

## Downtown Tunnel/Midtown Tunnel/MLK Extension Project Frequently Asked Questions

### 1. What are the parts of the project?

- A new two-lane tunnel under the Elizabeth River adjacent to the existing Midtown Tunnel, doubling the capacity of the tunnel
- Extension of the Martin Luther King (MLK) Freeway from London Boulevard to Interstate 264, with an interchange at High Street, providing a direct connection to I-264
- Rehabilitation of and safety improvements to the existing Midtown and Downtown tunnels
- Modifications to the interchange at Brambleton Avenue/Hampton Boulevard in Norfolk

### 2. What are the project benefits?

- Regional economic development at estimates of \$170-\$254 million according to an econometric review of the project
- Improved safety with elimination of bi-directional traffic in existing Midtown Tunnel
- Reduced congestion and travel time
- Reduced idle time, fuel savings and lower emissions
- Creation of seamless connection to I-264
- Extension of useful life of existing tunnels
- Improved reliability and connectivity
- Job creation is expected to include more than \$1 billion of construction works to be built by local companies, more than 500 direct jobs and more than 1,000 indirect jobs will be created through local suppliers and vendors. There will be 200 facilities maintenance and operations jobs.
- Upon completion of the new Midtown Tunnel, forecasted for 2016, the average commuter will save approximately 30 minutes roundtrip.
- The Comprehensive Agreement includes a \$2 million annual partnership with Hampton Roads Transit to enhance public transportation services via increased connectivity with and frequency of bus, light rail and ferry services.

### 3. Why is this project needed?

- It has long been the number one transportation priority for the region. The existing Midtown Tunnel is a 50-year-old facility carrying a million vehicles a month – the most heavily travelled two lane road east of the Mississippi and a vital link between Norfolk and Portsmouth. Since the tunnel was built, population has increased nearly 70 percent and tunnel usage has gone up by 600 percent. Additional capacity is greatly needed.
- A second tunnel in addition to the MLK extension and other improvements are critical for motorists, the region's economy, the efficient movement of goods and services and the quality of life.
- The Commonwealth of Virginia has not been able to undertake or fully fund and support the project under traditional delivery methods. Under the Public Private Partnership Act, Virginia Department of Transportation (VDOT) has partnered with Elizabeth River

Crossings (ERC) to move forward with construction. This allows VDOT to use limited public funds to leverage significant private sector resources to move forward with the project. The project has received all the necessary National Environmental Policy Act (NEPA) approvals.

#### **4. Who is ERC?**

ERC's lead firms are Skanska Infrastructure Development and Macquarie Group, public-private partnership (PPP) developers and infrastructure investors as well as operators. Both have existing operations in the commonwealth. For more information on the ERC, go to [www.erc-info.com](http://www.erc-info.com).

#### **About PPPs**

#### **5. What is a public-private partnership or PPP?**

A PPP transportation project is one in which a public agency (VDOT) partners with a private entity (ERC) to develop, construct and operate transportation facilities in order to offset the need for public allocations to fund the work.

#### **6. How would a PPP work in this project?**

In the commonwealth, the Public-Private Transportation Act (PPTA) of 1995 authorizes state agencies and local governments to execute agreements with private firms to develop and/or operate transportation facilities.

The project is being procured under the PPTA. The PPTA allows a responsible public entity (in this case VDOT) to negotiate a Comprehensive Agreement (Agreement) with a private entity (in this case ERC) to develop and/or operate a qualifying project.

The project being procured as a public-private partnership reflects Virginia being a national leader in leveraging public dollars to advance critical infrastructure projects.

#### **7. How was ERC selected for this project?**

There are several steps in VDOT's PPTA evaluation process, which are detailed in the Commonwealth's PPTA Implementation Guidelines, but briefly are:

- VDOT evaluates the feasibility of all proposals and the qualifications of the proposing teams.
- An Independent Review Panel reviews and evaluates the proposals and comments submitted by affected citizens and jurisdictions.
- The Commonwealth Transportation Board reviews the Independent Review Panel's recommendations and recommend to the commonwealth transportation commissioner whether to advance to a detailed proposal and further evaluation by VDOT.
- A detailed proposal evaluation is presented by the private firm.
- VDOT and the private entity negotiate the multiple aspects of a contract.
- ERC was selected based on this process. In September 2008, ERC was the only team to submit a conceptual proposal to develop and operate the project using private investments, user fees including tolls and other innovative financing methods. The

commonwealth transportation commissioner ultimately approved the advancement of ERC's conceptual proposal and directed staff to begin negotiations for an interim agreement. The process did not include a detailed proposal.

