

**Downtown Tunnel/Midtown Tunnel/MLK Extension
PPTA Project**

**Presentation of
Major Business Points of Interim Agreement**

Commonwealth Transportation Board

October 15, 2009

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Topics of Discussion

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

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 Project Financial Scenarios
 - Assumptions
 - Joint Risk Workshop & Report
 - Feasibility Determination Summary 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 (24 months after Phase Two NTP) - Mutual Agreement
 - 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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