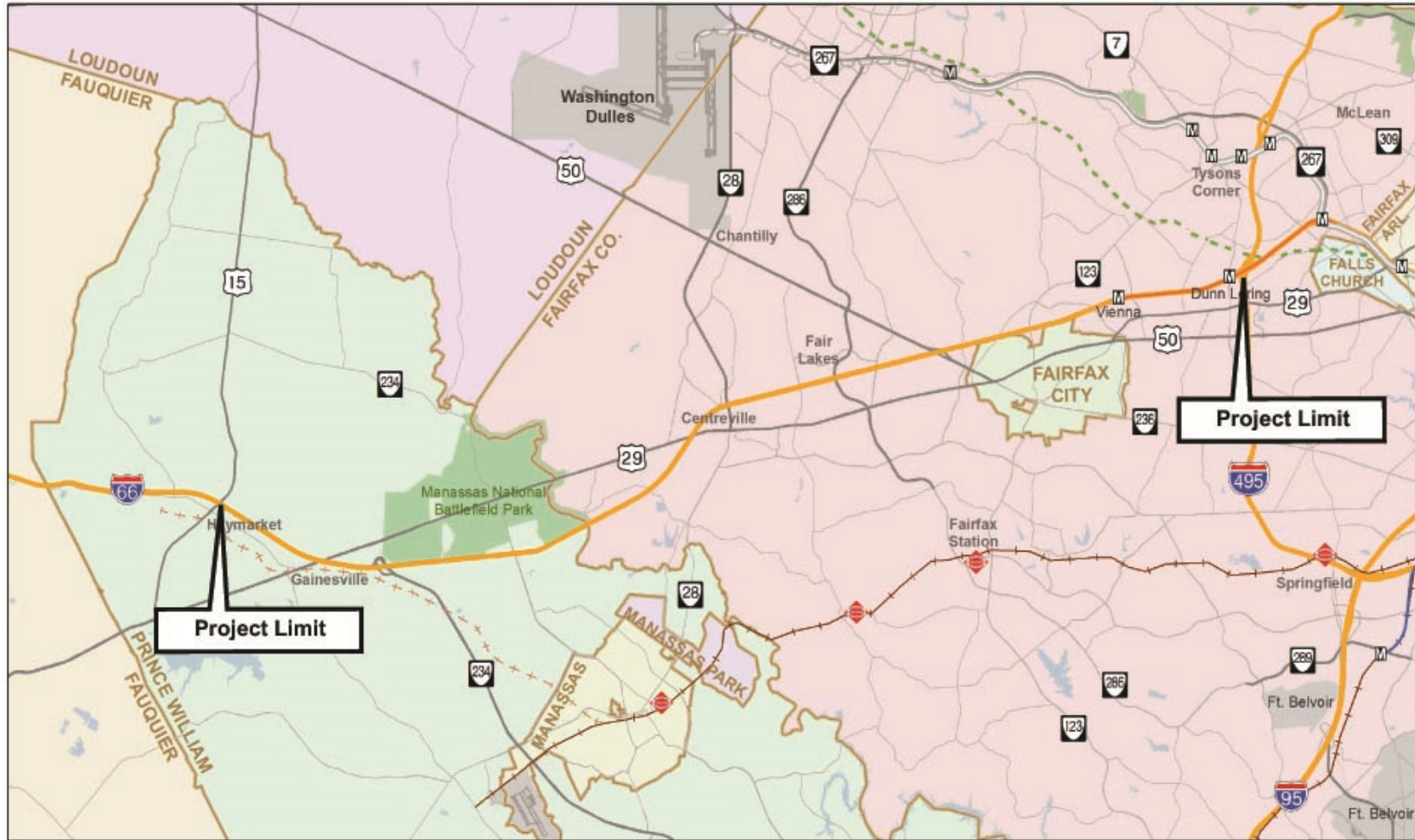


TRANSFORM 66
OUTSIDE the Beltway

VDOT | DRPT

I-66 Outside-the-Beltway Improvement Area

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TRANSFORM 66



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Scope Elements and Design Features

