



OFFICE OF  
TRANSPORTATION  
PUBLIC-PRIVATE  
PARTNERSHIPS



LEGISLATIVE FACT SHEETS

Public-Private Partnerships

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*Prepared by*

**Virginia Office of Transportation Public-Private Partnerships**

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## Abbreviations

- OTP3            Office of Transportation Public Private Partnerships
- PPTA           Public Private Transportation Act
- P3              Public Private Partnerships



# Executive Summary

## Progress

Major progress was accomplished last year with the advancement of several P3 projects, delivering new travel options and jobs in Virginia. From groundbreakings to grand openings, these P3 projects are delivering more than \$6.3 Billion in transportation improvements and support 58,700 jobs.

## Challenges

Virginia is a national leader in P3 programs and many other state governments are looking to copy our successful model for delivering transportation improvements in their states. As more states develop or enhance their P3 programs, competition for private investment dollars could increase significantly among the states. Ensuring our P3 program can sustain its competitiveness and continues to attract private investors will be one of the major challenges the OTP3 will be focusing on in 2013.



**GRAND OPENING!** The I-495 Express Lanes opened in November delivering new travel choices, supporting more than 31,000 jobs and pumping \$3.4 billion into the Virginia and local economy.

## Improving P3 Public Engagement

The Office of Transportation Public-Private Partnerships (OTP3) is currently developing a PPTA Public Involvement Guide to implement a comprehensive communication guide for the PPTA program and projects. The PPTA Public Involvement Guide will be completed early 2013. The OTP3 is also making enhancements to its communications plan to ensure a transparent and consistent exchange of information with the public to ensure all Virginia citizens are aware of how PPTA projects work, the status of current and future projects, as well as the tangible benefits.

## Key P3 Benefits

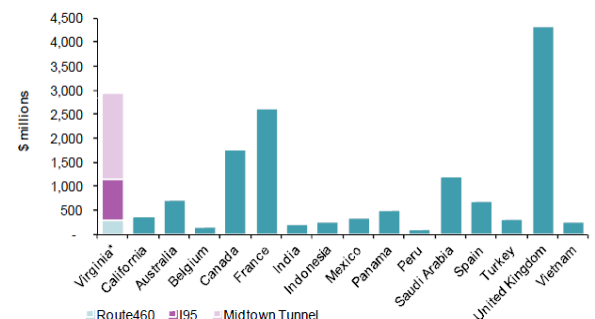
- Delivering major transportation improvements and new travel choices
- Leverages private investment to bolster state funding to build major projects
- Supporting thousands of jobs and pumping billions into Virginia's economy
- Shift key risks to private sector – protecting Virginia taxpayers
- Helps promote a better quality of life by reducing travel times

## 2012 P3 Milestones in Virginia

Project	Project Cost	State Contribution	Jobs Supported	Milestone Reached
I-495 Express Lanes	\$1.9 Billion	\$409 Million	31,000	Grand opening
I-95 Express Lanes	\$925 Million	\$71 Million	8,000	Groundbreaking
U.S. Route 460 Corridor	\$1.4 Billion	\$906 Million	18,000	Financial close
Midtown Tunnel	\$2.1 Billion	\$420.5 Million	1,700	Groundbreaking

## Virginia: A Global Leader in P3s

Value of Greenfield Transportation P3s Closed in 2012\*\*







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# P3 Benefits

*Delivering new travel choices and jobs in Virginia*

*“PPTA projects are ultimately successful investments for Virginia because together the Office of Transportation Public-Private Partnerships and our private sector partners create tremendous synergy, offering the very best of government and private sector innovation and financing.” Governor Robert McDonnell - June 5, 2012*

## Making major transportation improvements a reality

The Public-Private Transportation Act (PPTA) is providing Virginia an effective means to finance and build high priority transportation projects. Without it, many of the major transportation improvements in Virginia would not be feasible because there just isn't enough state funding to build several major projects at one time. Virginia's world class P3 program is a model for other US states that are trying to use innovative financing tools to successfully deliver transportation infrastructure improvements.



