



COMMONWEALTH of VIRGINIA

OFFICE OF TRANSPORTATION PUBLIC-PRIVATE PARTNERSHIPS
600 EAST MAIN STREET, SUITE 2120
RICHMOND, VIRGINIA 23219

Tony Kinn
Director

February 26, 2013

Mr. Gregory A. Whirley
Commissioner of Highways
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

RE: High-level screening recommendation for Interstate 66 Improvements Project

Dear Commissioner Whirley:

The Office of Transportation Public-Private Partnerships ("OTP3") has completed a high-level screening of the suitability of procuring the Interstate 66 Improvements Project ("Project") (VDOT Project 0066-96A-106) through the Public-Private Transportation Act (PPTA).

The attached high-level screening report evaluated the Project concept against criteria established in the PPTA Implementation Manual and Guidelines (2012) to determine whether procurement via the PPTA offers additional efficiencies that cannot be achieved through traditional procurement, including accelerating project development, ability to transfer risk, as well as ability to raise capital.

The OTP3 recommends proceeding with the detailed-level assessment of the Project as a candidate PPTA project through the screening process established in the Commonwealth's PPTA Implementation Manual. The detailed-level screening report would be available in approximately 4 months. The detailed-level screening analyses will allow the OTP3, in coordination with VDOT resources, to provide you and the PPTA Steering Committee with a recommendation as to whether the Project remains a good candidate PPTA project and the level of priority for the Commonwealth to advance into the procurement phase.

Should you have any questions regarding our recommendation or wish to discuss please contact me at 786-0456 or Dusty Holcombe at 786-3173.

Sincerely,

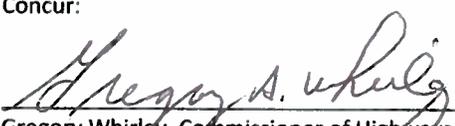
Tony Kinn



Cc: Charlie Kilpatrick, P.E.
Helen Cuervo, P.E.
Dusty Holcombe
Jackie Cromwell
Morteza Farajian

Interstate 66 High-Level Project Screening Report

This report and recommendation is part of the high-level screening process used by the Office of Transportation Public-Private Partnerships (OTP3) to assess the suitability of delivering a project under the Public-Private Transportation Act (PPTA) of 1995, as amended.

PROJECT BACKGROUND			
Date:	February 26, 2013		
Project Name:	Interstate 66 Improvements		
Project Number:	0066-96A-106		
Sponsoring Agency:	<input checked="" type="checkbox"/> VDOT	<input type="checkbox"/> DRPT	<input type="checkbox"/> VPA
	<input type="checkbox"/> AVIATION	<input type="checkbox"/> DMV	<input type="checkbox"/> OTHER
Project Concept Source:	<input checked="" type="checkbox"/> SOLICITED	<input type="checkbox"/> UNSOLICITED	
OTP3 RECOMMENDATION			
PROCEED WITH DETAILED-LEVEL SCREENING PROCESS?			
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
<p>OTP3 recommends the Interstate 66 Improvements Project (Project) from U.S. Route 15 to I-495 (Capital Beltway) be advanced to the detail-level screening phase of the PPTA process. The detailed-level screening will consider elements of a business case for the Project, including sketch level traffic and revenue analysis, risk analysis, cost benefit analysis, and preliminary cost analyses (construction, operations, and maintenance). Once the detailed-level review is complete, the OTP3 will provide a recommendation to the PPTA Steering Committee as to whether the Project remains a good candidate PPTA project and the level of priority for the Commonwealth to advance into the procurement phase.</p>			
<p>Concur:</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <p style="margin: 0;">Gregory Whirley, Commissioner of Highways Virginia Department of Transportation</p> </div> <div style="text-align: center;"> <p style="font-size: 2em; margin: 0;">3/13/13</p> <hr style="width: 100%; border: 0.5px solid black;"/> <p style="margin: 0;">Date</p> </div> </div>			

