Steps to a P3 Procurement Transform66 Outside-the-Beltway Project

Charles A. Kilpatrick, P.E.
Commissioner of Highways
July 15, 2015
Progress on Transform66 Project

Developed a project scope that meets purpose and need and is financially feasible
Continue to developed public-sector financing option
Completed NEPA public hearings, continuing outreach
Met with five private sector teams interested in submitting proposals to deliver project as public-private partnership (P3)
Assembled PPTA Advisory Committee members and scheduled meeting August 17, 2015
Seeking CTB resolution to advance contingent on positive results from steps immediately ahead
PPTA Advisory Committee

Members
Deputy Secretary of Transportation Nick Donohue
CTB Member William Fralin
CTB Member Scott Kasprowicz
Deputy Secretary of Finance Janet Aylor
VDOT CFO John Lawson
House Appropriations Committee Staff Director Robert Vaughn
Senate Finance Committee Staff Director Betsy Daley

Meeting August 17, 2015 in Richmond
Meetings with five private sector teams June 25 and July 1
Teams stated they understood the draft term sheet and welcomed the opportunity to explore other project information
Teams stated their intention to submit project proposals if Virginia initiates a procurement under the PPTA
Teams suggested more information and more flexibility in certain terms could add value

- Length of concession term
- Clearer understanding of the scope of improvements
- More precise traffic and revenue estimates
- Clearer statement on future Metrorail expansion
- Alternative technical concepts (ATCs) and alternative financial concepts (AFTs) could reduce project costs and boost project revenues
- Structure for revenue-sharing
- Risk sharing on policy decisions related to I-66 Inside the Beltway, HOV conversion, Metrorail expansion, role of other public bodies
PPTA Legal Requirements and Guidelines

Public-Private Transportation Act (PPTA) and Guidelines adopted by VDOT and DRPT make Agency head of a Responsible Public Entity (RPE) responsible for P3s.

PPTA requires Commissioner to determine that a P3 procurement includes benefits and better value than other options and a clear delineation of risks, liabilities, responsibilities to be retained or transferred to private partner.

If Commissioner signs a Finding of Public Interest (FOPI) for a P3, then project moves to newly establish PPTA Advisory Committee to meet and concur.

Under the Guidelines, the Secretary of Transportation also must approve the FOPI and the CTB must recommend that the Commissioner start the P3 procurement process.
Commissioner FOPI for Transform66 Project Delivery under PPTA

Procurement of the Transform66 Project under the PPTA may be in the public interest.

P3 procurement offers potential benefits, including transfer of revenue risk, locking in transit capital and operational resources, transfer of O&M and life-cycle costs and responsibilities.

Taking next step by initiating a P3 procurement, starting with a Request for Qualifications (RFQ), allows Commonwealth to determine more specifically the benefits and the relative value of a P3 project delivery.

Details developed with private teams will confirm whether public interest still served by P3-based agreement or whether publicly-financed option provides more value.
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<td>Transportation PPTA Advisory Committee</td>
<td>8/17/15</td>
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<td>Completion of Initial Finding Of Public Interest (FOPI)</td>
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<td>Issue P3 Request For Qualifications (RFQ)</td>
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<td>CTB Action on NEPA Preferred Alternative</td>
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<td>Announcement of Successful Proposer</td>
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<td>PPTA Statutory Audit, Final FOPI &amp; CTB Allocation of Funds</td>
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<td>Commercial Close</td>
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