## Leveraging private investment to bolster state funding

For every dollar Virginia invests in PPTA projects, we are realizing up to \$7 dollars in private sector investment. These projects provide Virginians tangible transportation choices and improvements now, not decades in the future. Private investment provides billions of dollars in new funding for transportation in Virginia and empowers the Commonwealth to accomplish more transportation improvements with limited state and federal funds.



## Creating jobs, stimulating Virginia's economy

PPTA projects have pumped billions of dollars into Virginia's economy and have supported tens of thousands of jobs. From new job creation to new business opportunities for Virginia contractors, the large scope of PPTA projects provides an enormous boost to local economies in Virginia. Construction of the 495 Express Lanes on the Capital Beltway alone supported more than 16,000 jobs in Virginia and injected nearly \$3.5 billion into Virginia's economy.

(Dr. Stephen Fuller, George Mason University, "Economic Impact of Construction Outlays for the Capital Beltway HOT Lanes, November 2008)



## Protecting Virginia's taxpayers

While Virginia maintains ownership and oversight of these projects, the PPTA enables the Commonwealth to shift key risks to the private sector, such as financing, construction and operations, providing protection to Virginia's taxpayers. By using private capital and privately backed debt, the Commonwealth can avoid taking on increased debt, preserve bond capacity and protect public credit ratings. The PPTA also allows the Commonwealth to shift long-term operations and maintenance responsibilities to the private sector.



## Providing a better quality of life

In delivering new travel options and reduced travel times for Virginia commuters, PPTA projects ultimately promote a better quality of life for Virginians. Think of the parent trying to pick up a child from day care on time. The grandparents trying to make their grandchild's game or dance recital. The plumber trying to make a service call during rush hours. For many families, gone are the days when parents and kids sit around the dinner table. They don't have time. They are stuck in traffic. PPTA projects are delivering real solutions so Virginians can spend less travel time and more quality time.





# PPTA Project Update

## From groundbreaking to grand opening

The past year has seen a number of critical transportation improvements throughout Virginia advanced under the PPTA.



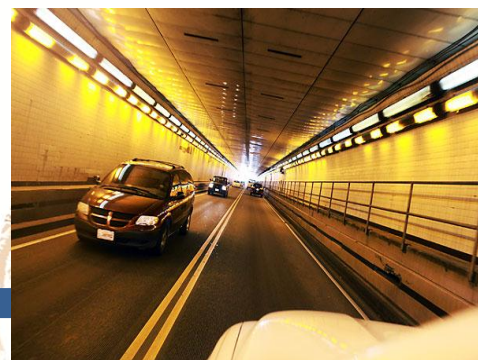
Grand Opening

**I-495 EXPRESS LANES:** Working with private sector partners Transurban/Fluor, this project broke ground in August 2008 and opened to traffic in November 2012 adding new high occupancy toll lanes with open road electronic tolling and congestion pricing. State contribution of \$409M leveraged a total project valued at \$1.9B. This project brings new jobs and new economic opportunities to Virginia.



Groundbreaking

**I-95 EXPRESS LANES:** In partnership with Transurban/Fluor, this project reached close in July 2012. Construction is underway and completion scheduled for 2014. The state's contribution of \$71M leveraged a total project valued at \$925M. I-95 Express Lanes offers 29 miles of high occupancy toll lanes with new capacity and congestion pricing on the heavily traveled corridor; bringing nearly 8,000 jobs and stimulating nearly \$2B in economic activity.



**MIDTOWN TUNNEL:** Working with private sector partners Macquarie and Skanska, this top transportation priority reached financial close in April 2012. State contribution of \$420.5M leveraged project improvements of \$2.1B. This project, with \$1.59 toll, will double the capacity of Midtown Tunnel, update existing Downtown and Midtown Tunnels, and extend MLK Boulevard, offering motorists measurable congestion relief by 2018.



### U.S. Route 460 Corridor Improvements:

A two-year competitive procurement concluded December 20, 2012 with award to US Mobility Partners for best value with the lowest public subsidy. Public contributions from VDOT of \$906M and \$250M from the Port Authority leveraged a total design-build-finance valued at \$1.396B. Benefits include over 4,000 jobs during construction and 14,000 long-term jobs as well as increased business opportunities in corridor.