The last phase of the procurement process was completed with the signing of the comprehensive agreement in December 2011. VDOT has a contractual relationship with ERC and will work cooperatively to achieve financial close and initiate construction of the assets.

#### **8. How will the commonwealth/VDOT ensure that the public's interests are protected in this project?**

A detailed comprehensive agreement gives the commonwealth clear powers and responsibilities for public oversight, which includes setting performance standards for ERC. The toll rate and escalation are set in the agreement, which has been negotiated by both VDOT and ERC. The agreement requirements ensure that the facility is developed in accordance with all state and federal design and safety standards and is well maintained throughout the term of the agreement.

#### **9. How will ERC be monitored? What is VDOT or the commonwealth's role?**

VDOT will continue to maintain ownership of the project "infrastructure" (i.e. roadways, bridges, tunnels) and right of way, and will have oversight of ERC's activities. As part of the procurement process, VDOT will establish performance measures that must be met by ERC throughout the life of the agreement.

#### **10. What types of transportation facilities have been built as PPTA projects?**

The commonwealth has a strong and successful track record with using PPP contracts for state and local infrastructure projects. Since the PPTA's inception, VDOT and the Virginia Department of Rail and Public Transportation have entered into more than 10 PPTA agreements.

Some completed projects include the Pocahontas Parkway (Route 895) across the James River south of Richmond; a 17.5-mile stretch of Route 288 west of Richmond; and the Route 199 partial loops around Williamsburg. A number of other projects are under construction or consideration.

PPPs have been used successfully all over the world to procure needed infrastructure, including schools, hospitals, roads and bridges. In the United States, more than half of the states currently have PPP authority for infrastructure.

#### **11. Why do we need a PPP for this project?**

The planned project improvements are a part of VDOT's Six-Year Improvement Program and forming a PPP allows VDOT to utilize private sector technical, management and financial resources in an effort to achieve project objectives and a process for generating the funds necessary to make costly, but critical, improvements to Hampton Road's regional transportation system in a timely fashion. By using a PPP arrangement, VDOT is able to enter into a long-term

agreement with a firm that will be responsible for the construction, maintenance and operation of the facilities.

The design and construction of immersed tube tunnels requires extensive resources, environmental consideration, technical experience and risk management skills, all of which the private sector can manage in an efficient manner.

## **12. What are the benefits of a PPP for this project?**

PPPs usually can be completed more quickly than a traditional design-bid-build, or even a design-build project. Virginia's PPTA guidelines allow projects to be accelerated by compressing and overlapping activities, which may be sequenced in a traditional project. The PPTA Implementation Guidelines also allow for agreements in the midst of a project to accelerate it. In addition, firms proposing PPTA projects are required to share financial, technical, revenue and other risks. Such firms might be required to raise capital or find alternative sources of funding, as opposed to using government funds. Project cost savings and improved quality often result. PPTA guidelines also promote the creation of multimodal and intermodal solutions to transportation challenges.

## **13. What is a comprehensive agreement?**

The comprehensive agreement is the contractual framework for the project – the commonwealth's number one priority project by the governor and the Hampton Roads Transportation Planning Organization. The agreement is consistent with the key business terms presented July 2011, and it enables a balanced risk-reward sharing for the project.

## **14. What are the terms of the comprehensive agreement?**

ERC will finance, design, construct, operate and maintain the project for a term of 58 years. The project will be financed using tolls charged at the Midtown Tunnel, Downtown Tunnel and the MLK Extension

ERC will also assume risk of delivering the project on a performance-based, fixed-price, fixed date contract, protecting users from cost overruns and delays.

VDOT will always maintain ownership in addition to oversee ERC activities.

