• Topic areas focusing on lessons learned:
  - General / Outreach & Communications (FDOT)
  - Tolling and Managed Lanes (TxDOT)
  - Contract Performance (VDOT)
  - Federal Requirements (FHWA – Texas Division)
Florida DOT
Paul Lampley
Leon Corbett
Key Questions

- What are the essential ingredients for a successful partnership?
- How do other DOTs deal with the substantial pre-development cost of P3s?
- What successful examples are there about DOT public outreach and communications regarding P3s?
General / Outreach & Communications

Florida Department of Transportation
I-595 Express Corridor Improvements Project

Paul A. Lampley, P.E. / I-595 Project Manager
Leon Corbett / FDOT Project Finance Manager
OUTLINE

1. I-595 DBFOM Overview
2. Pre-development Costs of P3s
3. Building a Long Term Partnership
4. Successful P3 Outreach
PROJECT DESCRIPTION

- $1.8 Billion, 35-year Concession Agreement (DBFOM)
- 5 year design/construction period, 35 year operations/maintenance period
- 13 mile corridor (10.5 miles on I-595, 2.5 miles on Florida’s Turnpike)
- Availability Payments

I-595 from I-75/Sawgrass Expressway Interchange to west of the I-95 Interchange and Florida’s Turnpike from Griffin Road to Peters Road
PRE-DEVELOPMENT COST OF P3S

• Costs Programmed by FDOT
  – Planning
  – NEPA
  – Known Right Of Way Needs
  – Expertise to Team (Consultants)
    • Design Team (RS&H)
    • Financial/ Technical Team (Jeffery Parker & Assoc.)
    • Toll and Revenue Team (WSA)
    • Procurement Team (Nossaman LLP)
  – Research
    • Meet with Industry Representatives
    • Research similar projects worldwide
**Pre-development Cost of P3s**

- Costs Transferred to the Concessionaire
  - Any Additional Right of Way
  - Utility Relocations
  - Clean up of Contamination
    - May include cost sharing
  - Operations and Maintenance
LONG TERM PARTNERSHIPS

• A successful partnership isn’t developed over night or with the signing of a contract but is a process that requires Respect, a level of Trust, and Fairness

• Each party must have Mutual project goals and Support from the highest level

• The owner can assist in key areas by:
  – Developing and publishing a business plan with measurable results
  – Coordinating with elected officials, local governments, and resource and regulatory agencies
  – Coordinating internally to modify internal policies, procedures and processes to facilitate a P3
  – Remaining open and flexible as well as clear, consistent, and persistent
  – Being proactive and transparent
  – Assisting the team through workshops to find mutually acceptable solutions
P3 OUTREACH – STATE GOVERNMENT

- Statutory authority and controls are key to a successful P3 program
  - Section 334.30, Florida Statutes
  - 15% cap
  - Cost effectiveness evaluation

- Stakeholder education is a continuous process
- Provide program summaries and updates
GENERATING LOCAL SUPPORT FOR A P3

• Pre Construction
  – One-on-One Meetings with ALL Elected Officials
  – Individual Neighborhood Meetings & Noise Workshops
  – Project Open Houses and Groundbreaking

• During Construction
  – Project Logos and branding lets local business owners know who their customers are
  – Frequent Project Updates at Established Meetings
    • Homeowners’ Associations, Civic Associations, Chambers of Commerce, Municipal Agencies, Schools
  – Corridor Advisory Committee
  – Social Media
    • Twitter, Facebook, e-Newsletters, FDOT Website (Google Earth), Concessionaire Website
GENERATING LOCAL SUPPORT FOR A P3

• A Successful Partnership Includes the Public Involvement Team
  – Public Involvement Representatives for both Owner and Concessionaire
  – Clear, consistent and proactive messaging is key

• Use Outreach Strategies from Planning and PD&E during Construction

• Build Mutually Beneficial Relationships with Local Media
  – Share your news- good and otherwise

• Focus on Local Messages
  – Creating local jobs
  – Stimulating the local economy with project team patronage
  – Providing Noise Abatement
  – Expediting Construction
  – Realizing overall Cost Savings

• What’s Good for the Community is Good for the Partnership
  – Disadvantaged Business Enterprise (DBR) Registration
  – Contractors’ Breakfast
  – Charitable Programs / Giving
  – Volunteering in Neighborhood Activities
P3 BENEFITS/CHALLENGES

