COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

I-66 Outside the Beltway

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Secretary of Transportation
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McAuliffe Administration Philosophy

• Fiduciary responsibility to the taxpayers
• Public-private partnerships are great procurement tool that can benefit taxpayers
• Consider all options before making decisions
• Be transparent and accountable to public and elected officials
• Embrace reforms of HB1886 and other legislation
Assumptions Questioned

- Private sector is more efficient than VDOT in construction and operations and maintenance
- All public-private partnerships have similar risk profiles and one size fits all deals
- Private sector can leverage more resources and result in lowest public subsidy
- Best deal for taxpayers is the lowest public subsidy
- Only P3s can receive TIFIA loans
Evaluating Procurement Options

• What do we want to accomplish?
• How much does it costs?
• What are the revenues?
• What are the risks?
Evaluating Project Finance & Delivery Alternatives

Contracts

Design-Bid-Build
PM/CM at Risk
Design-Build
Compatible with Fully Tax-Exempt Financing

Private

Concessions

Design-Build-Finance
Design-Build-Operate-Maintain
Design-Build-Finance-Operate-Maintain
Asset sales

Public

Traditional public operations

Privatized
Preliminary Analysis of Options - Assumptions

- Project cost is ~$2.1 billion
- Transit capital and operations are funded throughout the term of the deal
- TIFIA loans representing 33% of project cost are secured by USDOT
- 40 year term for project
## Preliminary Analysis of Options

<table>
<thead>
<tr>
<th></th>
<th>Public-Private Partnership</th>
<th>Public Finance Options</th>
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</thead>
<tbody>
<tr>
<td>Upfront Public Funding</td>
<td>$900-1,000M</td>
<td>$400-600M</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>$1,100-1,200M</td>
<td>$1,500-1,700M</td>
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<tr>
<td>Excess Revenues over Term in NPV</td>
<td>-</td>
<td>$200-500M</td>
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</tbody>
</table>

* Figures are subject to revision with refinement of traffic and revenue analysis
** Public finance options may not impact debt capacity
Policy and Political Considerations

- Available state funding during construction period and impacts on available funding for other projects
- General Assembly authorization of public debt
- Funding from the Northern Virginia Transportation Authority
- Project funding of improved transit service over the term of deal
- Future corridor improvements
Policy and Political Considerations

- Risks with project implementation and financing
  - Construction
  - Operations and Maintenance
  - Toll revenues and debt service
- Mitigation of project risks
Moving Forward

• Hold initial meeting of the Transportation Public-Private Partnership Advisory Committee in next 30-45 days

• Recommendation on procurement from VDOT/DRPT in mid-summer

• Transportation Public-Private Partnership Committee to consider recommendation in late-summer