



# CASE STUDY FINDINGS & PRELIMINARY SR 37 ROADMAP





# AGENDA

- 1. Case Studies**
- 2. Preliminary Roadmap**
- 3. Q&A**

# 1 CASE STUDIES



## **Today:**

1. Presidio Parkway, CA
2. I-4 Ultimate P3, FL
3. South Norfolk Jordan Bridge, VA
4. President George Bush Turnpike Western Extension, TX

## **Last meeting:**

5. South Bay Expressway, CA
6. U.S. 36 Managed Lanes, CO



# PRESIDIO PARKWAY, CA

## Rationale for alternative delivery

- Significant funding gap
- Timing and availability of funding
- Created short-term funding program capacity
- High project complexity with significant interface and delivery risk

## Benefits

- Project risk transfer
- Alignment of interests between public and private
- Greater price & schedule certainty
- Initial and lifecycle cost efficiencies
- Long-term performance based asset management

# PRESIDIO: LESSONS LEARNED

## Relevance for SR 37:

1. Enabling legislation with the flexibility for alternative project delivery
2. Early education on benefits and limitations of alternative delivery
3. Adopting best-practice approvals management and implementation
4. Management of delivery and interface risks for complex multi-phased procurements
5. Multi-agency cooperation and commitments
6. Extensive and early stakeholder engagement process



# I-4 ULTIMATE, FLORIDA

## Rationale for alternative delivery

- Significant funding gap
- Traditional approach would take 27 years
- Severe congestion and expected growth

## Benefits

- Value for Money analysis demonstrated a potential cost savings of 35% (or \$1.38 billion) over 40 years
- Advanced project delivery by 27 years
- Successful competitive process saved \$70 million from feasibility estimates
- Lower cost of financing than traditional tax exempt debt

# I-4: LESSONS LEARNED

## Relevance for SR 37:

1. Accelerated project delivery
2. Toll revenue sufficient to cover annual Availability Payments
3. Aligned interests between public and private sector
4. Savings projected to be 20-30% less than engineers estimate due to innovative private sector solutions to a complex problem: actual savings were greater
5. Lower cost of finance than traditional tax-exempt debt
6. Adopted a competitive process while respecting commercial confidentiality of bidders
7. Adopted legislation that offered flexibility for alternative procurement approaches
8. Executive-level approvals for alternative delivery provided early



# **SOUTH NORFOLK JORDAN BRIDGE, VIRGINIA**

## **Rationale for alternative delivery**

- Existing bridge decommissioned
- Significant funding gap to replace bridge
- Desire to maintain transportation link
- Alternative crossings available

## **Benefits**

- Maintained transportation link
- Allowed heavier vehicles to use crossing
- Reduced reliance and minimized congestion on alternative crossings
- Limited/no public funding required
- Provided pathway to project delivery

# SNJB: LESSONS LEARNED

## Relevance for SR 37:

1. No other affordable alternatives and limited appetite to reallocate funds, “an option of last resort”
2. Bridge was originally privately funded, decommissioned and not part of the statewide highway system
3. Toll rate setting transferred to private sector
4. Revenue-generating assets have value that needs to be assessed



# PRESIDENT GEORGE BUSH TURNPIKE, TEXAS

## Rationale for alternative delivery

- Constrained public resources
- Limit funding diversion
- Enhance public financial resources

## Benefits

- Competitive process identified highest possible value of upfront payment
- Advanced project delivery
- Delivery risk and long term asset liabilities transferred
- Limited impact on public debt capacity

# PGBT: LESSONS LEARNED

## **Relevance for SR 37:**

1. Define project goals and objectives
2. Ensure key project stakeholders are aligned and committed
3. Procurement objectives and process should align and deliver project objectives
4. Maintain a competitive procurement process

