

# Downtown Tunnel/Midtown Tunnel/MLK Extension PPTA Project

# Presentation of Major Business Points of Interim Agreement

## **Commonwealth Transportation Board**

October 15, 2009

Malcolm T. Kerley, P.E.

Chief Engineer

Virginia Department of Transportation

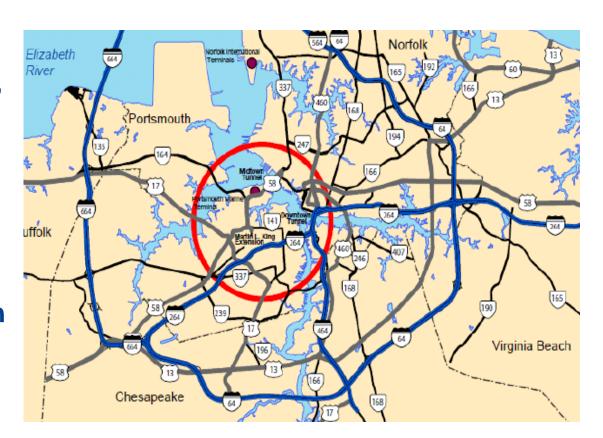
**Dusty Holcombe Assistant Director, IPD** 

## **Topics of Discussion**

- Project Description
- Timeline of Procurement Events
- Major Business Points
- Next Steps

## **Project Description**

- Midtown Tunnel
   New Construction,
   Approaches and
   Improvements
- Downtown Tunnel Improvements
- Southern Extension
   of MLK Freeway
   (Route 58)



#### **Timeline of Procurement Events**

- Solicitation for Proposals May 2008
- Conceptual Proposal Received September 2008
- Independent Review Panel Recommendation June 2009
- CTB Review and Recommendation July 2009
- Commissioner's Decision July 2009
- Initiate Negotiations of Interim Agreement August 2009

## **Major Business Points - Phased Approach**

#### **Phase One**

- Project Feasibility
  - Identification of ProjectFinancial Scenarios
  - Assumptions
  - Joint Risk Workshop & Report
  - Feasibility DeterminationSummary Report

Advance to next phase?

#### **Phase Two**

- Fixed Price Proposal & Commercial Terms
  - Traffic/Revenue Study
  - Plan of Finance
  - Base Case Financial Model
  - Toll Strategy and Marketing
     Plan
  - Design Plans, Schedule & Estimates
  - Concessionaire Scope of Work
  - Project Management Plans
  - Geotechnical Engineering Investigation & Report
  - Survey

## **Major Business Points - Phase One**

#### Key Milestone

- Feasibility determination (made by each party)
- Summary Report

#### Compensation

- Each party responsible for its own expenses
- All activities will be at each party's own risk

#### Termination

- Project Feasibility
- Either party can make a determination to walk away

## **Major Business Points - Phase One**

- Ownership of Work Product
  - Each party retains its ownership of Work Product
- Option to Negotiate a Comprehensive Agreement
  - Provided after feasibility determination
- Public Liabilities
  - Internal project development expenses (approximately \$6M)

### **Major Business Points - Phase Two**

- Compensation
  - 50% cost sharing of Work Product with a capped liability
  - Earns lump sum payments upon completion of the Work Packages
- Key Milestone
  - Execution of a Comprehensive Agreement (CA)
- Termination
  - Expiration Mutual Agreement
     (24 months after Phase Two NTP)
  - Public Convenience Default
  - IA expires if CA is executed
- Public Liability
  - Not to exceed \$20M for Work Product
  - Not to exceed \$ 9M for ERC Development Cost
  - Estimated VDOT Internal Cost of \$10M

### **Next Steps**

- Execution of the Interim Agreement November 2009
- Phase 1 Project Feasibility Determination Early 2010
- Phase 2 Initiation Early 2010
- Commercial Close 12 months from Phase 2 Date of Commencement
- Financial Close As to be defined in the Comprehensive Agreement
- Estimated Construction Completion 2015
- Anticipated Operations and Maintenance Term As to be defined in the Comprehensive Agreement



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