



VDOT's 3P Program: Successes and Lessons Learned

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Route 895 PPTA

DBF 1998 - 2002, FOM 2006 - 2105



Successes

Four new projects delivered early

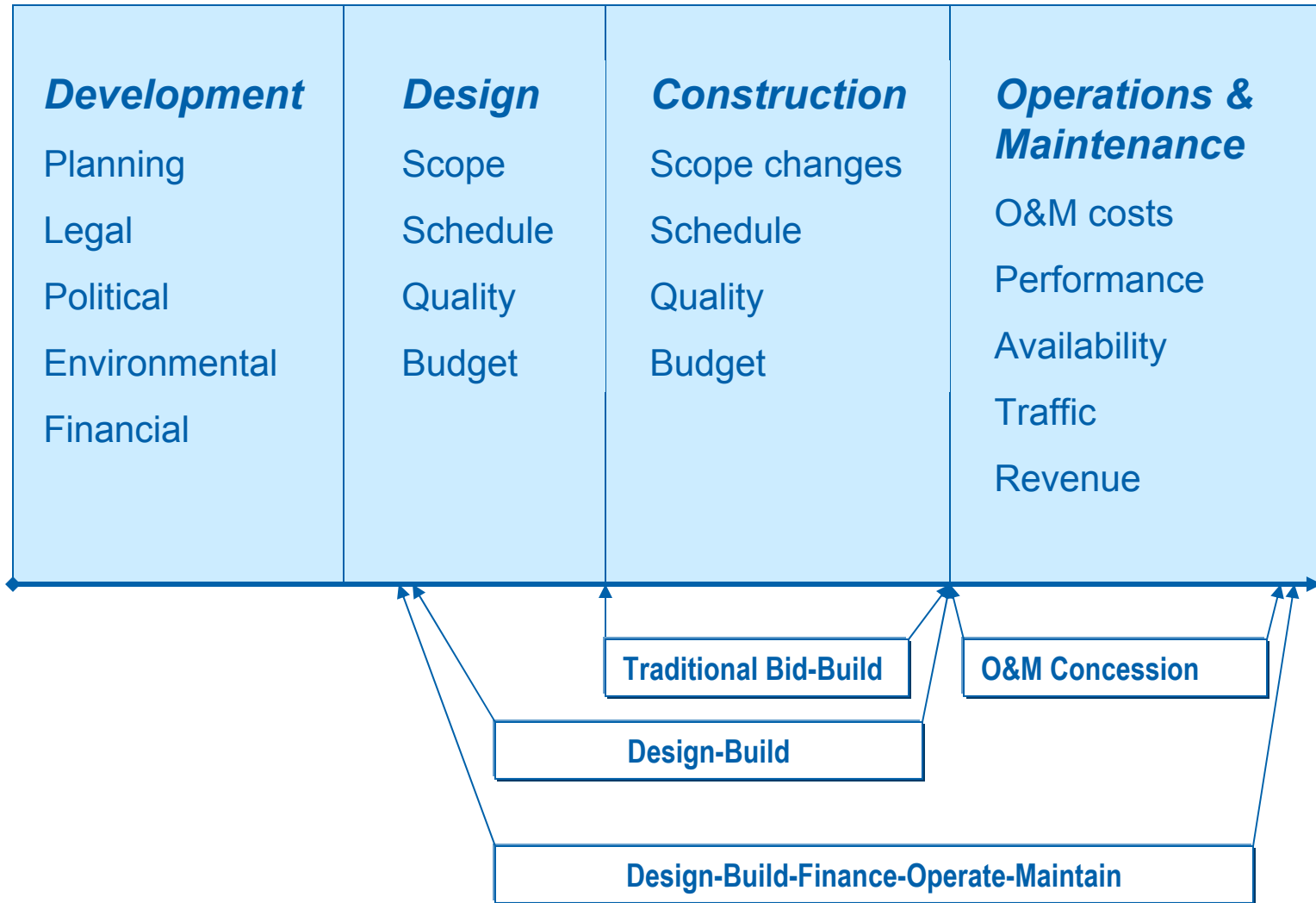
- **+\$600 million in value**
- **+\$300 million private financing**
(bonds in anticipation of toll revenue)
- **DB and DBF**

Transportation is about People

Congestion relief / improved quality of life / improved processes

- **Projects not possible under traditional program**
- **+\$5 billion projects in development**
- **Includes private equity investments**
- **Challenge status quo; progress toward performance based contracts; long term view - DBFOM**