# I-495 Express Lanes

## A Successful Model for PPTA Projects

*The Virginia Department of Transportation collaborated with its private partners, Transurban and Fluor, to deliver the largest improvement to the Capital Beltway in a generation.*



### Delivering new travel options in Virginia

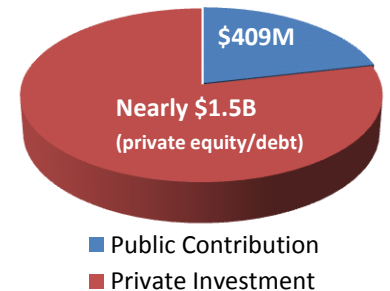
- Four new lanes, two in each direction along 14-mile stretch of the Capital Beltway in Virginia
- Carpool/HOV-3 lanes on Beltway and to Tysons Corner
- Congestion-free network for transit buses and carpools
- Seamless HOV connection with I-66, Dulles Toll Road, I-395/I-95
- Toll option for drivers needing predictable travel time
- Fully electronic/dynamic tolling



### Construction: Delivered on-time and on-budget

- Built four new lanes on the Capital Beltway
- Replaced more than 50 aging bridges and overpasses
- Tripled soundwall protection for adjacent communities
- Added pedestrian/bike access for all overpasses crossing the Beltway
- Relocated major utilities along entire alignment
- Completed in November 2012

### Project Funding



### Commitment to safety

- 495 Express Lanes project among strongest safety records in the country for a project of its scale
- Award-winning "Orange Cones. No Phones." campaign has led to more than 30 percent reduction in dangerous distractive driving
- Only two lost work days in more than 7.5 million work hours

### Robust public engagement

- 1,000+ community events, public meetings, employer briefings
- Made more than 225,000 calls via phone campaign
- Distributed over 30,000 faxes
- Sent over 300,000 email updates
- Hand delivered more than 30,000 construction notices



### Supported 31,000 jobs, pumped \$3.5 billion into the economy<sup>1</sup>

On-site construction jobs, transport of supplies/equipment, non-direct jobs supported by workers spending paychecks in local community. Accounted for as much as 20 percent of total economic growth for Fairfax County in 2009.

1 - (Dr. Stephen Fuller, George Mason University, "Economic Impact of Construction Outlays for the Capital Beltway HOT Lanes, November 2008)

### Awarded \$490 million to small and disadvantaged businesses

Largest contribution to DBEs and SWAMs in Virginia's history for a single transportation project.



# Economic Effects of Traffic Congestion

## *PPTA: Building infrastructure to support a vibrant economy in Virginia*

### PPTA: POSITIVE IMPACTS ON VIRGINIA'S ECONOMY

PPTA projects can pump billions of dollars into local and state economies, support thousands of jobs, and reduce travel times for Virginia.

Economic impact of construction spending I-495 Express Lanes - 2008-2013			
Sources	Total Output <sup>(1)</sup>	Personal Earnings <sup>(2)</sup>	Jobs Supported <sup>(3)</sup>
Fairfax County	\$2.33 Billion	\$452 Million	13, 279
Washington Area	\$2.67 Billion	\$821 Million	31,844
Virginia	\$3.46 Billion	\$934 Million	29,210

Source: Study conducted by Dr. Stephen Fuller, GMU Center for Regional Analysis

(1) the direct and indirect impact on the respective area's economy as a result of construction spending;

(2) the additional personal earnings generated to the benefit of each respective jurisdiction's residents;

(3) the off-site job supported in the jurisdiction and elsewhere in the national economy due to the spending and re-spending of the direct outlays associated with HOT Lanes construction.