• Benefits:
  – Public can utilize the facility sooner than later
  – Economy of scale and price stability
  – Mechanism to fill funding shortfall
    • Private equity
    • Global capital markets
  – Outside engineering and management expertise
  – Risk Transfer

• Challenges:
  – Perceived loss of control
  – “Cherry picking” by private sector
  – Owner learning curve
  – “Real” transfer of risk will cost REAL money
General / Outreach & Communication

Texas DOT & Virginia DOT Perspective
Texas Experience
Matt MacGregor

Past - Complete
1. CTTS (Seg 1-4 / SH 45 North & South

Present - Underway
2. Segment 5-6
3. DFW Connector
4. North Tarrant Express (NTE)
5. LBJ Express

Future – RFI - RFQ
6. Grand Parkway
7. Horseshoe
8. I-35E
9. SH 183
10. 3A/3B (Negotiating)
Texas Perspective

1. Pre-development Costs of P3s
   - Owner has to bear most of these costs

2. Building a Long Term Partnership
   - Working on it – Have a similar partner

3. Successful P3 Outreach
   - See next slide
Public Involvement in Texas: Lessons

- PI efforts on DB projects go beyond typical TxDOT practice
- $1B project needs own PI staff to focus on stakeholder needs
- Project website and constant stakeholder contact is paramount
- Things change too quickly for conventional methods on events such as traffic switches
- A good contract is good for everyone – expectations established
  - PICP
  - Crisis Communications
- Be prepared to adapt
  - Lane closure format on website has changed three times or more in 18 months
  - Having a good partnering attitude benefits everyone
  - Storefront
  - Speed limit/ work zone safety
- Outreach plans
- Events

Entire Presentation has been included
Questions

Submit a question using the chat box

Or

Dial *1 to call in your question by phone
Tolling and Managed Lanes

- **Key Questions**
  - Are the same policies (e.g., toll policies) that govern DOT-operated projects also applicable to P3-operated projects?
  - Are there any good examples of revenue sharing P3 projects?
  - What are lessons learned (good and bad) from other P3 managed lanes facilities?
Tolling and Managed Lanes

Key Questions

- Are the same policies (e.g., toll policies) that govern DOT-operated projects also applicable to P3-operated projects?
  - This is our challenge in North Texas – Preferred from a customer delivery standpoint. May be some cost savings on DOT projects – See slide for overview
- Are there any good examples of revenue sharing P3 projects?
  - We have an example we have included for two managed lane projects and one toll road project – See slide for a graphical look
- What are lessons learned (good and bad) from other P3 managed lanes facilities?
  - Toll Servicing Agreements, Transaction Costs, Interoperability and many more topics need to be discussed early and often
Many P3 Projects in Texas

**Past - Complete**
1. CTTS (Seg 1-4 / SH 45 North & South

**Present - Underway**
2. Segment 5-6
3. DFW Connector
4. North Tarrant Express (NTE)
5. LBJ Express

**Future - RFI - RFQ**
6. Grand Parkway
7. Horseshoe
8. I-35E
9. SH 183
10. 3A/3B (Negotiating)
Operations, Signage, Toll and Managed Lane Pricing Policies Should be Similar

- Provide statewide consistency which permits some regional customization
  - DFW, Houston, Austin and El Paso are actively operating/developing managed lanes and toll road facilities.
- The DFW area will have P3 managed lanes, Public operated managed lanes and an existing HOV System that is likely to be priced
- A driver may use one or more of these facilities in their daily commute
- Simplification and uniformity are a primary consideration – A work in progress
- Priced projects are required to be tied to goals, performance goals, measurement, monitoring and reporting programs – i.e. ELDP Program
Managed Lane Operating Strategies Versus Objectives

Managed Lane Strategies

Impact on Transportation Objectives

<table>
<thead>
<tr>
<th>Congestion (Speed)</th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Best</th>
<th>Best</th>
<th>Best</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughput (Volume)</td>
<td>Good</td>
<td>Best</td>
<td>Good</td>
<td>Fair</td>
<td>Fair</td>
<td>Poor</td>
</tr>
<tr>
<td>Efficiency (Speed x Volume)</td>
<td>Fair</td>
<td>Good</td>
<td>Best</td>
<td>Good</td>
<td>Fair</td>
<td>Poor</td>
</tr>
<tr>
<td>Reliability / Safety</td>
<td>Poor</td>
<td>Poor</td>
<td>Fair</td>
<td>Good</td>
<td>Good</td>
<td>Best</td>
</tr>
</tbody>
</table>

