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Thursday, December 15, 2016 | as of 4:44 PM ET

Infrastructure

## Virginia Signs 50-Year Contract for \$2.3 Billion Toll Lane P3

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December 14, 2016

DALLAS – A Spanish-led consortium will finance, build, and operate dual toll lanes in each direction along Interstate 66 in northern Virginia under a 50-year concession contract with the state.

Virginia's Commonwealth Transportation Board approved the contract for the \$2.3 billion project late last week. The commercial close is expected to be followed by a financial closing in mid-July.

Gov. Terry McAuliffe in November selected Express Mobility Partners, an international group that includes lead partners Cintra and Meridam North America, and main contractors Ferrovial Agroman US Corp. and Allan Myers VA Inc., as the preferred concessionaire for the project.

Work on the two tolled lanes in each direction on I-66 outside the I-95 Capital Beltway around Washington, D.C., is scheduled to get underway early next year. Completion is set for August 2022.

The four express lanes will increase the total span of the highway to 10 lanes. Three lanes in each direction will remain free.

Virginia Transportation Secretary Aubrey Layne told the CTB members that the I-66 contract is a better deal for the state than the agreements it has signed with a group of private investors led by Transurban for tolled express lanes on I-95 and I-495.

Virginia will not have to provide any construction funding for the latest project and will receive up to \$20 million from the concessionaire each year for public transportation and other needs in the region, Layne said.

"This is the first deal we've done with transit payments coming off the top," he said.

The state's proposal required the potential partner to make an initial \$500 million payment to the state and provide at least \$800 million in transit funding and \$350 million for other improvements along the I-66 corridor over the contract term.

"By law [the annual payments] have to be used in that corridor for the benefit of the toll payers and the improvement of travel in the corridor," Layne said.

McAuliffe said last month that revisions to the state's transportation P3 law over the past two years resulted in a net \$2.5 billion savings to the state on the I-66 project.

The bids from both groups were competitive, Layne said. A third consortium had been included in the short-list of preferred bidders but dropped out before submitting a proposal.

Tolls on the express lanes will vary depending on the traffic. As congestion on the highway increases, tolls will go up but the operators are required to maintain a speed of at least 55 mph.

The toll pricing formula is proprietary but the state has the ability make sure the operators maintain the lowest toll necessary to maintain the 55 mph requirement, Layne said. Tolls on I-66 will not be higher than those on I-95 and I-496, he said.

The state was able to get an acceptable deal from its private partner because McAuliffe made it clear to the bidders that he would rather have no deal than accept an unbalanced contract that left the state vulnerable, Layne said.

The governor was willing to walk away from the project and let the Virginia Department of Transportation add the lanes if the bids were not acceptable, he said.

"The governor wasn't up there saying, 'I've got to have this deal,' " Layne said. "He's never done anything but ask us to get the best deal."

The agreement stipulates that toll revenues must first be used by the private partners for operating expenses and debt service, and then to make the annual payments to the state, he said. The partners will realize a profit only after those costs are covered.

The improvements in the I-66 corridor required by the 50-year agreement will provide what would basically be a new road when the state takes over the toll lanes at the end of the concession, Layne said.