#### Short Term Impacts

- Jobs in construction, sales and support, and facility operations
- Additional retail sales for business

#### Long Term Impacts

- Facility operation and maintenance jobs
- Indirect jobs and business activity
- Cost savings for households and businesses:
  - Reduced travel delay & expenses
  - Enhanced safety and reliability
  - Improved transportation capacity and connectivity
- Tax revenue from increased business

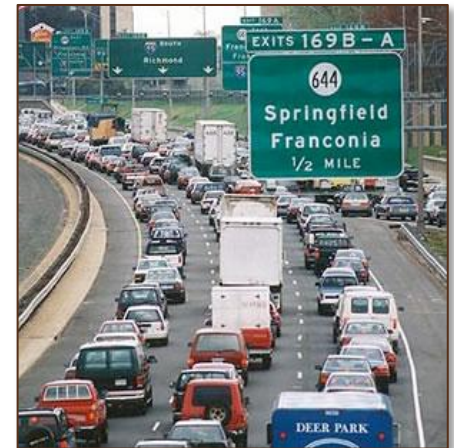
## TRAFFIC CONGESTION: A CHALLENGE ACROSS THE COUNTRY

The Texas Transportation Institute's (TTI) *2011 Urban Mobility Report* illustrates congested conditions nationally:

- Amount of delay endured by average commuter was 34 hours, up from 14 hours in 1982.
- Cost of congestion is more than \$100 billion, nearly \$750 for every commuter in the U.S.
- 40 percent of congestion delay is actually occurring in the midday and overnight hours, creating an increasingly serious problem for businesses that rely on efficient production and deliveries.
- The typical commuter feels the impact of congestion in the form of stress and wasted time. For manufacturers and shippers, such wasted time has a direct bottom-line impact. Efficiency suffers, prices go up, and employment weakens.

For the Commonwealth, the picture is just as bleak:

- Virginia experiences at least \$1 billion in total annual congestion costs.
- Total congestion cost estimated over a 28-year period from 2013 to 2040 will cost commuters and businesses in Virginia's Urban Crescent approximately \$77 billion, resulting from 5.6 billion hours of delay.



## MORE IMPROVEMENTS NEEDED IN VIRGINIA TO SUSTAIN ECONOMY

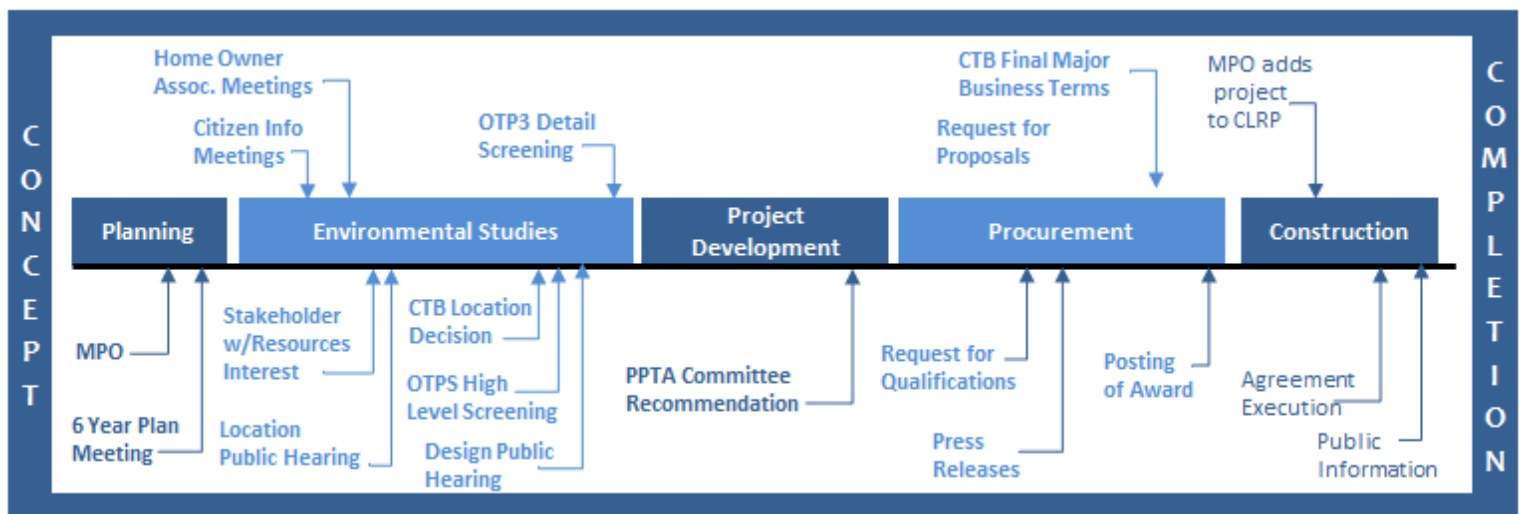
Virginia ranks near the top when it comes to places to do business. The Commonwealth ranked #2 on the 2011 Forbes.com/Forbes Magazine Best State for Business index and in 2012 ranked #2 on the Top 10 Pro-Business States report by the American Economic Development Institute. The story is a bit different when it comes to transportation investment. Consider CNBC's "Best States for Business" rankings, where for the first time since 2007, Virginia failed to achieve the #1 or #2 ranking. This was due to its huge drop in its Infrastructure and Transportation Score—from #10 in 2011 to #33 in 2012. The bottom line is that in order for the state to remain attractive for business and globally competitive, major investments in transportation infrastructure that reduce congestion, decrease commuting times, and increase safety will be vital. These investments will translate into business expansion and worker retention in the Commonwealth as industry relies heavily on an efficient transportation system. Currently the Commonwealth is facing a funding gap for much needed transportation infrastructure improvements due mainly to the aging interstate system and congestion in major commerce centers. In addition, each year millions are budgeted for major repairs, typically not enough to cover the cost routine maintenance, leaving no funds for improvements.



