AASHTO SOC 2006
VDOT’s PPTA Program,
I-495 HOT Lanes Project

San Juan, Puerto Rico
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Background to Public-Private Partnerships in Virginia

• Public Private Transportation Act of 1995 (PPTA)
  – Authorizes Private Entities to Construct and/or Operate Qualifying Transportation Facilities
  – Provides for Solicited and Unsolicited Proposals
• Public-Private Partnerships - 3 P’s
• I-495 HOT Lanes Project
• Legislative Authority
• Policy and Procedures
• It takes a long time to move real fast
  Unless…
• Looking ahead
• 3 P’s
  – State Department of Transportation
  – Federal Highway Administration
  – Private industry
I-495 Project

Capital Beltway BRT/HOT Lanes
- 14 miles
- 4 lanes (2 in each direction)
- Potential for expansion
  - Under development
Capital Beltway plan

- 14 miles (~ Springfield interchange to ~ Georgetown Pike)
- 7 entries/exits
- Direct access at all entry/exit points
- All electronic tolling
- Potential for expansion
- Prototype for the region
I-95/395 Proposal

Maryland

I-95/395 BRT/HOT Lanes
- 56 miles
- 3 reversible lanes
- D.C. to Spotsylvania County
- Selected

Virginia

D.C.

Spotsylvania County
What is a BRT/HOT lane?

- Multiple passenger vehicles ride free
  - HOV3+
  - Vanpools
  - Bus Rapid Transit
- Single and double occupancy pay toll
- No trucks
- No toll booths
- Variable pricing
  [Actively managed]
BRT/HOT lanes in operation

SR91 – Orange County
I-495 HOT Lanes

Why expand the beltway?
• ADT [+175,000 vpd] exceeds design capacity
• Congestion growing

Why PPTA?
• Construction was not funded
• Developer [contractor] proposed funding
• BRT/HOT Lanes offer a congestion solution in a region with limited options
Project
• 2002 - DEIS
  – Public Hearings
    • Desire for multi-modal solution
• 2003/2004 - Amend DEIS to evaluate HOT Lanes option
  – Additional public meetings
• 2005/2006 - FEIS
• 2006 - MPO CLRPs
  – FHWA NEPA ROD

PPTA
• 2002 - Conceptual proposal
  – Public notice
  – No competing proposals
• 2003 - Detailed proposal
• 2004 - Advisory Panel
  – Start negotiations
  – Begin at-risk PE
• 2005 - Initial Contract
• 2006 - Draft traffic + revenue study
  – Amend Contract
• 2006/2007 - Financial close
  – Start construction
2012 - Complete construction
Construction cost $800 M  
Variable tolls ($1 – $4.80)  
Tax-exempt plan of finance  
Concession plan of finance  
15% private investment  
Self-financing project is goal
BRT/HOT lane network potential

- Improve urban mobility
  - Encourage greater transit use
  - Give travelers more choices
  - Can influence travel behavior 24/7

- Deliver project sooner
- Move more vehicles thru corridor
- Revenue helps finance the projects
Public-Private Partnerships (P3)

- All projects are public-private partnerships
  Traditional D-B-B; Alternative DB; and PPTA DBFOM
- Transportation needs outstrip resources
- Maintenance needs growing % of total budget
- Another way to do business (for some projects)
- Access to new revenue
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VA Legislation
- PPTA
- Tolling authority
- Finance Plans
- Value engineering
- Concessions
- Leasehold property taxes
  - ....

Federal Legislation
- Competitive procurement
- Tolling authority
- Project mgmt plans
- Finance plans
- Value engineering
- TIFIA
  - ....
Policy and Procedures

- Private industry may be more timely, efficient or less costly
- Private investment
- Risk sharing
- Public interest finding
- Program Objectives
- PPTA Implementation Guidelines
- Procedures
  - Is project in your plan?
  - Is project suitable for P3?
  - Full disclosure of public funds?
  - Confidential / proprietary information?
Revised PPTA Guidelines:
New Six Phase Procurement Process
1. VDOT Quality Control Review
2. Independent Review Panel
3. Commonwealth Transportation Board (CTB) Review and Recommendation
4. Final Selection of Detailed Proposals
5. Negotiate Draft Agreement
6. Execute Agreement
VDOT’s resources dedicated to the PPTA:

Innovative Project Delivery Division
Report to Chief Engineer
• Created in 2003 to direct:
  – PPTA Program
  – Design-Build Program
  – Consultant Procurement Procedures

Innovative Finance and Revenue Operations
Report to Chief Financial Officer
• Created in 2003 to direct:
  – Issuing and managing CTB debt
  – Implement new financing tools
  – Manage finance and operations of VDOT’s four toll facilities
P3 project development can take considerable time:

- Planning
- NEPA, PE, revenue studies
- Design-Build
- O&M
- 50- to 99-year term
P3 project development can take considerable time…

...unless the project is ready for private investment:

- NEPA complete
- Traffic volume / toll revenue supports construction
- Department objectives are clear
- Procurement with hard bid
VDOT’s PPTA Portfolio

- Value of All Projects = $4.7 Billion
- Value of Completed Projects = $767 Million
- Value of Active Projects = $3.9 Billion
- Value of Active Proposals + $10 Billion
AASHTO SOC 2006: VDOT’s PPTA Program

Status of
PUBLIC PRIVATE TRANSPORTATION ACT
& DESIGN-BUILD PROGRAM
05/17/06
PROPOSED - ACTIVE - COMPLETED
PPTA Project Summary

- 51 Unsolicited Proposals
- 2 Solicited Proposals
- 4 Active Projects Under Contract
- 5 Active Proposals
- 3 Candidate Projects
- 5 Completed Projects
Looking Ahead

• P3 does not mean free money
  – ProBono Construction Company is not coming to build you a road
  – DOT has less control in exchange for private investment

• Large international developers compete in US markets
  – Concession business model different than construction contract
  – Long-term concession is a marriage without no-fault divorce

• Trend in Virginia: International firms involved in Beltway; I95/I395; Dulles Proposal; Pocahontas Parkway; Hampton Roads Third Crossing
Looking Ahead

• Concession Agreements
  (“Lease”, NOT “sale” of Asset.)

• Major Precedents: Chicago Skyway and Indiana Turnpike

• Owner Benefits: Initial Cash Payment, Long Term Revenue Sharing and Improved Facility
Pocahontas Parkway

- Sale of Substantially All PPA Assets to Transurban (USA) Development, Inc.
- Transfer Right to Operate Facility and Collect Tolls
- Transurban to Pay All Outstanding Debt
- June 29, 2006 Financial Close
Looking Ahead

- Project Financing Key Obstacle to Successful PPTA
- Design and Construction Challenges not as Compelling as Financing and Long-term Operations Requirements
- Private Equity Investments Essential
Looking Ahead

• VDOT Establishing Programmatic Approach to PPTAs

• Detailed Proposals to Contain Specific Provisions

• Detailed Proposals to Become Basis for Contracts
Looking Ahead

• Increased Reliance on PPTA
  – When appropriate
  – Just one tool in a range of procurement options

• Complete NEPA then issue RFP

• Partnership with and support from FHWA is fundamentally critical to success
AASHTO SOC 2006: VDOT’s PPTA Program

Additional Information

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