Preliminary Schedule

Activity	Expected Completion Date
Draft Environmental Impact Statement (EIS) –Tier 1- initiated by VDOT	April 2011
Draft Tier 1 EIS available from VDOT	February 2013
High-level Project screening initiated by OTP3	February 2013
High-level Project screening completed by OTP3	February 2013
Public hearings on Draft Tier 1	March 2013
Detailed-level Project screening initiated by OTP3	March 2013
Detailed-level Project screening completed by OTP3	June 2013
Final Tier 1 EIS available from VDOT	June 2013
Tier 1 Record of Decision from FHWA (dependent on FHWA)	August 2013
Tier 2 EIS or EA initiated by VDOT	September 2013
Expected Completion of Tier 2 (if EA is needed) (18 months)	Early 2015
Expected Completion of Tier 2 (if EIS is needed) (24+ months)	Mid 2016

TRANSPORTATION NEED STATEMENT

Description:

Interstate 66 (I-66) was originally developed to serve east-west travel between Washington, D.C. and I-81 near Strasburg, Virginia. Initial planning for the 76-mile corridor began in 1956, and the first segments west of I-495 were opened between 1958 and 1964. Since its original construction, access and capacity along the interstate west of the Capital Beltway has been improved by different projects. Today, I-66 serves as a vital link between the District of Columbia, Arlington County, Fairfax County, Loudoun County, Prince William County and points west, the cities of Fairfax, Falls Church, Manassas, and Manassas Park and the towns of Vienna and Haymarket. Despite the previous infrastructure improvements, growth in Fairfax and Prince William counties has steadily increased demand for travel along I-66 and its parallel routes, resulting in congested conditions, especially during commute periods. In response to this issue, the approximately 25 mile section of I-66 (Project) that extends from US 15 in Prince William County east to I-495 (Capital Beltway) in Fairfax County is designated in the Virginia Surface Transportation Plan 2035 (VTrans2035) as a corridor of statewide significance (“Northern Virginia Connector”).

The existing traffic volumes along the corridor are higher than the current facility can adequately accommodate, particularly during peak travel times. Traffic models show the existing facility will be unable to accommodate projected 2040 traffic volumes at an acceptable level of service. Traffic congestion is negatively impacting predictable travel times, transportation predictability, and safety. Roadway deficiencies in the mainline as well as bridges and interchanges further increase concerns within the corridor.

As described in Tier 1 Environmental Impact Statement (“EIS”), the purpose of the Project is to balance between short-term environmental impacts and use of resources against the long term transportation benefits such as mobility, sustainable transportation and accessibility, reduce emissions, improve the quality of life with more transportation choices and support the major population and commercial centers along the corridor.

HIGH-LEVEL SCREENING CRITERIA	
Complexity to Effectively Leverage Private Sector Innovation/Expertise	
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> TBD	
<i>Supporting info:</i>	<p>The 25 mile long I-66 corridor is a complex, comprehensive transportation facility that offers sufficient complexity to leverage private sector innovation and expertise. The ten build Improvements Concepts (IC) considered under Tier 1 EIS include general purpose lanes, managed lanes, Metrorail extension, light rail transit, bus rapid transit, VRE extension, improve spot location/chokepoints, intermodal connectivity, safety improvements, and transportation communication and technology. The Improvements Concepts offer significant potential to leverage private sector innovation and financing.</p>
Consistent with Federal Requirements	
<input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> TBD	
<i>Supporting info:</i>	<p>Proceeding to final design/construction of the Project will require Federal Highway Administration (FHWA) NEPA approval. VDOT initiated a Tier 1 EIS in April 2011, and published the draft Tier 1 EIS in February 2013. The purpose of this Tier 1 EIS is to address existing and future transportation problems on the Project. The Tier 1 EIS report evaluates the effectiveness of both highway and transit improvements in meeting the identified needs. Tier 2 NEPA documents will include site-specific quantitative analyses of effects and provide avoidance, minimization, and mitigation measures. Public involvement, as well as local government and regulatory agency coordination will be critical to the success of any project that advances on the I-66 Corridor Improvements.</p> <p>The National Capital Planning Commission would also need to update their constrained long range plans to include the Project for construction. Addition of the Project to the CLRP is required prior to FHWA issuance of a ROD.</p> <p>The Project will also require preparation of individual or a corridor wide Interchange Justification Report(s) for the interchanges along the corridor and FHWA approval.</p> <p>Should tolling the existing interstate facility be part of the alternative advanced through approvals, a federal/state agreement may be required.</p>
Accelerated Project Development	
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> TBD	
<i>Supporting info:</i>	<p>Procurement of the Project via a PPTA procurement would allow for an innovative financing structure, private investment in addition to needed public subsidy, for inclusion in the CLRP which would advance construction of the Project in a more timely fashion than traditional design-bid-build delivery. Cost/time savings would also be realized through the single contracting of design and construction of the facility.</p>