# PPTA Public Outreach

The Virginia Office of Transportation Public-Private Partnership (OTP3) is committed to continually improving public communication and outreach efforts through transparent communication of our program. Even though the PPTA was adopted in 1995, Virginia's P3 program is still a relative new concept to the general public. Considering this, it is imperative that clear, consistent communication is part of the standard operating process for all current and future P3 projects. It is important that stakeholders are aware of what projects are about, what they cost, how the environment is affected, and most importantly, how it will affect the day-to-day lives of Virginia's citizens.

## CONTINUOUS OPPORTUNITIES FOR PUBLIC INVOLVEMENT



## PUBLIC OUTREACH TO STAKEHOLDERS

There are several audiences that are stakeholders in P3 projects each with unique concerns and interest levels. The OTP3 conducted a recent study to get a better understanding of these audiences and evaluate public outreach used by other P3 organizations. The evaluation revealed the following groups as stakeholders and are part of the OTP3 Outreach plan:



Elected Officials



General Public



Business Community



Community Associations



P3 Business Partners

### Guiding principles for P3 public outreach



- Transparent Communication
- Educate and Inform
- Consistent Messages
- Encourage Feedback
- Easily Understood
- Fact-based

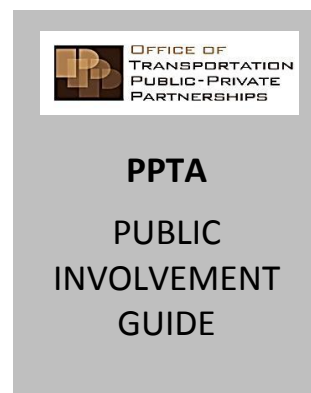


Through the Public-Private Transportation Act (PPTA), Virginia has benefited from development and implementation of approximately \$5 billion in critical transportation projects statewide since 1995. In an effort to continue safeguarding the public's interests and explaining the benefits seen from these complex infrastructure projects, enhancements to the PPTA public outreach program are underway. These enhancements will improve transparency, consistency, and public involvement opportunities on PPTA projects.