# KEY DATA POINTS

Theme	SBX	US-36	Presidio	I-4	S. Norfolk*	G. Bush
<b>Project Size</b>	• \$635 million	• \$497 million	• \$1.1 billion	• \$2.9 billion	• \$142 million	• \$1.2 billion
<b>Project Delivery Performance</b>	• 12 year delay	• On-time	• On-time	• Under construction	• 9 months after planned	• On-time
<b>Toll Rate Setting Control</b>	• Private sector sets toll up to 18.5% cap on equity return	• Private sector sets dynamic toll to achieve specified service requirement	• No tolls	• Public sector sets dynamic toll to achieve specific service level	• Private sector set toll rates with no defined limit	• Public sector
<b>Revenue Control</b>	• Shared with public sector beyond a defined limit	• Shared with public sector beyond a defined limit	• Not applicable	• Public sector	• Private sector	• Public sector
<b>Established Traffic History</b>	• No • Greenfield	• Yes • Expansion	• Yes • Replacement	• Yes • Expansion	• Yes • Replacement	• No • Greenfield
<b>Competitive Procurement Process</b>	• Partial (RFQ only)	• Yes	• Yes	• Yes	• No	• No
<b>Environmental Approval Process Responsibility</b>	• Private sector, initiated post award	• Public sector, substantially completed prior to procurement	• Public sector	• Public sector	• Private sector	• Public sector

\*Note: some facts have been disputed by UBP

# KEY FACTORS

## Relevance for SR 37:

1. Project goals/objectives/definition
2. Public sector role, responsibility and control
3. Leadership and governance framework
4. Approval process
5. Long term asset value and cost
6. Funding sources
7. Procurement alternatives and assessment (e.g. Value-for-Money)
8. Market appetite and financing alternatives
9. Competitive and transparent procurement process
10. Enabling legislation
11. Stakeholder engagement and priorities

# **2 SR 37 PRELIMINARY ROADMAP**

# SR 37 ROADMAP

**1. Policy:**

**2. Project Needs:**

**3. Funding & Affordability:**

**4. Delivery Options:**

**Enabling Environment**

**Well-Scoped Project**

**Financial Viability**

**Clear path: Procurement to Delivery**

**Example:**

- Enabling legislation

**Example:**

- Establish project Goals & Objectives

**Example:**

- Identify funding sources

**Example:**

- Value-for-money analysis

# PROVEN PROCESS

## 1. Policy:

- Enabling legislation
- Established procurement policy and approval process (solicited and unsolicited proposals)
- Governance and oversight framework
- Stakeholder engagement

## 2. Project Needs:

- Establish project Goals & Objectives
- Define needs and scope
- Phasing requirements
- Environmental and other consultation constraints
- Risks and benefits assessment

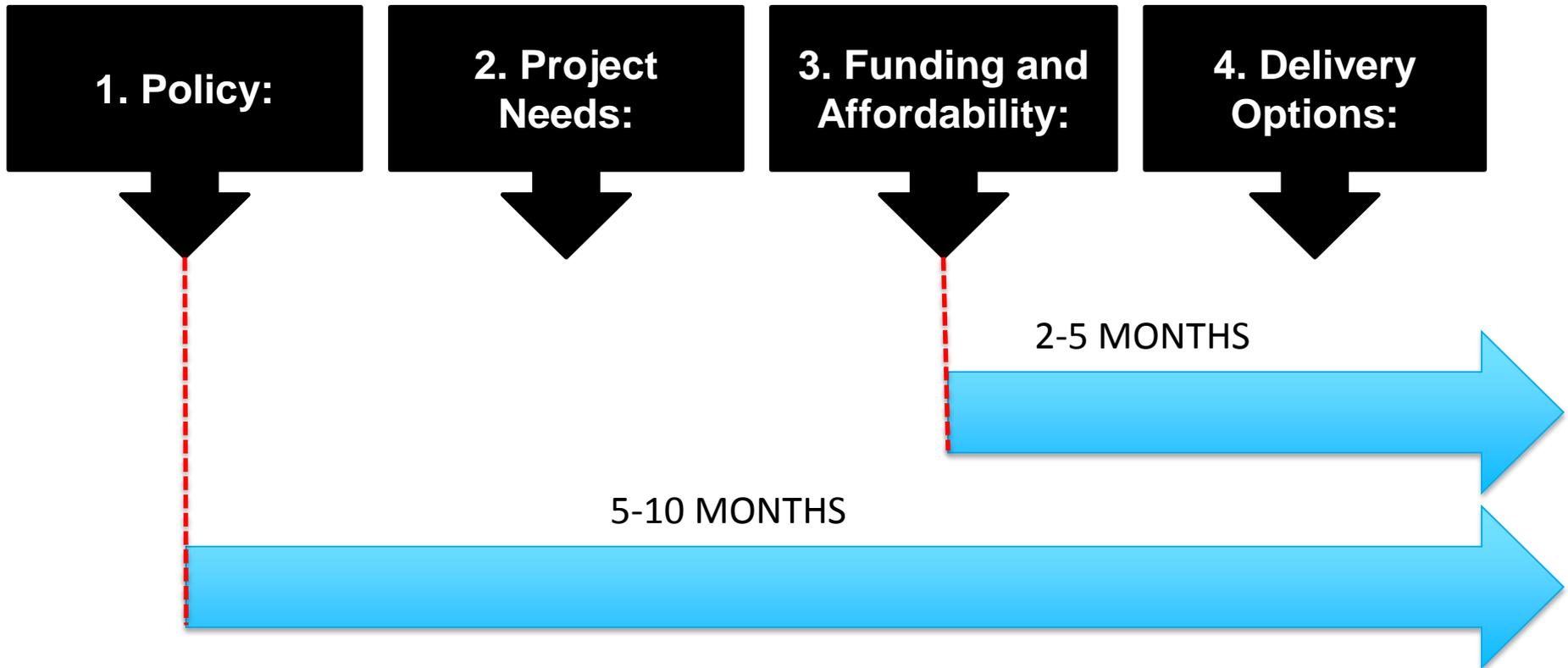
## 3. Funding & Affordability:

