



COMMONWEALTH of VIRGINIA

Virginia Department of Transportation

DEPARTMENT OF TRANSPORTATION
1401 East Broad Street
Richmond, Virginia 23219

Charles A. Kilpatrick, P.E.
Commissioner

I-64 Hampton Roads Bridge-Tunnel Expansion

Finding of Public Interest Pursuant to §33.2-1803.1

The Virginia Department of Transportation (VDOT) has been working with the Hampton Roads Transportation Accountability Commission (HRTAC) to advance a project to ease congestion in a 12-mile stretch of the I-64 corridor between I-664 in Hampton (Exit 264) and I-564 in Norfolk (Exit 276) (the "Project"). The Project will include the construction of a new bridge and tunnel crossing parallel to the existing Hampton Roads Bridge-Tunnel (HRBT) facility, as well as roadway widening and other improvements along the corridor.

I have determined, on the basis of the information below, that it is in the public interest that the Project be procured utilizing a design-build (DB) delivery model under the Public Private Transportation Act of 1995, as amended (PPTA).

1. Expected Benefits of Project Development

The needs, objectives, and benefits of the Project have been studied and discussed in a Final Supplemental Environmental Impact Statement (FSEIS) which was approved by the Federal Highway Administration (FHWA) in a Record of Decision (ROD) dated June 12, 2017. As further elaborated in these documents and the Project Screening Report, the expected benefits include:

- (a) **Person Throughput:** The Project is anticipated to include High Occupancy Tolloed (HOT) lanes along its full length, which will increase person-throughput along the corridor by promoting transit use and carpooling and maximizing the capacity of the High Occupancy Vehicle (HOV)/HOT lanes.
- (b) **Congestion Mitigation:** The Project could mitigate congestion primarily by adding capacity but also by reducing traffic disruptions due to over-height vehicles at the westbound existing HRBT, which has substandard vertical clearance.
- (c) **Safety:** I-64 (including HRBT) is one of seven roads that the Commonwealth has designated as evacuation routes from the Hampton Roads area in case of emergencies such as severe hurricanes. The Project will increase emergency evacuation route capacity.

- (d) **Economic Development:** The Project will increase efficiencies in moving goods and people throughout the region's highway network, supporting the region's employment generators including the Port of Virginia, military installations, and tourism and recreation centers.
- (e) **Environmental Quality:** In the ROD, the FHWA determined this Project's scope to have the least impact on the biological, physical, and human environment among all the build alternatives considered. It also best protects, preserves, and enhances historic, cultural, and natural resources through commitments VDOT has made to confine improvements to the existing right of way.
- (f) **Land Use:** The Project expands an existing transportation facility; it is not expected to change land use significantly in the Project corridor and is compatible with comprehensive land use plans.

2. Analysis of Public Contribution

In accordance with the PPTA, VDOT has prepared a Public Sector Analysis and Competition (PSAC) that was concurred in by the PPTA Steering Committee on December 12, 2017. In the PSAC, VDOT identified a DB delivery model as the Public Sector Option, under which the Project is funded completely by public funds. The Project's planning-level cost estimate \$3.645 billion (escalated to year-of-expenditure dollars based on estimates in the Final Supplemental Environmental Impact Statement (\$3.3B)). Because the Project has no element of private financing, no maximum public contribution is established.

3. Benefits of PPTA Delivery vs. Other Options

In the PSAC, VDOT evaluated whether to proceed with a DB procurement under the Virginia Public Procurement Act (VPPA) or the PPTA and determined the PPTA provides optimal flexibility to customize contracting terms to fit the Project's complexities and achieve best value. Specifically, the PPTA provides flexibility through an iterative contract-development process that gives VDOT the ability to refine key procurement documents through feedback from potential proposers. This will be particularly beneficial as VDOT anticipates soliciting proposals that address multiple tunnel-construction methods.

4. Project Risks, Liabilities, and Responsibilities

Because this Project is recommended for advancement via DB delivery as the Public Sector Option, no toll revenue risk will be transferred to the private entity.

Efficiencies will be gained in pursuing the Project as a DB under the PPTA through optimal risk transfer to the private sector of design and construction risks (including permitting and alternative technical concepts). VDOT will continue to be responsible for the operations and maintenance (O&M) of both the existing HRBT and newly-constructed bridge-tunnel and highway facilities developed as part of the Project; accordingly, O&M, lifecycle management, and revenue risks will be retained by the public sector.

5. Level of Project Delivery Risk

The allocation of risk during the Project procurement and delivery 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 final allocation of risks 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 below.

VDOT has significant experience in delivering projects of similar size and complexity to this Project, such as the I-495 HOT Lanes, I-95 HOT Lanes, and Midtown Tunnel projects. VDOT and HRTAC conducted an initial risk workshop in May 2017 to assess procurement risks, and a second risk workshop will be conducted in spring 2018 to analyze project risks in greater detail, including delivery risks. In accordance with VDOT's P3 Risk Management Guidelines, the process of identifying and assessing risk related to the Project will continue through the project development and procurement phases.

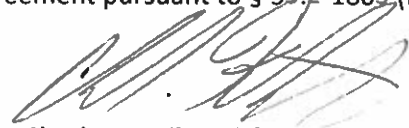
Major stakeholders – including but not limited to the Federal Highway Administration (FHWA), US Army Corps of Engineers (USACE), and other permitting agencies – have been closely engaged in the project development process. Based on experience related to the development of projects of similar size and complexity, inputs received from internal and external stakeholders, comments received from the general public, and the results of the procurement risk workshop, the delivery risk of this Project is assessed to be medium.

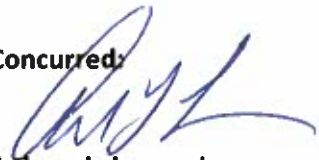
6. Use of Competitive Negotiation Pursuant to Subdivision 2 of §33.2-1819

Based on the Project's anticipated scope, complexity, and risk allocation, VDOT has determined it is likely to be advantageous to it and the public to proceed under subdivision 2 of Va. Code § 33.2-1819. Accordingly, VDOT will use competitive negotiation and will conduct the procurement in accordance with the 2017 PPTA Implementation Manual and Guidelines.

Moving Forward

After the PPTA Steering Committee has concurred with the PSAC, it is my intention to initiate Project procurement under the PPTA. VDOT will solicit competitive proposals from the private sector to support the Commonwealth's determination to award this Project under the PPTA. As part of that determination, it is my intention to review and revisit the information stated herein to certify that this finding of public interest is still valid prior to entering into a Comprehensive Agreement pursuant to § 33.2-1803(D).


Charles A. Kilpatrick, P.E.
Commissioner of Highways
1/9/18

Concurred:


Aubrey L. Layne, Jr.
Secretary of Transportation
Chairperson of Commonwealth Transportation Board

