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Overview of the Procurement and Project Milestones

December 6, 2016

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Commissioner of Highways
Virginia Department of Transportation



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Project Development The Path to Date

Summer 2011	Environmental Process Initiated (NEPA)
November 2013	Record of Decision (ROD) issued on Tier 1 NEPA
August 2015	Commissioner makes Finding of Public Interest (FOPI) to initiate procurement under PPTA ; Transportation Public-Private Partnership Advisory Committee concurs with the FOPI
September 2015	CTB authorizes VDOT to proceed with the procurement, Request for Qualifications
October 2015	Received 13 Statement of Qualifications (SOQ)
December 2015	Received indicative financial proposals from Short-Listed Proposers
	Selected the toll concession (DBFOM) as the preferred delivery model
	VDOT briefs CTB and Transportation Public-Private Partnership Advisory Committee



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Key Policy Considerations

- **Funding for transit is a requirement**
- **Developer retains the risks for:**
 - Excessive HOV use
 - Limited relief for alternative facilities
- **Alternative Technical Concepts (ATC) desired**
 - Emphasis on innovation and increasing value
 - Reduced scope or cheaper quality not acceptable
- **Minimize negative impact of construction activities**
 - Expedited construction schedule with Liquidated Damages (LDs) for late Project Completion
 - Liquidated damages for lane closures
- **No Notice to Proceed (NTP) for construction until the necessary permits are obtained**



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Key Business Terms

- **Concession Term: 50 years**
- **Financing:**
 - The Developer will finance the Project at its own cost and risk and non-recourse to VDOT.
 - VDOT will provide up to \$600 million public contribution.
- **Permits:**
 - VDOT will obtain required NEPA approvals, CTB approvals, and approvals by the FHWA of the CA and Project Management Plan as necessary.
 - Developer will be responsible for obtaining all other permits and government approvals, and will be responsible for obtaining any required reevaluation of the NEPA approvals as a result of Developer's ATCs.
- **Design and Construction:** fixed priced turnkey contract between the Developer and the Design-Build Contractor
- **Operation and Maintenance (O&M)**
 - The Developer will be responsible for O&M of the Express Lanes, except for snow and ice removal which will be done by VDOT.
 - VDOT will be responsible for operation and maintenance of the general purpose lanes.



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HB1886 – Governor’s P3 Reform Bill

- **Codified key concepts consistent with revised P3 guidelines adopted by Board in November 2014**
 - Provided for legislative involvement up-front in the process
 - Established standards for Finding of Public Interest and requires re-certification that deal is consistent with Finding prior to signing of deal
 - Requires VDOT to establish process to identify high risk projects and mitigate potential risks
- **Established a Transportation Public-Private Partnership Advisory Committee**
- **Committee must determine a P3 procurement is in the public interest based on information from Finding of Public Interest prior to initiating procurement**
- **VDOT/DRPT may not enter into a comprehensive agreement unless the Secretary certifies that risks, liabilities and permitting responsibilities have not materially changed from the Finding of Public Interest**



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How are we meeting the requirements of HB 1886?

- **August 2015 – Initial Finding of Public Interest signed**
 - Design-Build ATC
 - Design-Build-Operate-Maintain
 - Toll Concession
- **The development and operation of the project pursuant to the PPTA under these three options versus other procurement options available to VDOT can provide the following benefits:**
 - Share or transfer major project risks, including escalation in project costs and integration with the existing express lanes network
 - Combine design and construction in one agreement thereby creating incentives to utilize Alternative Technical Concepts (ATCs)
 - The transfer of traffic and revenue risks and risks of toll collection and violations (DBOMF only)
 - Capitalize on the synergy of design, construction, financing, tolling, operations and maintenance under one agreement.



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How are we meeting the requirements of HB 1886?

- **Transportation Public-Private Partnership Advisory Committee was briefed on initial Finding of Public Interest in August 2015**
- **Minimal compensation events provided in commercial terms**
- **Specifically, no compensation events for the following:**
 - Widening of existing roads or construction of new roads
 - Expansion of transit service, including Orange Line excluding first 10 years of deal
- **The Secretary affirmed the Finding of Public Interest in September 2015**



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Toll Concession Project Sought; Maintain options until successful project closed

- Request for Information for all three potential options issued in September 2015
- Based on responses, a toll concession public-private partnership was recommended
- Final RFP issued in July 2016
 - Key Commercial Terms retained
- Final Proposals received on October 11, 2016
- Public option will remain on the table until a deal is signed with private partner that meets or exceeds the terms of the public option
 - SB60 which authorizes issuance of 9(c) public debt passed Senate with 2/3s majority required and was carried over in the House pending the outcome of P3 procurement



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Procurement Milestones

December 2015	Draft request for Proposals (RFP) posted
July 2016	Final RFP issued
October 2016	Technical proposals and Financial proposals received
	Technical proposals scored
	Financial Proposal scored
November 2016	Commissioner and Secretary affirms Finding of Public Interest
	Announcement of preferred bidder
	PPTA Advisory Committee Meeting



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Preferred Proposer

- **Best value proposal**
- **Express Mobility Partners**
 - **Equity Investors**
 - Cintra Global LTD
 - Meridiam Infrastructure North American Fund II
 - Investing over 40% of project funding
 - **Design-Build Contractors**
 - Ferrovial Agroman US Corp
 - Allan Myers VA, Inc.
- **\$2.3 billion construction project**
- **Provides for the required transit payments and support of corridor improvements**
- **Will make concession fee payment (\$500M) to Commonwealth**
- **Construction design provides innovative solutions to improve the physical quality and operations of the project**



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Next Steps

- **Brief CTB on the key commercial terms of the project and contract on December 6, 2016**
- **Achieve Commercial Close with Preferred Proposer by December 15, 2016**
- **Financial Close to be reached by July 15, 2017**



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Major Project Milestones

Milestone	Dates and Schedule
Begin Final Design	January 2017
Design Public Hearing Date	September 2017
Begin Construction	Fall 2017
Right of Way Acquisition – Offers, etc.	October 2017 – December 2018
Park and Ride Milestone Date (960 Parking Spaces near Gainesville)	March 2019
Route 28 Signalization Date (Remove 4 Traffic Signals from Route 28)	February 2020
Begin Tolling (Service Commencement Date)	July 2022
Project Completion Date	August 2022



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Other Procurement Related Documents and Activities

- **Project Fact Sheet**
- **Summary of Major Business Terms**
- **Comprehensive Agreement**
 - Updating to reflect Proposer specific information
- **Final RFP Risk Analysis**
 - Largest potential cost impact tied to delayed financial close
- **Final VfM Analysis**
 - Impact of the Concession Fee Payment versus a Public contribution has increased the value of the toll concession P3
- **Statutory PPTA Audit**



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CTB Action Items

- **Endorsement of the Commissioner's final Finding of Public Interest and support for the Commissioner's execution of a Comprehensive Agreement with Express Mobility Partners**
- **Authorization of a loan from the State Infrastructure Bank to I-66 Express Mobility Partners LLC, for the Transform 66 P3 Project in Virginia**
 - Up to \$30 million available after Commercial Close
 - Provided to support Early Works as defined in the CA
 - To be repaid in full at Financial Close



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For additional information visit
Transform66.org