- Two Express Lanes (convert existing HOV lane & add one lane)
 - HOV-3 and transit travel free
 - Non-HOV pay congestion-based variable toll
 - Current HOV-2 converts to HOV-3 by 2020 - already in region's plans
- Three regular lanes
 - Open to all traffic, no tolls
 - Ramp-to-ramp connections (auxiliary lanes)
- Bus Service and Other Multimodal Improvements
 - High frequency of service during peak hours and new service available beyond peak hours
 - Travel in express lanes for predictable travel times
 - Park-and-Ride lots, Transportation Demand Management



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Procurement Options

- Secretary of Transportation made public his plan to fully evaluate the benefits of public finance options as part of the consideration of a P3 for this projects
- He presented preliminary analyses of public funding/financing and P3 options in May 2015

	Public-Private Partnership	Public Finance Options
Upfront Public Funding	\$900-1,000M	\$400-600M
Debt/Equity	\$1,100-1,200M	\$1,500-1,700M
Excess Revenues over Term in NPV	-	\$200-500M



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Input from Private Sector

A request for interested private sector teams to meet with the Project Team and revalidate their interest in submitting a P3 proposal was issued on June 8, 2015.

Project Team met with 5 interested teams:

- Transurban, Skanska, Societe Generale, Archer Western
- ACS, Shikun & Binui, HOCHTIEF, Flatiron, Dragados
- Fluor, Lane, Infrared, Isolux, Granite
- OHL , Tutor Perini; Cherry Hill
- Cintra, Meridiam, Ferrovial

Four of the five teams indicated they could materially meet the business terms.



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Additional Due Diligence

Project team continues to evaluate procurement options.

- Met with industry experts with experience in other states and internationally.
- Met with other State transportation agencies to gain insight on their experiences.
- Takeaways include:
 - The importance of Alternative Technical Concepts.
 - The importance of maintaining competition.
 - P3 teams can be highly creative and adaptable in responding to project opportunities.



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Commissioner's Finding of Public Interest

At this time there are three P3 options that are in the public's interest:

- A toll revenue concession (DBFOM)
- A Design-Build-Operate-Maintain (DBOM)
- A Design-Build with Alternative Technical Concepts (DB/ATC)

The development and operation of the project pursuant to the PPTA under one of the three P3 options versus other procurement options available to VDOT can provide the following benefits:

- Enable VDOT to share or transfer major project risks, including escalation in project costs and expenses and integration with the existing express lanes network in Northern Virginia.
- Combine design and construction in one agreement thereby creating incentives to utilize Alternative Technical Concepts (ATCs), which are not available under a VPPA Design-Build contract.
- The transfer of traffic and revenue risks and risks of toll collection and violations (DBFOM only).
- The synergy of design, construction, financing, tolling, operations and maintenance under one agreement, dependent on delivery option.



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Commissioner’s Finding of Public Interest

The final allocation of risks will be defined by the Commonwealth in the Comprehensive Agreement, but will conform with the high-level overview of the risks, responsibilities and liabilities outlined below.

	Toll Concession	Design-Build-Operate-Maintain	Design-Build/ATC
Private Entity	Design & Construction Operations & Maintenance Financing & Revenue	Design & Construction Operations & Maintenance (15-years)	Design & Construction
Public Entity		Financing & Revenue	Operations & Maintenance Financing & Revenue

Based on experience related to the development of projects of similar size and complexity, the inputs received from internal and external stakeholders, comments received from the general public and the results of the risk analysis workshop, the delivery risk of this Project is assessed to be **medium**.



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Development of Procurement Documents

