



Multimodal Solutions - 495 to Haymarket

Major Business Terms

Commonwealth Transportation Board
January 19, 2016

Charlie Kilpatrick, P.E.
Commissioner
Virginia Department Of Transportation



Multimodal Solutions - 495 to Haymarket

Timeline to Date (Project Development)

- **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 based on three delivery models (DBFOM, DBOM and DB-ATC) Transportation Public-Private Partnership Advisory Committee concurs with Commissioner's FOPI
- **September 2015** – CTB authorizes VDOT to proceed with the procurement, Request for Qualifications.
- **October 2015** – VDOT received 13 Statement of Qualifications (SOQ)
- **December 2015** – VDOT receives indicative financial proposals from Short-Listed Proposers and selects toll concession as the preferred delivery model
- **December 2015** – VDOT briefs CTB and Transportation Public-Private Partnership Advisory Committee
- **December 2015** – VDOT posts a draft request for Proposals (RFP)



Multimodal Solutions - 495 to Haymarket

Draft RFP

Draft Request for Proposals is available on Project Website and includes:

- Volume I - Draft Instructions to Proposers (“ITP”)
- Volume II – Draft Comprehensive Agreement (“CA”)
- Volume III – Draft Technical Requirements (“TRs”)



Multimodal Solutions - 495 to Haymarket

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**



Multimodal Solutions - 495 to Haymarket

Key Business Terms

- **Concession Term:** 50 years (4 years of construction and 46 years of operation)
- **Financing**
 - The Developer will finance the Project at its own cost and risk and non-recourse to VDOT.
 - VDOT will limit the public contribution to no more that \$600 million.
- **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.



Multimodal Solutions - 495 to Haymarket

Overview of Risk Allocation

Major risks transferred to the Developer:

- Design and construction permitting
- Right of Way acquisition
- Design (cost overruns, schedule delay and errors & omissions)
- Construction (cost overruns and schedule delays)
- Risk associated with unknown geotechnical conditions and unknown hazardous material
- Toll integration
- Revenue and financing
- Operation and maintenance



Multimodal Solutions - 495 to Haymarket

Overview of Risk Allocation

Responsibilities retained by VDOT:

- Risks and rewards associated with changes in interest rates between bid submission and financial close (upside and downside) subject to caps that permit termination
- Snow and ice removal on Express Lanes
- Risk of impacts to revenue if Metro is extended within the first 10 years of Express Lanes operation
- Risk of impacts to revenue if additional general purpose lanes are built
- Transportation Management Plan (TMP)



Multimodal Solutions - 495 to Haymarket

Overview of Rights

■ Key rights retained by VDOT include:

➤ General

- Ownership
- Oversight and audit
- Involvement in public outreach (shared role with the Developer)
- Requiring a good faith effort from the Design-Build contractor in meeting DBE/SWAM and veteran/new hire goals
- Requiring Performance Security, Parent Guarantees and Insurance

➤ Financial

- Share of refinancing gains
- Terminating CA under certain instances including termination for convenience or if market conditions increase Commonwealth's contribution to over \$600 million

➤ Operational

- Suspending tolling for emergencies without recourse to Developer
- Making improvements to transportation network and developing Department Project Enhancements
- Operation and maintenance of general purpose lanes



Multimodal Solutions - 495 to Haymarket

Overview of Rights

■ Developer's key rights include:

- Collecting tolls & managing toll collection system for the term of the agreement
- Terminating CA for Department Default
- Requesting relief under Delay Events (e.g. force majeure events; Department caused delays; materially adverse changes in law)
- Requesting compensation under Compensation Events (e.g. discriminatory changes in law; alternative facilities (very limited); implementation of a Department change or Department Project Enhancement)



Multimodal Solutions - 495 to Haymarket

Overview of Financing

- **Maximum amount of Commonwealth contribution is \$600 million.**
- **Other sources of Project financing include:**
 - Private equity
 - TIFIA
 - Private Activity Bonds (PABs)
- **Commonwealth receives funding for transit elements of Project.**
- **Commonwealth receives \$350,000,000 in net present value over term of contract from the Developer for future corridor enhancements.**
- **Commonwealth will receive a share of the revenue if Project generates more revenue than expected.**



Multimodal Solutions - 495 to Haymarket

Overview of Tolling

- **Tolling policy: “Dynamic pricing”**
 - Existing General Purpose Lanes: No Toll – Free at all times
 - Exempt vehicles: the I-66 Express Lanes will be free at all times for users in high occupancy vehicles with three or more occupants (HOV-3+) as well as buses, motorcycles, and emergency vehicles.
 - Dynamic pricing: toll rates in the Express Lanes will be adjusted periodically based on traffic volumes and speed.
 - Toll rates: When traffic volumes in the corridor are heavy and the demand for Express Lanes is high, tolls will increase and when volumes are light, the tolls decrease.
- **Tolling Operations:** Open Road - All electronic tolling via E-ZPass (similar to 95 and 495 Express Lanes)



Multimodal Solutions - 495 to Haymarket

Key Milestones

- **Commercial Close: October 2016**
- **Early Work: October 2016 – April 2017**
 - Work on certain activities related to permitting and design public hearings can start after Commercial Close pursuant to a Limited NTP from VDOT.
 - The goal is to increase efficiency in the schedule and cost by taking advantage of 2017 construction season.
 - The Developer and VDOT will share funding responsibilities for the Early Work (capped at \$75 million) on a prorated basis.
 - Design public hearings: winter 2017
- **Financial Close and Construction NTP: Spring 2017**
- **Intermediate milestones:**
 - Intermediate Park and Ride lots: within 18 months of Construction NTP
 - Complete improvements sufficient to remove Route 28 signals within 24 months of Construction NTP
- **Toll Commencement: 2020**
- **Project Completion Date: November 15, 2020**



Multimodal Solutions - 495 to Haymarket

Next Steps

- **Ongoing** – **One-on-One meetings with Proposers/ATC process**
- **April 2016** – **Post final draft RFP**
- **May 2016** – **Public hearing on final draft RFP**
- **May 2016** – **Complete FHWA review and approval of final draft RFP**
- **May 2016** – **CTB Briefing on changes to the draft RFP as a result of public hearings and one-on-one meetings**
- **May 2016** – **Issue final RFP**
- **July 2016** – **receive Technical Proposals**
- **August 2016** – **receive Financial Proposals**
- **September 2016** – **PPTA Audit / final FOPI**
- **October 2016** – **CTB briefing / Commercial Close**



Multimodal Solutions - 495 to Haymarket

For additional information visit
Transform66.org