## PPTA PUBLIC INVOLVEMENT GUIDE

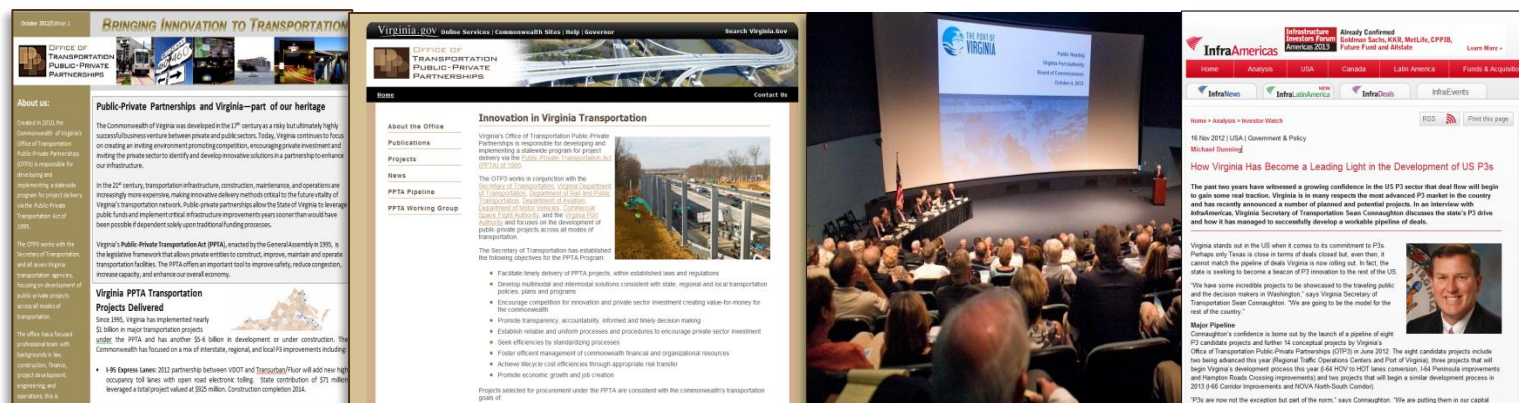
The Office of Transportation Public-Private Partnerships is currently developing a PPTA Public Involvement Guide to assist the public, state and local elected officials, civic leaders, and transportation agencies in implementing a comprehensive communication guide for the PPTA program and PPTA projects. The PPTA Public Involvement Guide will be completed early 2013 and will include the following:

- Enhanced roles and responsibilities
- Graphic of public involvement opportunities during screening, development and procurement
- User-friendly, highly graphic, easy to use
- Flexible to address diverse project needs
- Identifies cross-agency resources
- Tools, contacts, templates and FAQs



## PUBLIC OUTREACH PLAN

A transparent and consistent exchange of information with the public is a critical aspect of all transportation projects. The OTP3's enhancements to their current communication plan will ensure all Virginia citizens are aware of how PPTA projects work, the status of current and future projects, as well as the tangible benefits. Outreach will include expanded social media outlets, education resources and feedback opportunities, surveys, targeted mailings, monthly Legislative newsletters, updates to the OTP3 web site, project information meetings, and opinion pieces from the Secretary of Transportation and other transportation leaders will provide multiple venues for stakeholder input and feedback. See [www.vappta.org](http://www.vappta.org) for more information.





# PPTA - Procurement Basics

The Public-Private Transportation Act (PPTA) is one of the important resources Virginia has to finance and build high priority transportation projects. For every dollar Virginia invests in PPTA projects, we are realizing \$6-\$7 dollars in private sector investment. The foundation of these public-private partnerships is a process that frames identification, evaluation, development and procurement in a consistent, competitive, and transparent manner.

## PROJECT PHASES

## BASIC TERMINOLOGY

### PROJECT IDENTIFICATION

- Solicited Projects
- Unsolicited Projects



**Solicited Projects:** Projects that are developed and competitively procured by the OTP3 with private entities to develop and/or operate transportation facilities.

**Unsolicited Projects:** Private entity submits proposal to public entity to develop/operate a transportation project. Competing private proposals sought.

### PROJECT SCREENING & PRIORITIZATION

- High Level Screening
- Detail Level Screening
- Project Prioritization



**High Level Screening:** Assessment to determine overall suitability of project for PPTA procurement. Criteria include evaluation of projects effectiveness leveraging private sector experience and innovation; compliance with federal/state regulations; accelerated project delivery; satisfaction of public need; identified financial plan; and addressing transportation priorities in adopted plans.