Stages of Project Development

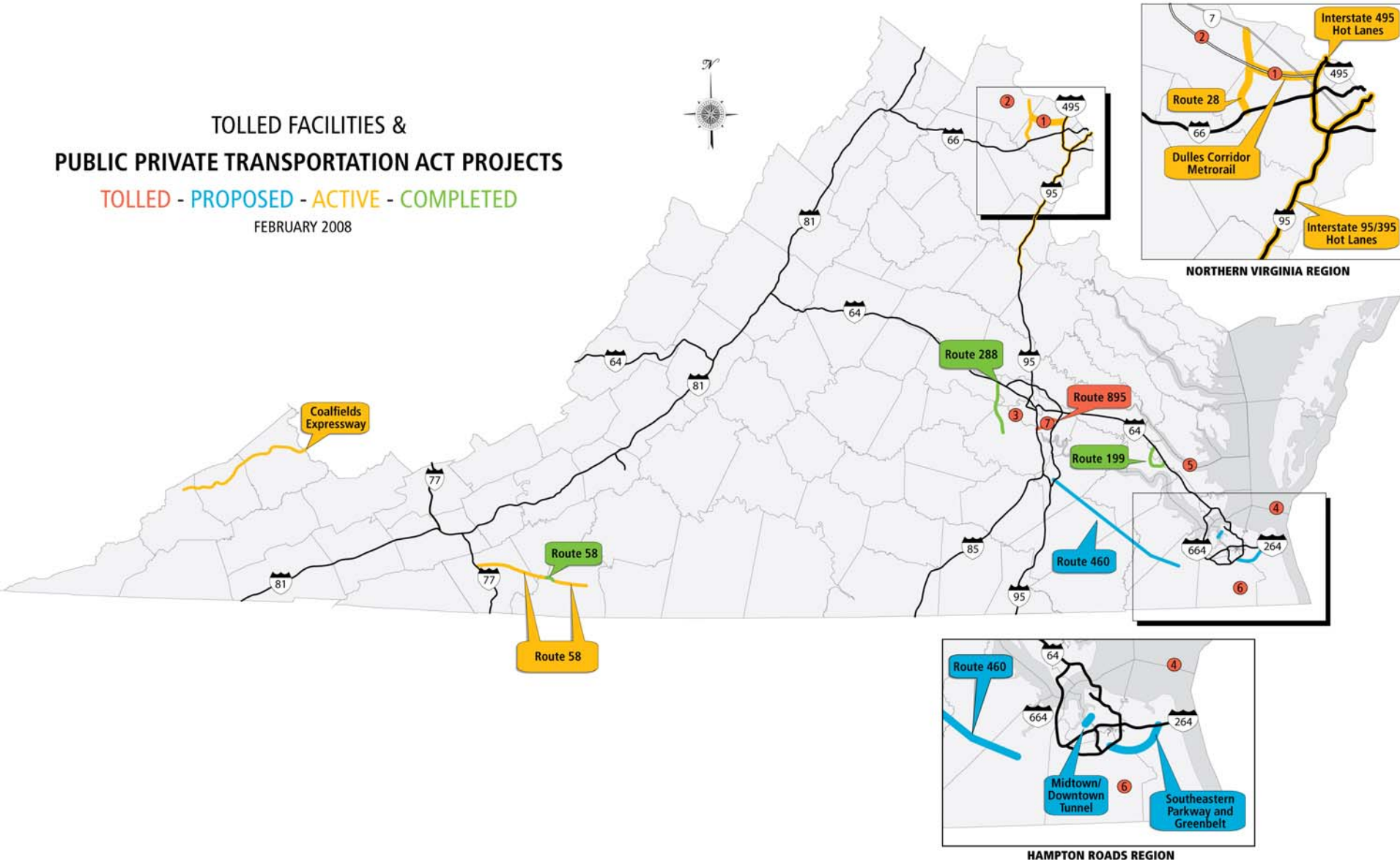


3P Projects in Virginia

TOLLED FACILITIES &
PUBLIC PRIVATE TRANSPORTATION ACT PROJECTS

TOLLED - PROPOSED - ACTIVE - COMPLETED

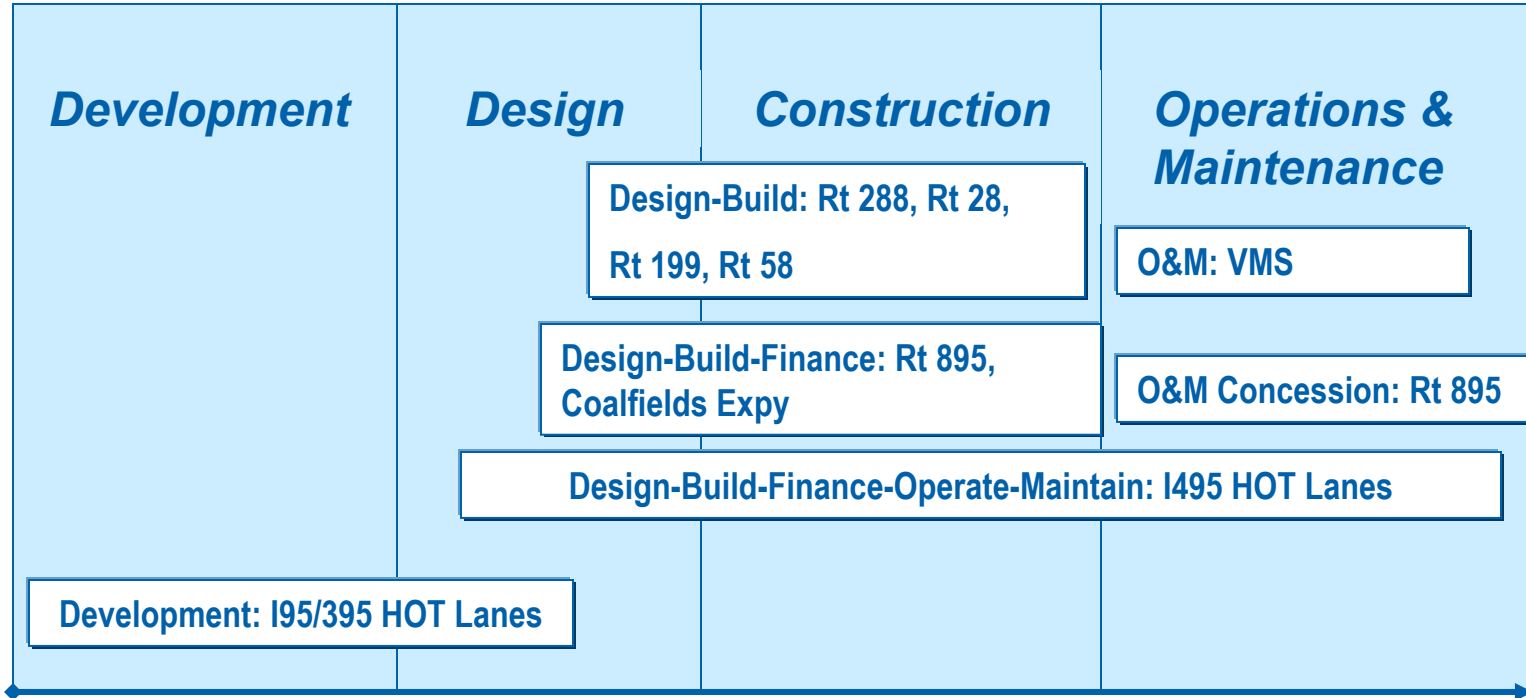
FEBRUARY 2008



VDOT PPTA Contracts

Project	Contract Value in Millions	Date Signed
COMPLETE		
VMS – Interstate Maintenance	\$132	December 1996
Route 895	\$ 324	June 1998
Route 288	\$ 236	December 2000
VMS – R (Renewed)	\$ 162	June 2001
Route 199	\$ 32	October 2002
Route 58	\$ 103	December 2003
Under Way		
Route 28	\$ 327	September 2002
Coalfields Expressway	\$ 10	January 2006
Route 895 Concession	\$ 520	June 2006
I-95/395 HOT Lanes	\$ tbd	October 2006
I- 495 HOT Lanes	\$ 1,400	December 2007
Total Value	+\$ 3,200	

Stages of Project Development



Why Pursue Public-Private Partnerships?

Challenges Faced by VDOT:

- **The highway system is aging**
- **Maintenance requires increasingly larger share of budget**
- **Increasing public and economic needs**
- **Limited resources – current needs exceed available funds**
- **A strong economy requires efficient transportation**
- **It's broken; is 3P part of solution?**

