



COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

Virginia's Public-Private Partnership Program

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Virginia Department of Rail and Public Transportation



Topics

- **Background**
- **P3 Program Requirements**
- **Tolling and Concessions**
- **Program Status**
- **Lessons Learned**
- **Key Highlights of the Pocahontas Parkway and Capital Beltway HOT Lanes**

Virginia's Public-Private Partnership (P3) Program

- **Virginia Public-Private Program Has Several Components:**
 - Transportation Partnership Opportunity Fund
 - Rail Enhancement Fund
 - Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)
 - Public-Private Transportation Act of 1995 (PPTA)
- **Common policy goals with other components of Commonwealth's transportation program:**
 - Public benefit and clearly articulated public need for the project
 - Private resources or risk sharing to help address public need
 - More timely
 - Less costly
 - Commonwealth resources focused on program management not project delivery
 - Transparency and accountability

Commonwealth PPEA Projects

Buildings

- Northern Virginia Forensics Laboratory - \$60 million
- Capitol Square Buildings – about \$120 million
 - The building projects are under construction or have been completed

Technology

- Technology operations – \$2 billion over 10 years; partnership with Northrop Grumman is IT infrastructure and operations; signed in 2005
- PPEA Enterprise Applications – \$71 million
 - Budgetary constraints have slowed the Enterprise Applications project

Rail Enhancement Fund (REF) & Transportation Partnership Opportunity Fund (TPOF)

- Funds established to provide public sector funding to complement private sector funding
- REF financed with vehicle rental tax – approximately \$25 million a year
 - Recommendations from Rail Advisory Board
 - Partially funds passenger and freight rail
 - Leverage private funding for public benefit
 - For example, Heartland Corridor is a public-private partnership of more than \$350 million with \$27 million in REF funding
- TPOF capitalized with \$50 million in one-time funding – used for PPTA, design-build, and economic development projects, including Route 28, Coalfields Expressway, Rolls Royce, and Canon

PPTA Program – the Background

- The Commonwealth is responsible for almost all roads in Virginia – local, regional, and interstate
- The Commonwealth invests significantly in transit, rail, and airports – Dulles Airport is critical to international aviation services
- The Commonwealth owns 3 of 4 port operations in the Port of Hampton Roads – the deepest shipping channel on the East Coast
- Virginia law is “first maintain and operate” transportation infrastructure
 - Majority of state and federal transportation funding is dedicated to these functions
 - New capacity is funded last

Early Years of P3s in Virginia

- **First law was enacted in late 1980's – only applied to one road – the Dulles Greenway**
- **In 1995, the Public-Private Transportation Act of 1995 was enacted**
 - Joint effort by administration and General Assembly
 - Unsolicited and solicited proposals
 - First projects were interstate maintenance and the Pocahontas Parkway
- **Generally, between 1995 and 2002, signed P3 agreements were fundamentally sole source contracts using traditional public funds/debt – no financial risk or investment by private sector**
 - Unsolicited proposals set transportation funding priorities

Today's P3 Program Requirements

- Since 2005, the PPTA law has been updated to strengthen program
- Current Program Requirements:
 - Requires commitments or guarantees by private sector – mandatory risk sharing
 - Rejects unsolicited proposals which do not include private risk
 - Identifies timelines and activities within each phase of the P3 procurement
 - Allows for interim agreements to accelerate required activities
 - Requires ability to use federal funding

Today's P3 Program Requirements, cont'd

- **Public involvement and transparency**
- <http://www.vdot.virginia.gov/business/ppta-default.asp>
 - Information readily available on guidelines
 - Active projects; anticipated projects
 - Consultants
 - Conflict of Interest

Tolling

- Since 2003, joint work with legislature on expanding use of tolls to address transportation needs
 - Closely linked to transportation alternatives – transit and rail
 - Closely linked to an alternative “free” solution
 - Closely linked to providing solutions within a “reasonable” footprint
- First step was joining the EZ Pass Network which reduced costs
- Embraced open road technology along with enhanced enforcement
- Do not have separate tolling agency but have 7 different toll operators – mix of public and private