Satisfies Public Transportation Need		
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> TBD
<i>Supporting info:</i> The Project is part of the larger I-66 Corridor (“Northern Virginia Connector”) identified in the VTrans 2035 as a corridor of statewide significance. As studied in Tier 1 EIS, the identified project Improvement Concepts would reduce congestion, improve travel time duration and transportation predictability, enhance safety, provides additional transportation modes and expand the capacity of an evacuation route. The Project would also improve regional connectivity with major employment centers.		
Addresses Priorities Identified in State, Regional and/or Local Transportation Plan		
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> TBD
<i>Supporting info:</i> The Project is part of the larger Northern Virginia Connector of statewide significance in the VTrans 2035 plan. As such, this Project is part of an overall regional / statewide effort to improve mobility, accessibility and travel safety within Northern Virginia and Washington D.C. area. The project is currently in the National Capital Region Transportation Planning Commission’s 2012 Constrained Long Range Plan (CLRP ID #1853) for preliminary engineering. To advance to final design/construction, project analyses will have to demonstrate reasonably foreseeable revenue sources (i.e. tolling) to be listed in the CLRP for construction.		
Project Efficiencies through PPTA Delivery		
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> TBD
<i>Supporting info:</i> Advancing the Project via PPTA procurement would offer project efficiencies through the single contracting of design, construction, maintenance, and operation for the facility. It will also provide additional financial resources to the project (i.e. debt financing and private sector’s equity investment) in addition to public funds.		
Ability to Transfer Risk		
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> TBD
<i>Supporting info:</i> Advancing the Project via PPTA procurement would allow the transfer of revenue / traffic risk to the private sector, as well as the long term risks associated with lifecycle, handback, maintenance and operations of the facility. In addition, utilizing a design build concept within the project structure will transfer significant design and construction risk to the private sector.		
Funding Requirement		
<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> TBD
<i>Supporting info:</i> As a tolled facility, the Project has the ability to generate revenue to fully or partially offset the public subsidy required. The detailed-level review will develop information on sources and uses of funding and will provide additional information related to the financial viability of the proposed Project.		

Ability to Raise Capital	
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO <input type="checkbox"/> TBD
<i>Supporting info:</i> Some of the Improvement Concepts studied in the Tier 1 EIS (i.e. managed lanes) offer the ability to raise capital to fully or partially offset the public subsidy required for the Project. The traffic demand on the Project is high and historic traffic data exists along the I-66 corridor which makes the Project an attractive project for investors. A full or partial offset of public subsidy would allow the Commonwealth to free up capital to deliver other transportation priorities.	
LIST OF REFERENCES	
<i>Sources of information:</i>	<ol style="list-style-type: none">1. http://www.mwcog.org/clrp/2. http://www.mwcog.org/clrp/projects/tip/fy1318tip/VA_FY_13-18_TIP.pdf3. http://www.mwcog.org/uploads/committee-documents/ZV1dWldX20120712125906.pdf4. http://www.virginiadot.org/projects/resources/NorthernVirginia/I-66_Tier_1_Draft_EIS.pdf5. http://coapp57/pool/ProjectView.aspx?upc=549116. http://www.mwcog.org/clrp/projects/clrp-report.asp?PROJECT_ID=1853