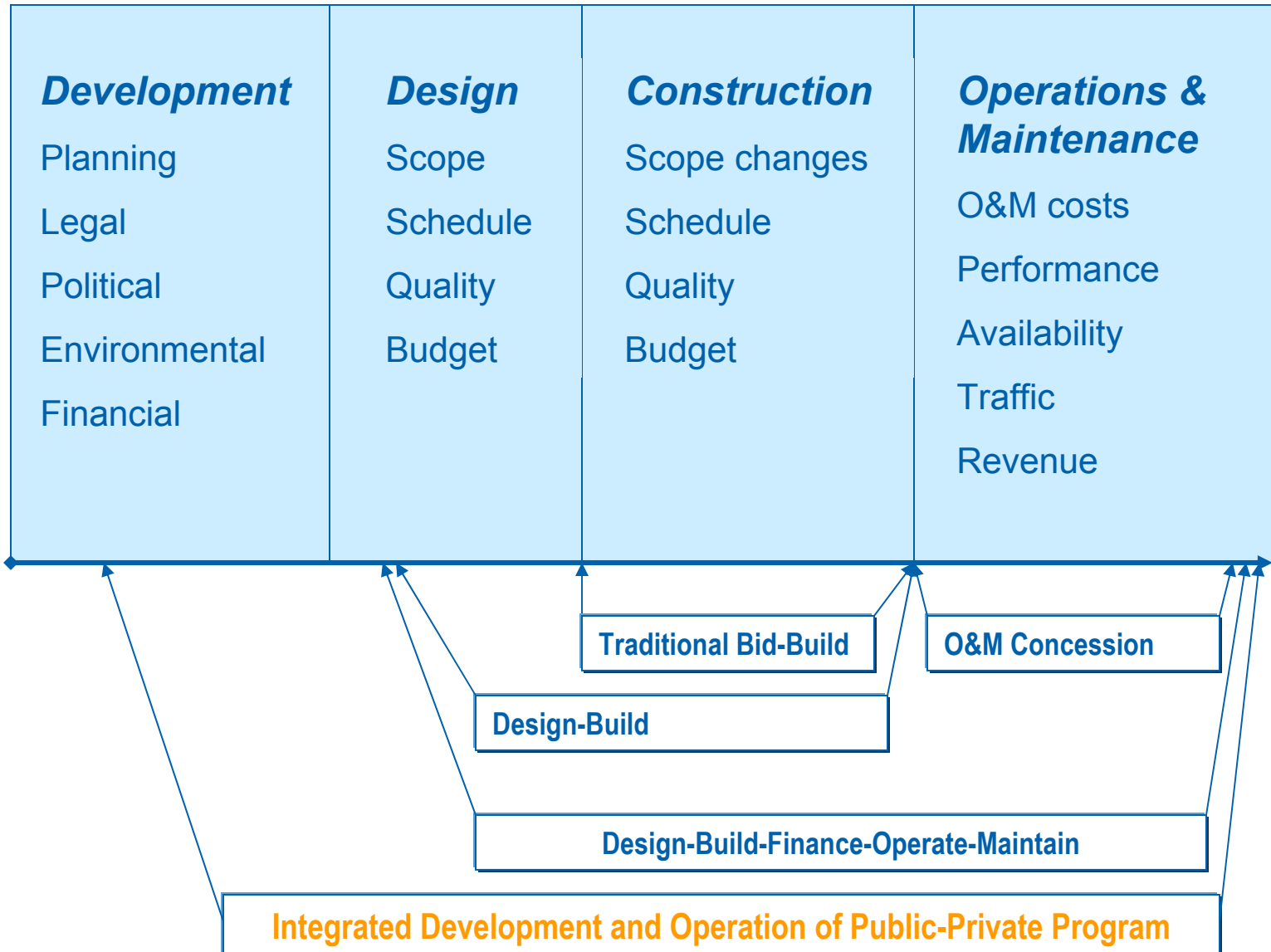
Policy Objectives for Virginia's PPTA

- Public need for the project
- Private resources or risk sharing to help address the public need
- Current methods may not be adequate
 - Private development or operation may be more timely, or
 - More efficient or less costly
 - Finding of Public Interest

If I were starting a program now . . .

A few radical ideas:

- **Begin at the beginning . . .**
- **. . . Focus on what you want at the end**
- **Start procurements that you can finish, with or without private funding**



Observations

The funding source is not the primary factor

- **3Ps are not appropriate for most projects**
 - 58,000 miles of roads
 - 1,118 miles of interstate highways
 - 48,305 miles of secondary roads
- **Private sector must perceive investment opportunities**
 - High traffic volume
 - Limited access highways
 - A need for more capacity or more efficient operations
 - Procurements that result in contracts
- **Develop priority projects that are financially feasible under a variety of funding schemes**
 - Optimal risk transfer and sharing, not maximum risk transfer
 - Optimize congestion mitigation and system maintenance
 - Bite-sized projects with shorter delivery timelines become practical

Deal flow will improve when agencies can regularly choose 3Ps for primary benefits other than a lack of funds

Recommendations

Begin at the beginning

- Document the policy objectives of your 3P Program
- Establish a planning process that considers
 - Project costs / benefits
 - Risk management
 - Project delivery method
 - Identify 3P candidates early in development cycle

Focus on life-cycle and system operations issues during project development

- Current practices often segregate construction and maintenance phases

Start procurements that you can finish

- Challenges remain - few revenue positive projects
 - Blended funding sources
 - DBF, FOM, DBFOM
 - Availability payments
 - Shadow tolls

Route 895 PPTA

(2002)



VDOT's PPTA Program

Questions?

For Additional Information

VDOT Website:

<http://www.virginiadot.org/business/bu-ipd.asp>

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