

2030 Long-Range Transportation Plan Amendment – Route 460: VDOT

Hampton Roads Transportation Technical Advisory Committee

November 3, 2010

Agenda Item #5

Summary Sheets of Route 460 Conceptual Proposals

Source: Virginia Department of Transportation's Route 460 website

(www.route460ppta.org)



US Route 460 Corridor Improvements Project
460 Partners, LLC
Proposal Summary

Team Structure

- Moreland Property Group and Infrastructure Capital Partners, LLC comprise the Concessionaire
- Lane Construction Corporation and Skanska USA Civil Southeast, Inc. are the lead design build contractor
- AECOM is lead designer
- Transfield Services North America is the operations and maintenance contractor
- Alltech Inc. is the toll operator
- Bank of America and CGA Capital will finance the project
- Support by Timmons Group, George Allen Strategies, and Hirschler Fleisher

Legal Structure

- 460 Partners LLC, a special purpose vehicle is comprised of Moreland Property Group and Infrastructure Capital Partners
- Construction joint venture between Lane Construction Corporation and Skanska USA Civil Southeast, Inc.

Proposal and Schedule

- Develop, construct, operate and maintain a new 55 mile four-lane divided limited access highway
- No phasing of construction anticipated
- Proposed speed limit of 75 miles per hour
- Electronic toll collection
- Design and construction period of 5 years
- Concession term of 75 years

VDOT Responsibilities

- Provide pre-development, right of way acquisition and utility relocation expenses (to be reimbursed at financial close)
- Provide the Make Whole Provisions
- Assist in assembling required documentation for TIFIA loan application
- Expedite the PPTA process

Financial Summary (Assumptions)

- Total Costs for the design and construction phase of \$2.72 billion
- Design-Build Costs of \$1.85 billion
- VDOT oversight costs of \$210 million
- TIFIA funds of \$655 million (indicate that a TIFIA loan is not required to advance the project)
- Public Subsidy – \$0, \$52 million upfront payment by VDOT to be reimbursed at Financial Close
- Equity - \$0
- Toll Rates (\$2010)
 - Cars at \$0.20/mile
 - Trucks at \$0.40/mile
 - Flat rate of \$75.00 for tandem trailers
 - Initial rates in effect for 5 years, then 10% escalation every five years, which is 1.92% annualized increase
- Conceptual Financial Plan
 - Concessionaire to place in escrow 100% of funds needed at Financial Close
 - Make whole provision – if toll revenue and economic development participation are insufficient then Commonwealth would contribute an amount sufficient to meet threshold returns, in effect for first 30-40 years.

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- Profit Sharing provision – in return for make whole provision, Commonwealth will participate in profits once threshold returns met. Profit sharing provision to remain in effect for duration of concession term.
- Create Virginia’s Gateway Corridor – to fund a new regional economic development authority for the corridor, which will be a revenue source to the project based on a percentage of economic benefit that accrues to the project.

Innovative ideas

- Virginia’s Gateway Corridor Economic Development Authority – formation of a separate not-for-profit corporation to coordinate economic development authority activities along the Route 460 corridor. This will be a dedicated entity focused on bringing businesses, jobs and investments to the corridor.
- Expand the Route 58 Bypass from four lanes to six lanes. The added capacity will be a tolled, truck-only lane. Tolling of two-axle vehicles is not anticipated. This will provide additional hurricane evacuation capabilities.
- Increase the speed limit of the new roadway to 75 miles per hour for travel time savings.
- Traffic calming measures on existing Route 460 to improve safety through reductions in speed limits and prohibiting through trucks.
- Make Whole Provision for the Commonwealth to ensure a minimal financial return to 460 Partners, Inc.