**Detail Level Screening:** Evaluation of feasibility and desirability of delivering the project through the PPTA process. Criteria include the assessment of public need and benefit; market demand; stakeholder support; technical, financial and legal feasibility; system compatibility; constraints and risks; and life cycle management

**Project Prioritization:** The PPTA Steering Committee prioritizes candidate projects within short term, mid-term and long term timeframes. Prioritization criteria include policies, priorities and objectives; availability of public funding; market timing; OTP3 recommendations; resource availability; and existing project development levels.

### PROJECT DEVELOPMENT

- NEPA Process
- VfM Assessments



**NEPA:** National Environmental Policy Act evaluation of potential environmental impacts associated with federally funded projects. NEPA approvals are required to advance projects from preliminary engineering to design and construction.

**VfM Assessments:** The Value for Money assessments determine the financial viability of utilizing the PPTA process, and establishes the public and private sector risks that are best managed by each entity. Assessments occur twice during PPTA project development. A project having positive VfM indicates an optimal combination of lifecycle costs and service qualities to meet the need of the PPTA project.

### PROJECT PROCUREMENT

- Solicit and Evaluate RFQ/RFP Responses
- Selection
- Contract Award



**RFQ:** Request for Qualifications specifying evaluation criteria and criteria weighting. RFQs establish the group of qualified PPTA proposers.

**RFP:** Request for Proposals issued to the qualified PPTA proposers identified in the RFQ process.

**Selection:** Selection of the most qualified proposer based on the recommendations of OTP3, the evaluation criteria, and the final VfM analysis

**Contract:** Final contract agreement initiated by OTP3, in coordination with the involved agency



# Virginia is a national leader in P3 programs

Virginia has become a national and global leader in the development of P3 projects, providing a model that other states are trying to implement.

## Virginia's Model P3 Program

- VA's PPTA program is seen as the best in class in US
- Delivered more P3 projects in 2012 than any other state
- Program is leveraging scarce state resources to deliver job creating projects
- Logical process in place for screening, prioritizing and developing PPTA projects
- By leveraging private sector capital, projects are being accelerated
- Other states see the success and are attempting to catch up – this is a competition for the best that the private sector has to offer

## VIRGINIA COMPARED WITH OTHER US P3 PROGRAM

Virginia has delivered more P3 projects than any state in the last five years.

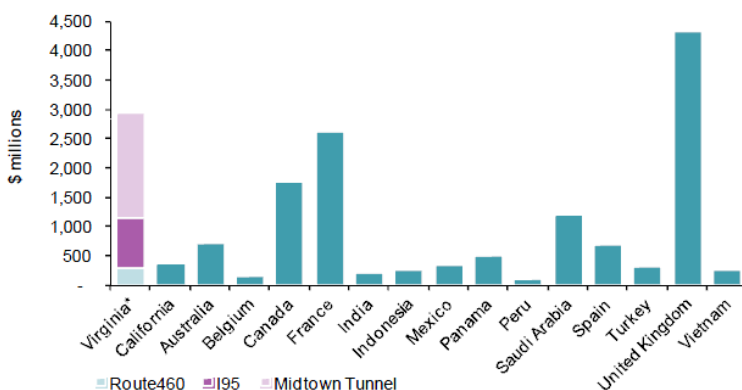
Recent P3 Transportation Transactions (last 5 years)				
	Virginia*	California	Florida	Texas
Number of Projects	7	2	5	3
Total Estimated P3 Project Value	\$8.1b	\$1b	\$2.2b	\$6b

Virginia has more P3 projects in the pipeline than all other states combined.

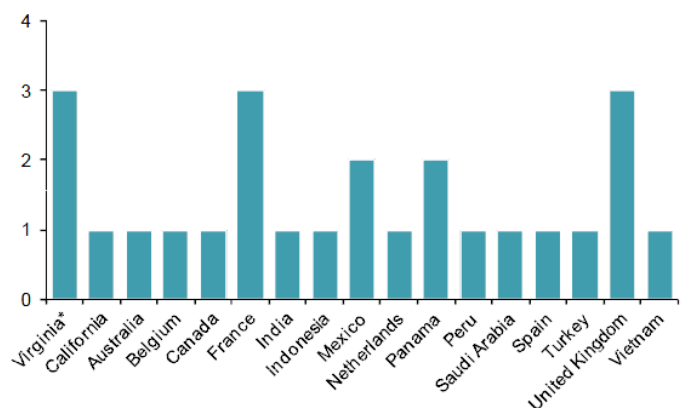
P3 Project Pipelines				
	Virginia	California	Florida	Texas
Total Potential Projects in Pipeline	22	7	10	3