Concessions

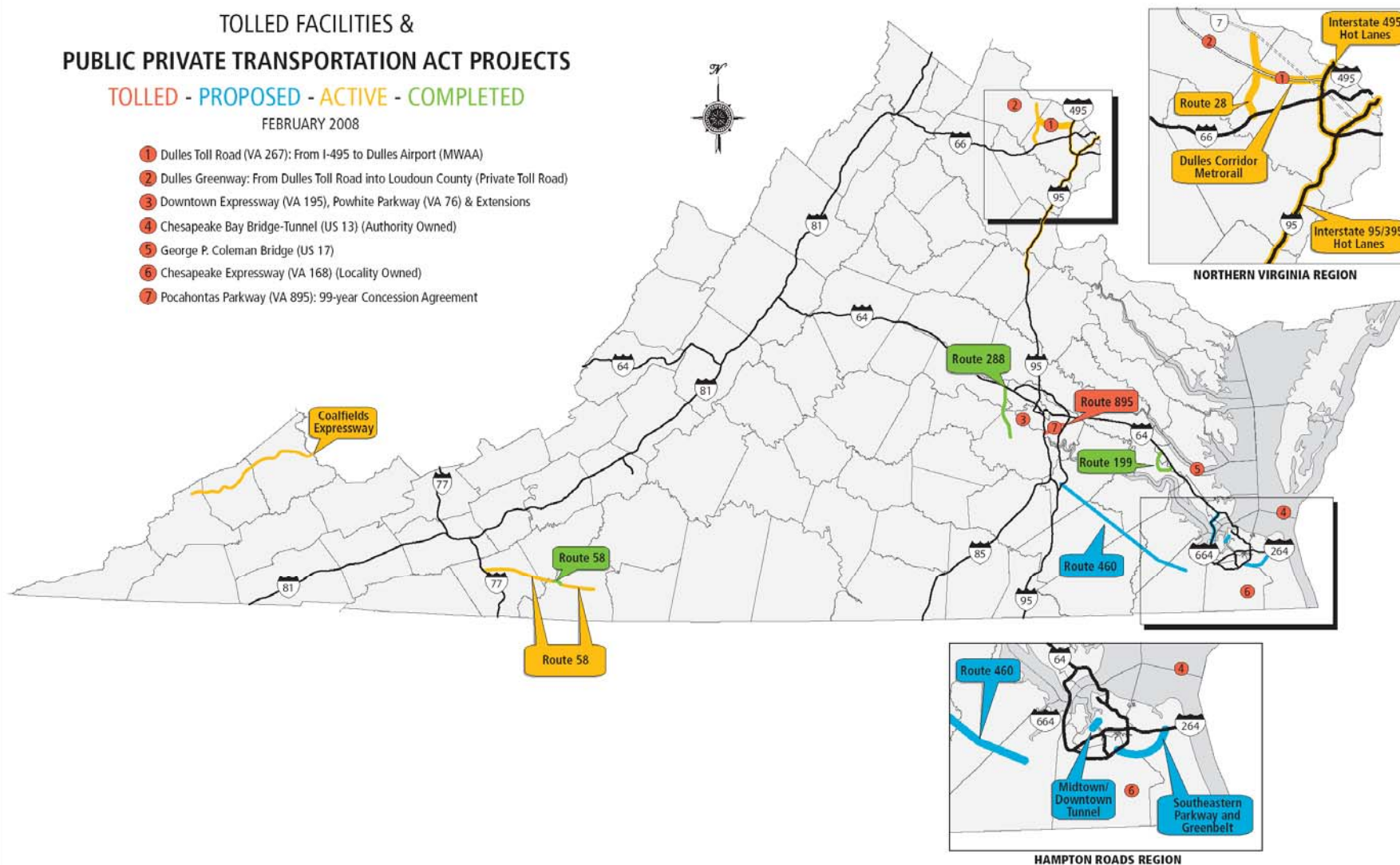
- In 2006 when concessions were coming on the scene, Virginia took the proactive step of having the policy discussion regarding “what to do with the money”
 - Payments to be used only in the transportation corridor for programs and projects that benefit “payers”
- Examples of use include:
 - Provide federal match to other projects along adjoining corridors
 - Concession payment will be used for bike and pedestrian improvements; HOV availability payment; and transit in corridor

TOLLED FACILITIES & PUBLIC PRIVATE TRANSPORTATION ACT PROJECTS

TOLLED - PROPOSED - ACTIVE - COMPLETED

FEBRUARY 2008

- 1 Dulles Toll Road (VA 267): From I-495 to Dulles Airport (MWA)
- 2 Dulles Greenway: From Dulles Toll Road into Loudoun County (Private Toll Road)
- 3 Downtown Expressway (VA 195), Powhite Parkway (VA 76) & Extensions
- 4 Chesapeake Bay Bridge-Tunnel (US 13) (Authority Owned)
- 5 George P. Coleman Bridge (US 17)
- 6 Chesapeake Expressway (VA 168) (Locality Owned)
- 7 Pocahontas Parkway (VA 895): 99-year Concession Agreement



Status of P3 Projects Under Agreement – \$9 billion in construction

	Construction complete	Phase Two underway	Begin construction in 2008	Reassigned from original private partner	Private Investment	Concession Agreement
Pocahontas Parkway	√	√		√	√ - equity and risk	√
Route 28	√	√			√ - tax district	
APM/Maersk Private Port Terminal	√				√ - equity and risk	
Coalfields Expressway			√	√	√ - equity	
Jamestown 2007	√					
Route 288	√				√ - pavement risk	
Route 58	√	√			√ - risk	

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Heartland Corridor			√		√ - equity and risk	
Dulles Rail					√ - tax district and risk	
I-495 HOT Lanes			√		√ - equity and risk	√

P3 Program Status

- **Since 2002, 4 projects which were being pursued as a P3 have stopped**
 - I-81 Corridor – private sector withdrew; will pursue design-build
 - Western Transportation Corridor; no private interest
 - Hampton Roads Third Crossing; funding concerns
 - Powhite Parkway Western Extension; private sector did not recognize responsible public entity
- **Three projects are under active P3 procurement - \$4 billion in construction**
 - I-395/I-95 HOT Lanes – studies indicate that tolls can support
 - Downtown/Midtown Tunnels/Martin Luther King Freeway Extension – studies indicate that tolls can support cost of construction, maintenance and operations
 - Route 460 – public sector funding required in addition to tolls and private sector investment; without public sector funding procurement process will stop

P3 Lessons Learned

- **Engineering is easy part – financing and operations critical pieces**
- **Need private partner who assumes some risk for “after its built”**
- **Make solid decisions each time – they do come back**
- **Public sector expertise and support including lawyers and financial advisors**
- **Significant time commitments by both public and private partners – senior staff**
- **Federal involvement critical but complicates process**



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