Dollar figures:

- The value of the agreement is \$2.1 billion. This includes finance, design, construction, maintenance and operations.
- VDOT's contribution is \$362 million to reduce toll rates.
- ERC will provide \$1.3 billion through equity, debt and revenue from operations.
- ERC will also secure \$422 million in financing from the U.S. Department of Transportation's low interest TIFIA loan.

There will be increased communication about what to expect related to construction. The comprehensive agreement stipulates that prior to and during the construction ERC in partnership

with VDOT will provide information to the public concerning the project, enhancements and construction activities.

#### **15. What does the comprehensive agreement mean to commuters?**

The average round trip user of the facilities will save about 30 minutes a day. There are additional alternatives for commuters who use I-264 with the construction of the Martin Luther King Extension.

#### **16. What are the contractual details of the comprehensive agreement?**

The comprehensive agreement describes in detail the rights and responsibilities of both VDOT and ERC, including that:

- ERC bears the full risk and responsibility for toll collection and traffic volumes achieving its forecasts. There is no guaranteed rate of return.
- ERC solely has the responsibility for obtaining and repaying debt. There is no recourse to the commonwealth.
- ERC has full financial responsibility for the rehabilitation work for the existing assets.
- VDOT fully retains ownership of the assets, has full oversight of all activities.
- VDOT at its sole discretion can suspend tolls for emergency evacuations and/or to divert traffic from a roadway emergency.
- Revenues from toll collection must first be used to pay operations and maintenance expenses, debt, taxes and deposits into a Major Maintenance Reserve Fund.
- The Agreement will provide for revenue-sharing with VDOT if the project exceeds specified thresholds.
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The comprehensive agreement is a document that reflects the complexity of the project with an appropriate framework of checks and balances to provide oversight, as well as details about responsibilities and requirements. It establishes requirements for contractual practices; public welfare considerations; ethical standards and requirements; management of intellectual property; insurance requirements and documentation procedures; and hand-back conditions, among other facets.

#### **17. Does this mean that VDOT will not build the Patriot's Crossing?**

The Project will not prohibit the future development of Patriots Crossing or any other projects in the Hampton Roads region. If the commonwealth opens Patriots Crossing to traffic during the term of the Midtown Tunnel agreement, ERC may make a claim if the revenues needed to pay back the financing for the Midtown Tunnel Project decreases because of Patriots Crossing. ERC must comply with strict notice requirements in order to make a claim and ERC bears the burden of proof in demonstrating revenue impacts.

#### **18. What early work activities are expected?**

The comprehensive agreement identifies "Early Works Activities" that are approved to proceed effective with the signing. This includes certain design and construction activities necessary for the design, construction, commissioning and operation of the tolling equipment and support facilities required for the concessionaire to seek the Tolling and O&M Work Notice to Proceed.

Additional project work beyond the “Early Works Activities” will be approved in conjunction with financial close, expected early 2012, and in accordance with meeting VDOT’s stipulations for technical requirements and documentation.

The next milestones and activity to anticipate include:

- Early Works Activities including the fabrication and installation of tolling gantries and related infrastructure and hardware.
- Enhanced public information and outreach, including a major subcontractor outreach event planned for early 2012 and continued outreach to civic and business organizations.
- Financial close in early 2012; specific timing is dependent on the provision of US Department of Transportation’s TIFIA credit assistance in the form of a low-interest loan of \$422 million.

Interested individuals can sign up via [www.midtowntunnel.org](http://www.midtowntunnel.org) to receive updates about the Project.

## **Project Costs and Tolling**

### **19. When will I start paying for tolls?**

VDOT and ERC expect tolling to begin in the fall of 2012.

### **20. What is the toll rate in the comprehensive agreement?**

The toll rates at the start of tolling for cars using either the Downtown or Midtown tunnels will be \$1.59 (off peak) and \$1.84 (peak). Cars that use the MLK extension and one of the tunnels as part of a single trip will pay \$0.50 to use the MLK extension. Cars that use only the MLK extension will pay \$1.00.

### **21. When will the toll rate increase?**

Tolls will escalate during the term of the agreement as escalation is necessary to account for increases in costs for operations and maintenance. ERC will be required to continuously spend significant resources to maintain the assets.