## VIRGINIA COMPARED WITH OTHER P3 PROGRAMS AROUND THE WORLD

Value of Greenfield Transportation P3s Closed in 2012\*\*



Number Transportation P3s to Reach Financial Close - 2012



Source: Infrastructure Journal

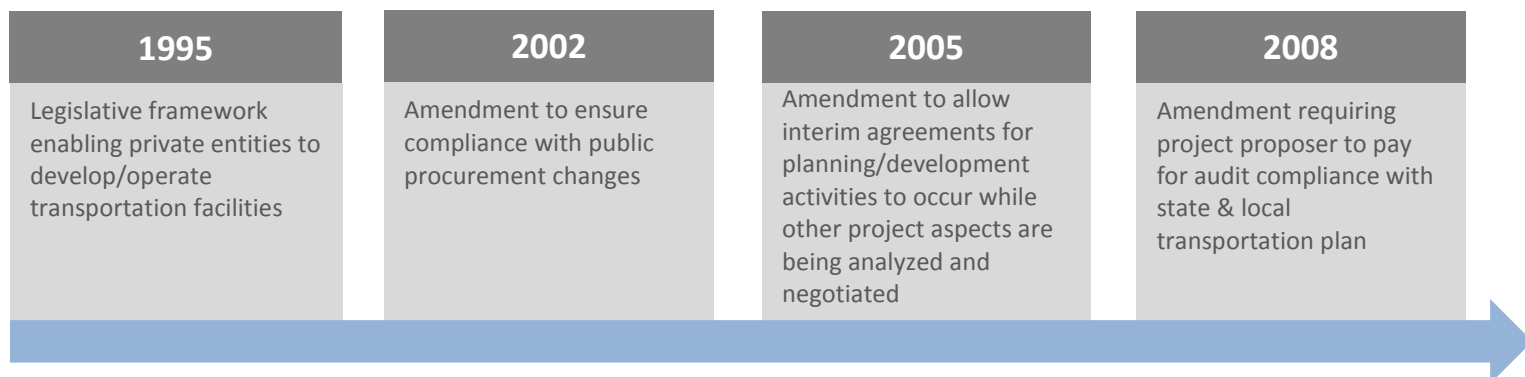




# History of Virginia Public-Private Transportation Act

Developed in 1995 by the Virginia General Assembly, the Virginia Public-Private Transportation Act was established to allow the Commonwealth, local governments and other public entities to authorize private businesses to develop and/or operate public transportation facilities. The timeline below demonstrates the progress the Commonwealth has made with P3 process since its inception—leading the way among the 50 U.S. states.

## PUBLIC PRIVATE TRANSPORTATION ACT



## AMENDMENTS TO PPTA IMPLEMENTATION MANUAL

The PPTA Implementation Manual provides a process framework to effectively implement the Act as established by the General Assembly. The Manual, like the PPTA itself, has been updated several times since 1995, with a major revision in December 2010. December 2010 revisions reflect recommendations from an independent assessment of the PPTA program.

Key objectives in the 2010 PPTA Implemental Manual:

- Introduce new roles and responsibilities for the Office of Transportation Public-Private Partnerships (OTP3)
- Provide guidance for project development and implementation processes for both solicited and unsolicited PPTA projects across all transportation modes.
- Establish a process to proactively identify, assess and deliver the commonwealth's priority transportation projects in a consistent, transparent, timely, and cost effective manner.

**The PPTA Implementation Manual was updated in May 2012 to incorporate additional public input and transparency touch points into the process.**

Guidelines have also been developed for:

- PPTA - Project Identification and Screening Guidance
- PPTA - Value for Money Guidance
- PPTA - Risk Analysis Guidance
- PPTA - Definitions
- PPTA – Public Involvement (Under Development)