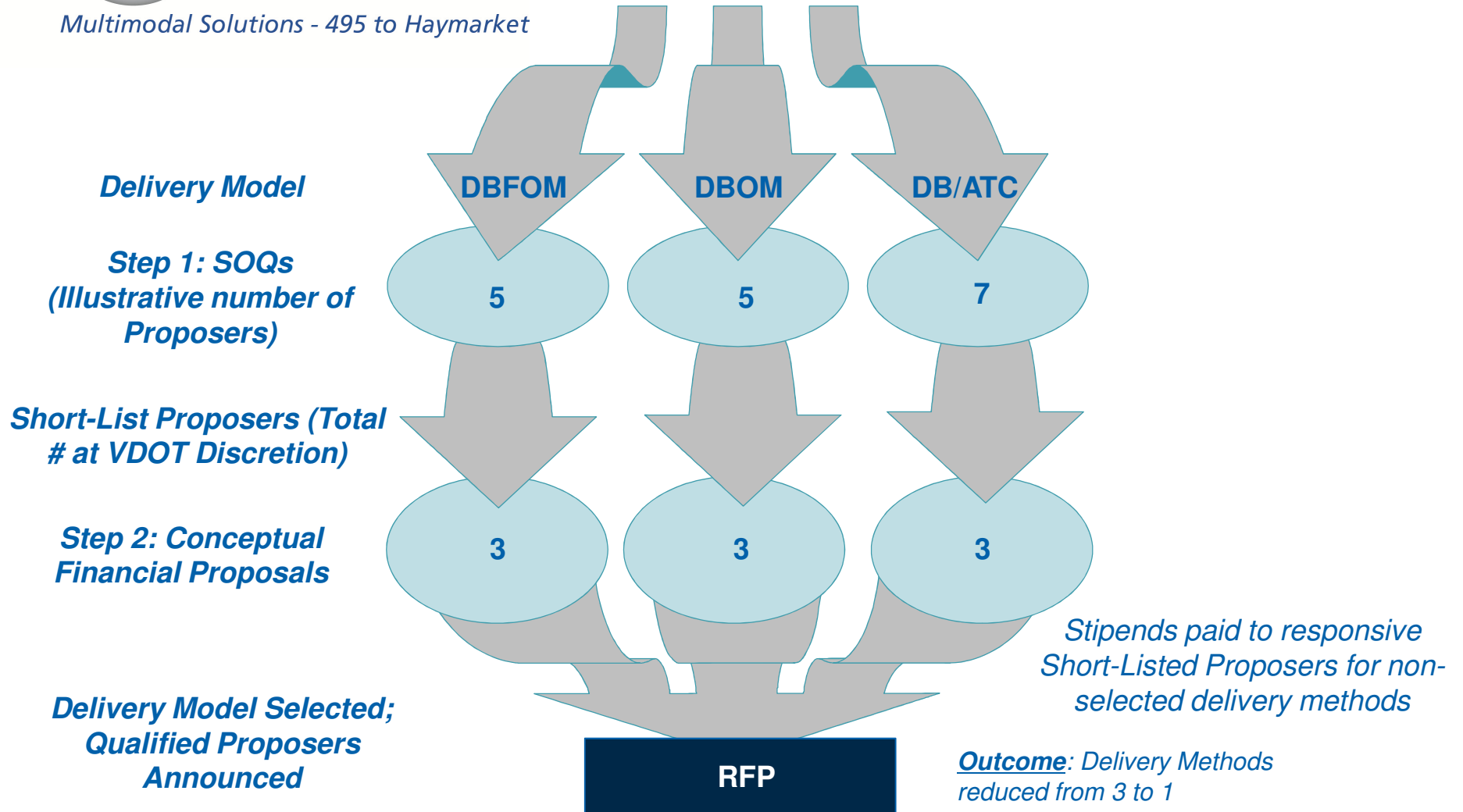


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Process from RFQ to RFP



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RFQ Process – Part 1 Evaluation Criteria

DBFOM:

- Technical Qualifications, Capability and Approach
- Financial Qualifications, Capability and Approach

DBOM:

- Technical Qualifications, Capability and Approach
- O&M Qualifications, Capability and Approach

DB/ATC:

- Technical Qualifications, Capability
- Technical Approach



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RFQ Process – Part 2 Evaluation Criteria

- ❑ **DBFOM: Preliminary Financial Model**
 - Preliminary Cash Flow Model
 - Schedule of Values for DB Costs
 - Summary of Cash Flows during Construction and O&M Phases
 - Debt Facilities, Balances, DSCR and Loan Life Coverage Ratios
 - Toll Revenue Projections
 - Financial Narrative

- ❑ **DBOM:**
 - Preliminary Cash Flow Model
 - Schedule of Values for DB Costs
 - Summary of Cash Flows during Construction and O&M Phases
 - Financial Narrative