US Route 460 Corridor Improvements Project
Cintra Infraestructuras, S.A.
Proposal Summary

Team Structure

- Cintra Infraestructuras S.A., Concessionaire and equity provider
- Ferrovial Agroman S.A. is lead design build contractor
- Janssen & Spaans Engineering, Inc. is lead designer
- Cintra Infraestructuras S.A., will operate and maintain the project
- Support by A Morton Thomas & Associates Inc., and American Infrastructure

Legal Structure

- Cintra will create a special purpose vehicle (SPV), tentatively named Cintra 460
- Possible construction joint venture with Ferrovial Agroman and yet to be named partner

Proposal and Schedule

- Develop, construct, operate and maintain a new 55 mile four-lane divided limited access highway
- Phased construction with interchanges at each terminus and three intermediate interchanges upon opening and four interchanges to be phased in as required.
- Fully electronic toll roadway
- Design and construction period of 5.5 years
- Concession term of 99 years

VDOT Responsibilities

- Obtain approval of TIFIA funding
- Request allocation of Private Activity Bonds
- Perform Toll Collection Services
- Issue transponders and manage customer accounts

Financial Summary (Assumptions)

- Total Costs for the design and construction phase of \$1.49 billion
- Design-Build Costs of \$1.44 billion
- TIFIA funds of \$491 million
- Public Subsidy – \$782 million (may increase to \$1.18 billion if TIFIA is not available)
- Equity - \$217 million to be provided by Concessionaire
- Toll Rates – (\$2010)
 - Opening year rate of \$0.108/mile
 - No set increase schedule, varies depending on traffic growth
 - Average annual toll rate per mile growth rate of 2.5%
- Conceptual Financial Plan
 - VDOT to obtain approval for TIFIA of at least \$491 million. Without TIFIA funding, the upfront public subsidy could increase by an additional \$300-400 million. Note: Cintra requests an additional year for financial close if they have to seek TIFIA funding independently.
 - No State taxes except for a 6% state income tax

Innovative ideas

- VDOT begin right of way acquisition to expedite project development and reduce risk to the project.
- Instead of an upfront subsidy, VDOT provide an ongoing variable payment that will allow the project to have an increased debt servicing capacity. This solution could reduce the required amount of public funds in the range of \$100 million, using a 5% discount rate.

US Route 460 Corridor Improvements Project
MultiModal Solutions LLC
Proposal Summary

Team Structure

- Edgemoor Real Estate Services, Clark Construction, and Shirley Contracting comprise the Concessionaire
- Clark Construction, Shirley Contracting, and Kiewit Construction Inc. are the lead design build contractor
- Louis Berger Group is lead designer
- Louis Berger Group is the operations and maintenance contractor
- Autostrade is the toll operator
- Barclays Capital is the finance advisor and investment bank for the project
- Support by McCormick Taylor Inc., Greenhorne & O'Mara, Baker, Dewberry, Whitman, Requardt and Associates, and Williamsburg Environmental Group

Legal Structure

- MultiModal Solutions LLC, is a special purpose vehicle comprised of Edgemoor Real Estate Services, Clark Construction, and Shirley Contracting (not yet formed)
- Construction joint venture between Clark Construction, Shirley Contracting, and Kiewit Construction, Inc.

Proposal and Schedule

- Develop, construct, operate and maintain a new 55 mile four-lane divided limited access highway
- 9 interchanges to be constructed
- Electronic toll collection
- Design and construction period of 5 years
- Concession term of 75 years

VDOT Responsibilities

- Provide contract terms that are consistent with recent transactions in the U.S.
- Evaluate TIFIA loan with MultiModal Solutions LLC (MMS)

Financial Summary (Assumptions)

- Total Costs for the design and construction phase of \$2.25 billion
- Design-Build Costs of \$1.75 billion
- Private Activity Bonds of \$1.04 billion
- Public Subsidy – \$500 million in base case, but may require additional subsidy during operating period depending on financial solution
- Equity - \$686 million
- Toll Rates (based on 2004 data)
 - Motorcycles at \$0.07/mile
 - Two axle at \$0.14/mile
 - Additional axles at \$0.21/mile
 - Escalation rate of 2% to 3% per year
- Conceptual Financial Plan
 - Offers multiple scenarios that may enhance project feasibility and reduce public subsidy
 - TIFIA funding not included in the conceptual financial plan

Innovative ideas

- Proposes strategic partnership to construct project, maintain competitiveness of Port of Virginia and take advantage of MMS solution to attract additional customers to Virginia
- Partnership with Virginia Port Authority and Virginia Economic Development Partnership
- Option suggested for VDOT to take revenue risk and make availability payments
- Proposes development of distribution facilities along the corridor to enhance economic feasibility of project.