Commonwealth of Virginia
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U.S. Route 460 Corridor Improvements Project

Project Briefing
Hampton Roads Transportation Planning Organization

November 8, 2012
Project Background
Project Summary and Location

- Design and Construction of 55 mile four-lane divided, limited access highway from the City of Suffolk to Prince George County/Petersburg at I-295

- Links Route 58 in the City of Suffolk with the existing Route 460 near its interchange with Interstate 295 (I-295)

- Consists of seven interchanges at:
  - Route 156
  - Route 625
  - Route 602
  - Route 40
  - Route 620
  - Route 616
  - Route 258

[Map showing the route and interchanges]
The Project will address needed improvements and current transportation challenges associated with the existing U.S. Route 460, including:

- Travel Time Reliability
- Economic Development
- Safety
- Increasing Freight Movements
- Hurricane Evacuation Capability
- Military Strategic Connectivity
Major Business Terms – Project Benefits

Travel Time Savings

**Average trip from Richmond to Norfolk**

- **Distance via Interstate 64:**
  - 94 miles
  - Travel time: 1hr 43min

- **Distance via Route 460:**
  - 102 miles
  - Travel time: 2hrs 5 min

- **Once completed:**
  - new Route 460 travel time: 1hr 45 min
  - saving 20 minutes travel time
  - providing alternative to I-64
Major Business Terms – Project Benefits
Alternatives and Their Costs

I-64 Peninsula (widening to 6 lanes from Richmond to Hampton) + Hampton Roads Bridge Tunnel
➢ Cost = $9.6 B to $10.7 B

I-64 Peninsula (widening to 6 lanes from Richmond to Hampton) + Patriot’s Crossing
➢ Cost = $9.8 B to $10.4 B

US 460 Corridor Improvements
➢ Cost = $1.396 B
Economic Impact

- Generate approximately **4,000 jobs during construction** and **14,000+ jobs long-term** (due to new economic development)
- **DBE/SWaM Opportunities**
- Attract new businesses
- Boost tourism

Accommodate greater freight traffic
• Improve travel safety and efficiency
• Separate freight traffic from local traffic
• Expand westbound hurricane-evacuation routes
• Enhance connections among the region’s military installations
Procurement Background
Timeline to Date

- 2003  General Assembly passes legislation requiring VDOT to procure the project under the PPTA
- 2005  After completion draft EIS and public involvement process, the CTB selected CBA-1
- **February 2006** – VDOT issues a Solicitation for Proposals
- **May 2007** – Independent Review Panel approves the conceptual proposals for further consideration
- **July 2007** – CTB authorizes VDOT to proceed with the procurement
- **December 2008** – VDOT issues a Request for Detailed Proposals
- **October 2009** – VDOT announces the procurement would be suspended
- **May 2010** – VDOT initiates a new procurement
- **October 2010** – The Independent Review Panel recommends to shortlist three Offerors
- **July 2011** – RFDP released to three shortlisted Offerors
- **May 2012** – VDOT briefs CTB on Design-Build-Finance structure
- **July 2012** – CTB approved incorporation of Route 460 Funding Corporation of Virginia and the ability to issue bonds to develop project
- **August 2012** – VDOT issues a Request for Detailed Proposals
- **October 2012** – VDOT selects Successful Offeror
Procurement Updates

- Technical Proposals were received from all three Offerors in September
  - All three Offerors met the requirements of the RFDP and were determined to have passed all the Evaluation Criteria

- Financial Proposals were received from the following:
  - US 460 Mobility Partners (Previously called Cintra)
  - 460 Partners
  - MultiModal Solutions

- All three were deemed responsive and were evaluated to have passed all the financial evaluation criteria

- Based on the evaluation criteria the Successful Offeror is:
  - US 460 Mobility Partners
Major Business Terms
Private and Public Funding

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Financial Model at Close w/o TIFIA Loan</th>
<th>Potential Financial Model with TIFIA Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Funding – VDOT</td>
<td>$930 Million</td>
<td>$753 - $826 Million</td>
</tr>
<tr>
<td>Public Funding - VPA</td>
<td>$250 Million</td>
<td>$202 - $222 Million</td>
</tr>
<tr>
<td>Net Private Sector Tax-Exempt Bonds</td>
<td>$216 Million</td>
<td>$100 Million</td>
</tr>
<tr>
<td>TIFIA Loan</td>
<td>$0</td>
<td>$341- $248 Million</td>
</tr>
<tr>
<td>Net Funding (D-B Price)</td>
<td>$1,396 Million</td>
<td>$1,396 Million</td>
</tr>
</tbody>
</table>

- Note 1: The term for Comprehensive Agreement is 40 years (5 years construction and 35 years operation)
- Note 2: TIFIA Loan Letter of Interest submitted in August 2012
- Note 3: Range in TIFIA Loan amount relates to rural vs. standard TIFIA Interest Rate
Major Business Terms
Tolling

- **Opening year toll rate in 2018 per mile is:**
  - Auto: $0.067/mile; $3.69 for full 55 miles
  - Truck: $0.213/mile; $11.72 for full 55 miles

- **Toll Commencement in 2018:**
  - **Toll Escalation:** Annual toll rate increase will be 3.5% per year (including inflation)
  - **Project Outperforms:** If the project outperforms over a three year period, toll rates may be held constant
  - **Toll Rate Covenant Test:** If project revenues are not sufficient to meet pre-defined debt service coverage requirements, toll rates may be escalated at a higher rate

- **Tolling Operations:** Open Road - All electronic tolling via E-ZPass and license plate detection (NO Manual Toll Collection)

- **Existing Route 460:** No Toll – Free Alternative
Major Business Terms
Risk Allocation / Rights and Obligations

- Through the PPTA process the Commonwealth transfers significant risk to the private sector (Funding Corporation, Design-Build Contractor):
  - Design (cost overruns, schedule delay and errors & omissions)
  - Tolling infrastructure implementation
  - Construction (cost overruns and schedule delays)
  - Financing

- Rights and obligations retained by the Commonwealth include:
  - Ownership
  - Oversight and audit
  - Making improvements to transportation network
  - Initially setting toll rates
  - Terminating the Comprehensive Agreement under certain instances
  - Suspending tolling for emergencies
  - Requiring a good faith effort from the Design-Build contractor in meeting DBE/SWAM goals
  - Operate/maintain facility
  - Financial upside of the project
  - Developing Department Project Enhancements
Major Business Terms - Project Benefits
Design-Build-Finance Structure

- Shorter Contract Term – 99 years to 40 years
- VDOT retains excess revenue – potentially $600M (gross) over 40 year term
- Provides for access to a lower cost of capital
- Greater control by VDOT of facilities operation and maintenance
- Allows for development of the Full Project scope
- Project development/construction to begin immediately
Next Steps

- **Ongoing** – Incorporate proposal into final Comprehensive Agreement and Exhibits

- **November 2012**
  - Hold Citizen Information Session
  - Complete FHWA review and approval
  - Affirm investment grade rating

- **December 2012**
  - Release Preliminary Official Statement (POS)
  - Price senior debt
  - Execute Comprehensive Agreement (Commercial Close) & Financial Close

- **2013** – Design and Right of Way

- **2014** – Construction Begin

- **2018** – Construction complete

- **2018** – Road opens to the public and tolling begins
Contact Information

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