Impact of Managed Lane Strategies:
- Green: Toll Diversion (Traffic) Impact
- Green: Revenue Impact
Revenue Sharing

- Included in both of our current P3 managed lanes projects - LBJ Express and NTE
- Included in our Segment 5-6 toll road project in a similar manner
- Public-Public Partnerships can also include revenue sharing – i.e. Eastern Extension of PGBT is set at 80% to NTTA, and 20% to TxDOT of the gross toll
Revenue Sharing

What does it mean?

Band 1
Band 2
Band 3
Band 4 & Band 5

% of Gross Toll Revenue Above Base Case

Key:

TxDOT Share
CDA Share
All CDA
Tolls, Transaction Costs & Interoperability Fees

What is it all about and how does it work?

(1) Car with a transponder issued from the “Hurry” Toll Road

(2) Toll rate sign

(3) Toll road gantry for The “Callaway” Toll road

(12) Balance
Start: 37.00
Minus: 1.00
Current: 36.00

(13) Collect Fee @ 8% = 0.08

(14) Toll – Fee = Deposit
1.00 – 0.08 = 0.92

Data is sent

(9) “Callaway” Toll road office

(10) “Near” Toll road Office

(11) “Hurry” Toll road Office

Data is sent

(6) “Callaway” Toll road office

(7) Toll – Cost= Deposit
1.00 – 0.15 = 0.85

Data is collected

Camera

Classification Scans

Transponder Reader

Loops & Communication Conduits as needed
Tolling & Managed Lanes

**Florida DOT & Virginia DOT Perspective**
Questions

Submit a question using the chat box

Or

Dial *1 to call in your question by phone
Contract Performance

Virginia DOT
Dusty Holcombe
Contract Performance

• Key Questions
  ▪ How do other DOTs deal with maintenance responsibilities on P3 concessions?
  ▪ Are there any examples of a DOT requiring that it provide maintenance services (for a price) to a P3 concessionaire?
  ▪ How do other states handle maintenance, etc., when some lanes in the facility are owned by the DOT and other lanes are owned by a P3?
  ▪ How is construction oversight handled when multiple owners are involved?
  ▪ If the concessionaire is not profitable and hands the facility back in a few years are there changes in the way the state oversees the construction? Other things done differently if this is a possibility?
Key Questions

- Contract Performance – OTP3 - Virginia
  - How do other DOTs deal with maintenance responsibilities on P3 concessions?
    - Scope
      - Brownfield v. Greenfield
      - Adjacent Facilities
    - Risk
      - Best able to manage
      - Cost - Value for Money
    - Performance Regime
      - Technical Requirements
      - Non-compliance Points
Key Questions

- Contract Performance – OTP3 - Virginia
  - Are there any examples of a DOT requiring that it provide maintenance services (for a price) to a P3 concessionaire?
    - Snow/Ice Removal
    - Bridge Inspection
    - Shared Facilities
      - Bridges
      - Lighting
      - Barriers
    - Tolling – Backroom/E-Z Pass
    - Virginia State Police
      - Visual Enforcement
      - Incident Response
    - Drainage
Key Questions

- Contract Performance – OTP3 - Virginia
  - How do other states handle maintenance, etc., when some lanes in the facility are owned by the DOT and other lanes are owned by a P3?
    - Prior to Procurement
      - ✓ Memorandum of Agreement – Responsible Public Entity
      - ✓ Roles and Responsibilities
      - ✓ Identification of Assets
    - Contract Documents
      - ✓ Comprehensive Agreements
      - ✓ Technical Requirements
Contract Performance – OTP3 - Virginia

How is construction oversight handled when multiple owners are involved?