- ❑ **DB/ATC:**
 - Preliminary Price Model
 - Financial Narrative

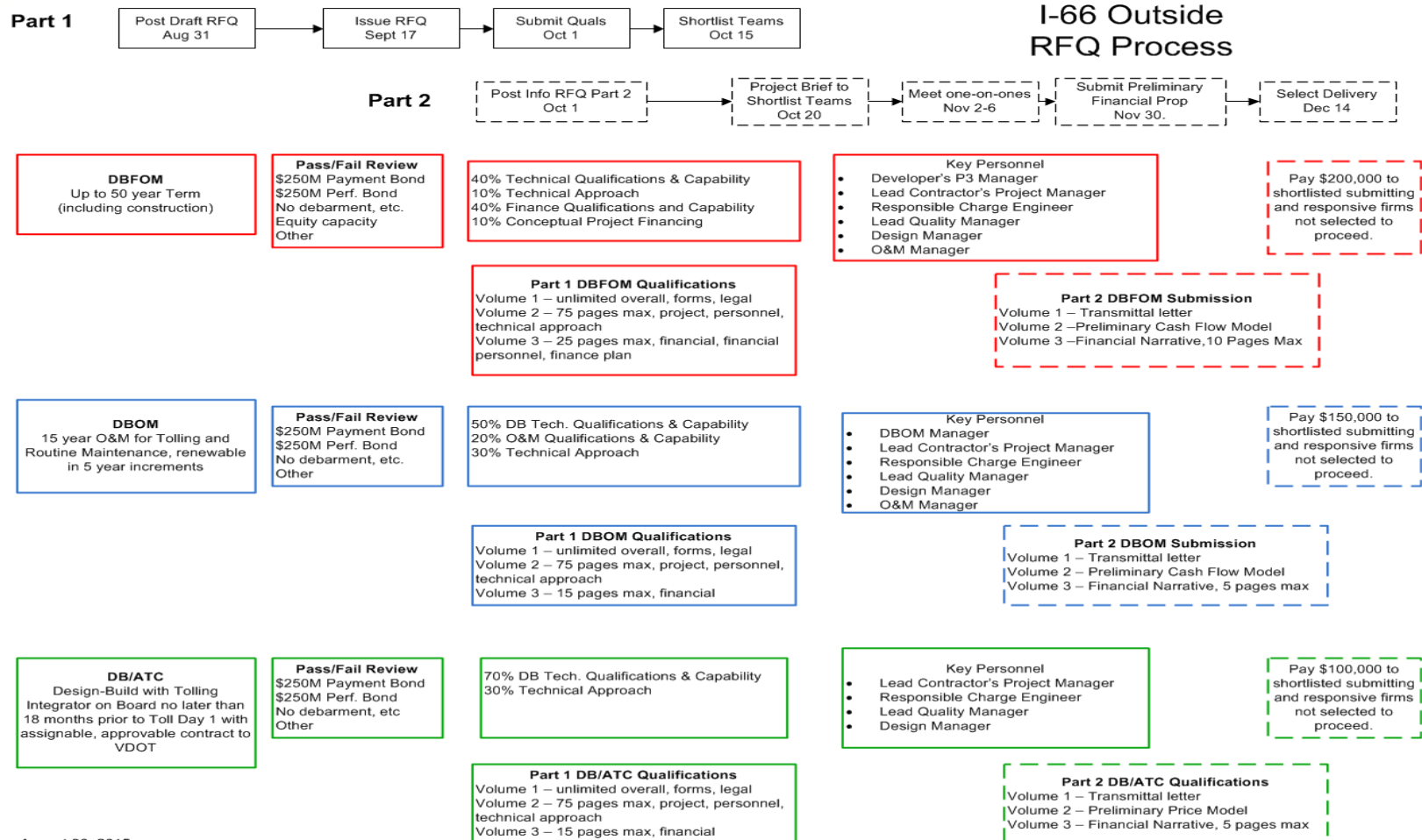


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RFQ Flow Chart

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August 30, 2015



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Director, Virginia Office of Public-Private Partnerships