Finding of Public Interest pursuant to §33.2-1803.1

Transform66-Outside the Beltway Project
(U.S. Route 15 to Capital Beltway)
Fairfax and Prince William, Virginia

The Virginia Department of Transportation (VDOT) has been working closely with the Department of Rail and Public Transportation (DRPT), the Virginia Office of Public-Private Partnerships (VAP3) and Northern Virginia Counties and Cities to advance a project to ease congestion on a 25-mile portion of I-66 from U.S. Route 15 to the Capital Beltway. The proposed project, Transform66 Project, would improve I-66 to provide three regular lanes in each direction, two express lanes in each direction, commuter bus service, high frequency bus service with predictable travel times and direct access between the express lanes and new or expanded commuter lots.

Expected Benefits to the Commonwealth of a PPTA Procurement

The need, objectives and benefits of the proposed Project have been studied and discussed in the Tier 2 Draft Environmental Assessment. Different procurement methods to deliver the proposed concept have been reviewed and studied by VDOT, DRPT and VAP3, including a competitive procurement utilizing the Public-Private Transportation Act of 1995 (“PPTA”), as amended, and a competitive Design-Build procurement utilizing the Virginia Public Procurement Act (VPPA).

I have determined that it is in the public interest that the development and operation of the Project be advanced pursuant to the PPTA, as amended. At this time I believe there are three public-private partnership options that are in the public interest – (i) a toll revenue concession, (ii) a design-build-operate-maintain project, and (iii) a design-build-alternative technical concepts project.

The development and operation of the project pursuant to the PPTA versus other procurement options available to VDOT can provide the following benefits:
- Enable VDOT to share or transfer major project risks, including escalation in project costs and expenses and integration with the existing express lanes network in Northern Virginia.
- Combine design and construction in one agreement thereby creating incentives to utilize Alternative Technical Concepts (ATCs), which are not available under a VPPA Design-Build contract.
- The transfer of traffic and revenue risks and risks of toll collections and violations;
- The synergy of design, construction, financing, tolling, operations and maintenance under one agreement.

**Project Risks, Liabilities, and Responsibilities**

The allocation of project risk during the development, construction and operation phases of the Project will be tailored to the unique challenges and opportunities in the corridor. In a competitive PPTA procurement, the Commonwealth has the ability to define contractual requirements based on policy goals and objectives.

The risk, liabilities and responsibilities that can be transferred fall into three general categories:

- Design and Construction, including permitting and alternative technical concepts
- Operations and Maintenance, including ordinary maintenance
- Financing and Revenue, including securing debt and equity, and toll revenue risk

Under a toll concession there will be transfers of risk under all three categories; while under a design-build-operate-maintain option there will be no transfer of financing and revenue risks; under a design-build-ATC option there will be no transfer of operations, maintenance, financing or revenue risks.

The final allocation of risks, which may include all or portions of the foregoing, will be defined by the Commonwealth in the Comprehensive Agreement. A draft of the Comprehensive Agreement will be part of the Request for Proposals (RFP) and will provide additional detail regarding the information provided below.

**TRANSFER OF RISKS, LIABILITIES, AND RESPONSIBILITIES**

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Under the toll concession option, the Concessionaire will bear traffic and revenue risk related to the express lanes. Compensation events for Alternative Facilities will be limited to (i) additional general-purpose lanes on I-66 within the project corridor encompassing the express lanes during the term of the CA and (ii) expansion of the Orange Line within the corridor encompassing the express lanes.

Under the toll concession option any excess toll revenues after Project costs will be shared by VDOT and the Concessionaire. The specific details of such revenue sharing will be outlined in the Comprehensive Agreement.

VDOT and VAP3 have significant experience in delivering projects of similar size and complexity to this Project, such as the I-495 and I-95 Express Lane projects. VDOT, DRPT and VAP3 conducted an initial risk workshop in July 2014 to assess project delivery risks. A second risk workshop will be conducted in August 2015 to analyze project risks in greater detail, including delivery risks. Major stakeholders, including but not limited to United States Army Corp of Engineers (USACE), WMATA, the Federal Highway Administration (FHWA) and Fairfax and Prince William Counties, have been engaged in the project development process and significant public outreach has been conducted. Based on experience related to the development of projects of similar size and complexity, the inputs received from internal and external stakeholders, comments received from the general public and the results of the risk analysis workshop, the delivery risk of this Project is assessed to be medium.

Based on the rationale discussed above, I find that development and operation of the Project pursuant to the PPTA is in the public interest of the Commonwealth of Virginia.

**Moving Forward**

After my finding of public interest is affirmed by the Public Private Partnership Advisory Committee ("Committee"), it is my intention to initiate a procurement under the PPTA that will allow teams to submit proposals under the PPTA. VDOT in coordination with DRPT and VAP3 will work with these teams over the coming months to allow the Commonwealth to make a determination regarding whether to continue this Project under the PPTA. It is my intention to brief the Committee prior to the issuance of the Final Requests for Proposals.

Charles A. Kilpatrick, P.E.
Commissioner of Highways