According to the comprehensive agreement, ERC has the right to increase tolls on a yearly basis beginning when the new Midtown Tunnel reaches substantial completion (scheduled for 2016). The tolls will escalate by a factor equal to the greater of changes to Consumer Price Index or 3.5 percent.

### **22. How is stopping at a toll booth going to reduce congestion?**

The project will not require toll booths. Tolls will be collected via E-ZPass transponders using high-speed, open road tolling technology. Drivers will not need to slow down to pay tolls.

### **23. What is E-ZPass?**

E-ZPass is a toll payment system whereby a transponder is mounted inside a vehicle and when passing through a toll gantry, fees are electronically collected. It is used on virtually all toll facilities in the East and Midwest, including other roads in Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, New Hampshire, Ohio, Maine, Massachusetts, Indiana and Illinois.

#### **24. How can individuals sign up for E-ZPass?**

Virginia residents can create an E-ZPass account at VDOT's website <https://www.ezpassva.com/> or call the customer service center toll-free at 877-762-7824. The website also includes links for residents of other states.

#### **25. What is open road or electronic tolling? How does it work?**

Electronic or open road tolling is a mechanism by which the collection of tolls is performed electronically. By eliminating the need for physical toll booths, traffic can be sustained at a free flow pace, which reduces vehicle idle times, thus reducing any negative impacts on the environment. Toll collection is performed via overhead electronic gantries instead of toll booths to allow for the free-flow of traffic. Vehicles may pass through the toll point at the posted speeds with no need to slow down, stop or find correct change. Each vehicle is identified either by an E-Z Pass transponder or license plate. A wide variety of options for payment will be offered.

#### **26. How can I pay the toll if I don't have E-ZPass?**

Video tolling, an electronic system whereby video cameras are used to capture license plate data, will also be used on the project. Vehicles that do not have E-ZPass transponders will be mailed an invoice for the toll due.

E-ZPass rates for the tunnels are: Auto off-peak: \$1.59; Peak: \$1.84. Truck off-peak: \$4.77; Peak: \$7.36. For the MLK Extension: \$0.50 for tunnel users; \$1.00 for non-tunnel users. If a driver does not have E-ZPass, an invoice will be mailed to them. Invoiced customers will be charged for cost recovery, which by Virginia law is capped at two-times base toll rate. Payment options will include paying in person, by mail and via the Internet. To simplify billing and payment, ERC anticipates setting up accounts for frequent users who do not wish to obtain E-ZPass transponders.

#### **27. Are there fines for not paying the toll?**

Yes, the fines are established in Virginia Code 46.2-819.1 and 46.2-819.3. Fines will only be applied for non-payment not for using the facility without a transponder.

More information regarding the toll violation process can be found at <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-819.1> and <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-819.3>.

#### **28. Where will tolls be collected? Can I drive within Portsmouth and not pay a toll?**

Tolls will be collected at each end of Midtown and Downtown tunnels and on the new MLK extension that will be constructed with this project. Existing portions of the MLK in Portsmouth will not be tolled.

**29. Are there free alternative routes?**

Yes. Alternate routes include the Military Highway and Interstate 64. Riders on public transportation, such as buses and the ferry service will not be charged an additional toll.

**30. Will tolls be collected during emergency evacuations?**

In the event of a hurricane, or other emergency events, tolls will be waived at the direction of VDOT in accordance with the agreement.

**31. What happens during a hurricane or other weather event?**

With help from the Virginia Department of Emergency Management and local governments, VDOT has developed guidelines to safely close Hampton Roads area bridges, tunnels and ferry service when necessary. These guidelines allow time to evacuate and close these roadways before they become unsafe for travel. Wind speeds, storm surge, rain bands and other conditions each bridge and tunnel are evaluated to determine if and when to close them.

In the event of an ordered evacuation, bridges and tunnels are planned to close after motorists are off the road. However, local weather conditions could dictate earlier closure of bridges and tunnels, so it is very important that residents be ready to evacuate immediately if instructed to do so. Please tune to local television and radio broadcasts for the latest evacuation and facility closure information. Real-time road closures and traffic conditions are also available by dialing 511 or visiting [www.511Virginia.org](http://www.511Virginia.org).