- Owner’s Oversight Plan
  - Project Development Plans
  - QAQC Plan
  - Performance Requirements
  - Handback Requirements

- Conflicting Interests?
  - Who is taking Long-Term O&M Risk?
  - DB Contractor v. Operator
Key Questions

- Contract Performance – OTP3 - Virginia
  - If the concessionaire is not profitable and hands the facility back in a few years are there changes in the way the state oversees the construction? Other things done differently if this is a possibility?
    - Plan to Succeed, Prepare for Other Events
      - Project Development
      - Contract Documents
      - Contract Administration
Contract Performance

Florida DOT & Texas DOT Perspective
Key Questions – Texas Perspective

• Contract Performance
  - How does TxDOT deal with maintenance responsibilities on P3 concessions?
    • *Developer is responsible through the term and it includes hand back requirements*
  - Are there any examples in Texas of requiring that it provide maintenance services (for a price) to a P3 concessionaire?
    • *Not in Texas yet; over time there may opportunities for this to occur*
  - How does Texas handle maintenance, etc., when some lanes in the facility are owned by TxDOT and the Managed Lanes are “leased” by a P3?
    • *Developer maintains the toll/managed lanes; yet to be seen how well it works*
    • *Segment 5-6 will be the first attempt at this being done on a completed project*
  - How is construction oversight handled when multiple owners are involved?
    • *Through agreements with those owners*
  - If the concessionaire is not profitable and hands the facility back in a few years are there changes in the way the state oversees the construction? Other things done differently if this is a possibility?
    • *Hope we don’t have to find out; we anticipate similar transitions as traditional projects just larger in scale and magnitude*
Questions

Submit a question using the chat box

Or

Dial *1 to call in your question by phone
Federal Requirements

FHWA – Texas Division
Federal Requirements

• Key Questions
  ▪ What Federal requirements apply?
  ▪ What are state DOT’s experiences in attempting to meet those requirements?
Texas Division - Federal Requirements and Oversight for P3 Projects

• TX Experience
  ▪ Contracting Methods Used to Date
    • Design-bid-build
    • Design-build
    • Design-build with capital maintenance agreements
    • DBFOM (P3 or Comprehensive Development Agreements)
    • Unsolicited/Solicited Proposals
    • Any and all funding mechanisms have been used to date.
Texas Division P3

- Project Examples
  - SH 130 D-B with maintenance agreement ($1.4 billion, 50 mile toll road new alignment with TIFIA assistance)
  - SH 130 extension using P3 with TIFIA assistance ($1.1 billion toll road, 40 miles new alignment)
  - NTE and LBJ P3s with TIFIA assistance ($2.5 billion and $2 billion, 12 and 13 miles respectively)
  - DFW Connector, D-B with maintenance agreement ($1.2 billion, 4 major interchanges)
  - 183A, D-B with TIFIA ($320 million new alignment toll road)
Texas Division P3 – Tools for Your Use

- Developed a draft SOP for P3 and D-B
  - Generally follows 23 CFR 636
  - Provides direction for new staff or inexperienced in P3 and/or D-B
- Project Specific Oversight Agreements between the State and FHWA
- Major Projects SOP
Areas of focus and lessons learned

- Pay attention to conflicts of interest and firewalls on various teams
- FHWA involvement requires intensive reading and meetings during the procurement process
- Be involved early and often in developing schedules as assumptions are often made for State and Federal involvement, review times, approval actions, etc.
- Advise against Tiered environmental process
Lessons learned continued

- Process is much easier when NEPA is completed, but State tends to push the envelope with parallel processes (again, schedule)

- Quality Assurance Programs
  - State is pushing the envelope in being less involved and providing less oversight by using an independent engineer and allowing for contractor acceptance testing
  - Establish dispute resolution process early and follow it
  - Any deviations from 23 CFR 637 must be approved by DO
• Noticing a trend of “downsizing” of projects due to funding shortfalls -- this brings purpose and need into question
• Timing of deliverables such as Toll agreements, Financial Plans, Project Management Plans, TIFIA loan execution, etc.
• Public involvement and education on the P3 process is PARAMOUNT
The use of contractor’s test results for materials acceptance on P3 projects and what that means with respect to a QAP in accordance with 23 CFR 637B

If a project has Federal monies or a Federal nexus such as work on the Interstate, then it is a “Federal” project and all requirements apply just as with a Design-bid-build project.
Value Engineering must be performed prior to the final request for proposals - 23 CFR 627.9(c)

Major Projects Requirements
- Financial Plan
- Major Project Plan
- Cost Estimate Review

Contact:
- Brett Jackson, (512) 536-5946, brett.jackson@dot.gov
Federal Requirements

Florida DOT, Texas DOT, Virginia DOT Perspective
Submit a question using the chat box

Or

Dial *1 to call in your question by phone