VIRGINIA’S P3 LEADERSHIP
2015 GRAND FORUM, MONTREAL

J. Douglas Koelemay, Director
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Virginia and California first P3 legislation in the Nation (1995)

- PPTA creates flexible procurement authority for certain projects
- Authorizes contracts with private entities to develop and/or operate transportation facilities when more timely, more efficient or less costly (more value for money)
- Encourages private investment
- Federal oversight, state oversight, Virginia FOIA requirements remain
- VAP3 Office 2010
- Goal is to build strategic program, extend VAP3 leadership
VIRGINIA’S P3 PORTFOLIO

Virginia Office of Public-Private Partnerships
Public-Private Transportation Act Projects

- UNDER CONSTRUCTION: Dulles Rail
- CONSTRUCTED: I-495 Capital Beltway Express Lanes
- CONSTRUCTED: I-95 Express Lanes
- CONSTRUCTED: Route 895
- CONSTRUCTED: Route 199
- UNDER CONSTRUCTION: Route 288
- UNDER CONSTRUCTION: Coalfields Expressway
- CONSTRUCTED: Route 58
- UNDER CONSTRUCTION: Route 58 Tri-County & Laurel Forks
- UNDER DEVELOPMENT: US Route 460 Corridor Improvements
- UNDER CONSTRUCTION: Midtown Tunnel Downtown Tunnel MLK Extension
• I-95 Express Lanes opened December 2014
• Virginia contribution of $71 million leveraged $925 million project
• 12,600 local jobs, $1.54 billion economic activity
• Adds to managed lanes (HOT) system that includes I-495 Express Lanes
• Virginia’s contribution of $409 million leveraged the $1.7 billion I-495 project
I-495 EXPRESS LANES

- Add two new Express Lanes in each direction
- HOV-3 and buses travel free
- Non-HOV tolled
- Congestion-based tolls
- Transit/Carpool lanes on the Beltway for the first time
- Seamless connection with existing HOV Service on I-395/I-95, I-66 and Dulles Toll Road
- Replace over $260 million of aging infrastructure, including 52 bridges
- First major improvement to the Capital Beltway in four decades
ELIZABETH RIVER TUNNEL PROJECT

- New tunnel -- Norfolk to Portsmouth – rehabilitation of 2 existing tunnels
- Construction of Martin Luther King (MLK) Extension connecting tunnels
- State provided $581 million for $2.1 billion project

- All 11 tunnel elements immersed
- Electrical, mechanical, lighting, fireproofing -- Construction of egress corridor and road surface
- On time, on budget
VAP3-developed capital planning tool allows regional body to evaluate scenarios of project mix, prioritization, financing and delivery.

- Run multiple scenarios to see the cause and effect of different assumptions
- Forecast project costs, revenues and funding availability
- Informs decisions on project and program delivery
Multimodal Improvements 25 miles East from U.S. 15 to I-495

- 3 General Purpose Lanes, 2 Express Lanes (variable toll) each direction
- Rapid bus and HOV free
- Park and ride facilities
- Request for Qualifications – Fall 2015
- Federal Tier 2 NEPA approval – Late 2015
- Construction 2017
Parties to be notified and briefed upon request after the Oversight Board decision:
- Chairs of General Assembly committees
- MPO's
- Interested members of General Assembly
- Special interest groups
- Regulatory Agencies
- Public

Briefing Focus:
- RFI results (as appropriate)
- Schedule
- Refresh on the high points from Project Development
- Preliminary Procurement documents
- Risk Analysis and Value-for-Money
- Estimated project cost
- Potential public subsidy
- Potential economic benefits
- Preliminary Business Points
- Initial Finding of Public Interest

Briefing Focus:
- Detail-Level Screening Report
- Desirability as P3
- Feasibility as P3
- HB 2 Prioritization
- Duration of P3 development and procurement

Briefing Focus:
- Major Business Points
- Updated Risk Allocation & Management Plan
- Statutory Audit results
- Final Value-for-Money Analysis
- Updated economic benefits
- Project bid results
- Public subsidy (if required)
- Final Finding of Public Interest

Draft and Final Contract Documents posted on P3 Website for review & comment

Final Contract Documents posted on P3 Website
1. Can state transfer risk?
2. Does state have a need for funding requirement?
3. Can the potential project raise private capital?
4. Can the state agency effectively leverage private sector innovation and expertise?
5. Is a partnership consistent with Federal requirements?
6. Can state accelerate project development?
7. Can a partnership satisfy the public transportation need?
8. Does the potential project address priorities in state, regional or local transportation plans?
9. Are there project efficiencies possible through a public-private partnership?
DETAIL LEVEL SCREENING QUESTIONS

• Does the project address the needs outlined in the local, regional and state transportation plans?
• Will the project enhance economic development efforts?
• What is the extent of support or opposition for the project?
• Are there any legislative concerns about tolling, user fees or use of public funds?
• Is the proposed schedule for project completion clearly outlined and feasible?
• Is the project’s technical approach based on proven technology?
• Is the project consistent with applicable state and federal statutes and regulations?
• Is the proposed project consistent with environmental statutes and regulations?
• Is the project compatible with local land use and comprehensive plans?
• Are public funds required and clearly stated?
• Is the preliminary financial plan feasible?
• Are there any particular risks unique to the project?
• Is the proposed term of concession consistent with market demand? Does it provide a Best Value solution for the state?
• Is the proposed term optimal for a whole-life approach?
• Does the project include a process for long-term performance management, inventory and hand back provisions?
Goal is to Enhance Accountability and Responsibility

- How to identify risks, quantify probability and potential impact of risks and consider mitigation strategies and allocations
- How to eliminate, avoid, transfer or share risks
- Importance of risk workshops with experienced professionals
- Importance of continuously updated risk register, professional/flexible contract management for life of project
P3 RISK MANAGEMENT FRAMEWORK

Typical P3 Project Lifecycle

Screening Phase
- High-Level Screening or Policy Review
- Risk Discussions → Risk Register

Development Phase
- Project Development
- Risk Workshop(s) → Updated Risk Register
- Updated Risk Management Plan

Procurement Phase
- Project Procurement
- Comprehensive Agreement Executed
- Risk Workshop(s) → Updated Risk Register
- Updated Risk Management Plan

Implementation Phase
- Project Implementation - Design and Construction
- Risk Management Activities as Determined by the Agency

Operations Phase
- Project Operations and Maintenance
- Risk Management Activities as Determined by the Agency

Handoff from VAP3 to the Agency

Communicate and Celebrate Stakeholders

Capture and Feedback Lessons Learned

Project Handover
<table>
<thead>
<tr>
<th>Risk</th>
<th>Design-Bid-Build</th>
<th>Design-Build</th>
<th>Design-Build-Finance-Operate-Maintain (P3)</th>
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1. Permanent office acts as champion, catalyst, guide
2. Successful P3 leaders and program managers have vision, discipline & imagination; are pragmatic & collaborative by nature
3. Consistent, detailed guidelines facilitate closure, actual realization of public benefits
4. Continuous review of assumptions and conclusion improve project decisions
5. Effective P3 communications focus on benefits produced, broad policy goals advanced
6. Steady flows of information to agencies, officials, planners, media build understanding and trust
7. Publics (especially consumers of the service, customers willing to pay for what they value) provide direction at every stage
8. Competition is growing as other states, provinces, countries develop great ideas