**What to Expect**

**32. How soon will construction begin?**

Construction will begin after the project reaches financial close, which is expected to occur in early 2012.

**33. Will motorists have to choose alternative routes during construction?**

No. There may be lane closures, but the current routes will basically remain open during work hours and workdays.

**34. Will the tunnels close during construction?**

Yes. However, tunnels will only close on weekends and not for the entire duration of construction. The project Technical Requirements are explicit in the procedures for tunnel closures. Ample lead time must be provided to the public in communicating what weekends a tunnel will close and what alternative detour routes will be posted. The Downtown Tunnel (westbound or eastbound) will not be closed in conjunction with the existing Midtown Tunnel.

### **35. When will the new Midtown Tunnel be open?**

Construction will take three to four years once a final agreement is reached between VDOT and ERC. Our goal is to have a new Midtown Tunnel open to traffic by 2016. The date of commencement for the MLK extension will be determined after extensive study during phase two of the project.

### **36. Will construction impact my commute?**

There will be minor impacts to motorists during construction because ERC's work zone will be isolated from current travel lanes, and improvements to the existing tunnels will be made at night.

### **37. What impact will there be on the community and local streets during construction?**

Impacts to the Elizabeth River will be minimal and all impacts will be mitigated in accordance with state and federal law. Plum Point Park will be maintained throughout construction, as will the Elizabeth River Trail. Since ERC anticipates receiving the bulk of its equipment by barge, the impact of truck traffic on Hampton Boulevard will be minimal. Preliminary plans call for minor changes to the Norfolk approach, and minimal impact on the Portsmouth approach.

### **38. What impact on the environment will the project have?**

The commonwealth, Federal Highway Administration and ERC take environmental compliance very seriously. The project will follow strict regulations as set forth by the Environmental Protection Agency and the commonwealth, and will be developed under ISO 14001 environmentally sustainable business standards. Additionally, Skanska ID will employ its rigorous Environmental Management System, which helped it be named the #1 Green Contractor in the US by the leading construction magazine *Engineering News-Record*.

### **39. Will the project impact the area's historic cemeteries?**

No. A binding agreement on December 11, 2009, between the Virginia Department of Historic Resources, the Federal Highway Administration and VDOT eliminated all ground disturbing activities within the Potter's Field and Mount Cavalry Cemetery complex. ERC will adhere to the requirements of the agreement during design and construction. Additionally, ERC will establish fencing at the cemetery boundaries to ensure no construction equipment impacts the historic cemeteries.

### **40. What happens to existing employees?**

All administrative, maintenance and operational responsibilities currently accomplished at the Elizabeth River Tunnel facilities by VDOT staff will be transferred to ERC. Specific impacts to individual employees are not known at this time. VDOT and ERC will work together to identify opportunities for VDOT employees who may be interested in pursuing employment with ERC and to facilitate a smooth transition.

## **Learn More**

### **41. Where can I get additional information about the project?**

Information about the project and ERC can be obtained at [www.midtowntunnel.org](http://www.midtowntunnel.org) and [www.erc-info.com](http://www.erc-info.com).

#### **42. What job opportunities are there with ERC?**

Interested subcontractors can email [southeast.procurement@skanska.com](mailto:southeast.procurement@skanska.com) or call the Skanska Virginia Beach office at 757-420-4140. VDOT will host a subcontractor outreach event in early 2012 and will continue outreach through the life of the project; specific details for the event are not determined. Interested subcontractors are encouraged to utilize the resources of VDOT's Business Opportunity and Workforce Development Program. More information can be found online at <http://www.viriniadot.org/business/BOWD.asp>, by calling 804-662-9555 or emailing [BOWDCenter@vdotvirginia.gov](mailto:BOWDCenter@vdotvirginia.gov). For additional information on the project, visit [www.midtowntunnel.org](http://www.midtowntunnel.org). For information about becoming a DBE or SWAM vendor, visit [www.dmbv.virginia.gov](http://www.dmbv.virginia.gov).