- Traffic & Revenue potential
- Identify value capture and other funding sources
- Project affordability limit and funding gap

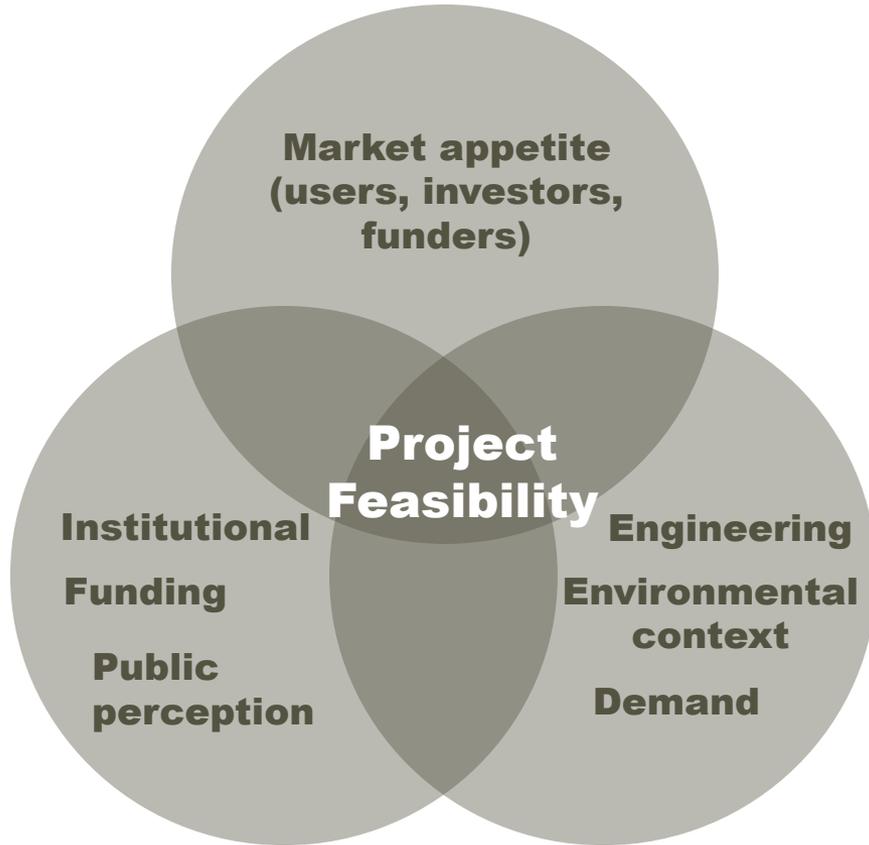
## 4. Delivery Options:

- Delivery alternatives
- Financing alternatives
- Value-for-money analysis
- Risks and benefits assessment
- Stakeholder engagement

# INDICATIVE TIMELINE



# FEASIBILITY ENVELOPE



# 3 Q&A

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