495 and 95 Express Lanes: Keeping Virginia Moving

Prepared for George Mason University | April 2019
TRANSURBAN
Smarter ways to get around cities

$35B
market cap

TOP 15
listed company on ASX

$19B
of key infrastructure delivered with government partners

$16B
in financed toll road projects in the last 12 months

$1.3M in community investment

INNOVATION

$1.6B
in supply chain spend

20,000+
current indirect jobs

2nd
transportation company globally
in the Dow Jones Sustainability Index

8.5M customers
1.5M daily trips

328,000 hours average workday travel time savings
CAPABILITIES
Designing and managing infrastructure for the long-term

A TRACK RECORD OF PARTNERING WITH GOVERNMENTS TO DELIVER INFRASTRUCTURE THAT MEETS THE LONG-TERM NEEDS OF GROWING CITIES'

- Network planning/forecasting
- Community engagement
- Development/delivery
- Technology
- Operations and Safety
- Customer management
495 and 95 EXPRESS LANES NETWORK
A growing network that is supporting the region’s economy

ECONOMIC AND TRAVEL BENEFITS

$6.3 billion
generated in economic activity

28,000+
jobs created

3 million+
travel hours saved per year

80-minute average
time savings across the network
P3 RISK TRANSFER
Value for state and taxpayers

Key risks transferred to private sector

- No public sector risk of construction cost overruns
- Private partner faces penalties if completion is late
- Full appointment of revenue risk to private partner – with potential for state to share in upside
- $15 million annual transit investment over life of concession on I-395
EVERYDAY PARTNERSHIPS
Minute-to-minute coordination, spanning a decades-long commitment
BUILDING AN INTEGRATED NETWORK
that responds to shifting economic and transportation needs

“How Virginia sealed the deal on Amazon's HQ2, 'the biggest economic development project in U.S. history’” – Richmond Times Dispatch

“I-95 express lanes extension deal will also fund northbound Rappahannock River Crossing” – Free Lance Star

“Express-lanes cash to fund $2.7 billion (over time) to N.Va. Projects” – Inside NoVa
395 EXPRESS LANES
Delivering fall 2019

8mile
extension of 95 to D.C. line

$15m
annual transit investment

$500m
regional economic impact
FREDERICKSBURG EXTENSION
Breaking ground spring 2019

Relieve worst traffic hotspot in the nation*
Improve reliability for commuters and freight
Enhance road safety & promote economic growth

Deliver 66% increase in capacity during rush hour periods
Provide faster and easier access to Quantico and its 28,000 workers

Deliver improvements and time savings to 95 general purpose lanes adjacent to the Express Lanes
Provide cash payments to VDOT in 2019 and 2022 to buy out future revenue sharing. Payments to be used for additional improvements throughout corridor

An important component of the Atlantic Gateway Project

10 mile extension of the 95 Express Lanes south to Fredericksburg

*Based on September 2017 Inrix study.
EXPRESS LANES 101
How dynamic tolling works

How the Express Lanes keep traffic moving

1. Express Lanes Operations Center
   The Express Lanes are monitored 24 hours a day

2. Managing traffic
   Dynamic tolls manage demand to keep the Lanes moving

3. Toll prices
   Toll prices are displayed on variable message signs in advance of Express Lanes entry points

4. On-road technology
   Roadside equipment monitors traffic and toll prices are updated as often as every 10 minutes to adjust to changes in real-time traffic conditions

5. Regular lanes
   Traffic on the regular lanes can also affect the toll price
   - Toll-free for: 3+ people, buses, motorcycles
   - Toll prices re-evaluated every 10 minutes
   - Drivers see the toll price on signage before entering the Express Lanes
RELIABLE TRIPS FOR A DIVERSE SET OF CUSTOMERS
Over three million hours saved annually

97K daily tolled trips across the network

800+ daily bus trips across the network

100K daily HOV users across the network
CUSTOMERS ARE MANAGING BUSY LIVES
Working families with young children

Customers use the Express Lanes for:

- Commuting to work
- Visiting family and friends
- Getting to the airport
- Vacation travel

Majority of customers spend more on a single tank of gas than tolls throughout the month.

53% have children under the age of 18

73% use convenience services like Amazon at least once a month

Frequent customers see value

<table>
<thead>
<tr>
<th>495 Express Lanes</th>
<th>95 Express Lanes</th>
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</thead>
<tbody>
<tr>
<td>See personal benefit</td>
<td>86%</td>
</tr>
<tr>
<td>Positive impression</td>
<td>76%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>83%</td>
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</table>

Frequent customers top 2 reported vehicles

HONDA + TOYOTA

2018 State of the Lanes research study performed by APCO
95 CORRIDOR TIME SAVINGS AND RELIABILITY
Predictable travel times in congested region

I-95 PM peak southbound

Average Savings
Max Time Savings
Max Worst GP Time
Average GP Time
Average EL Time

Minutes of average round trip savings
14% Regular lane reduction in travel time

*On-road data from Q1 FY 2019

REAL STORIES FROM THE EXPRESS LANES

“My commute would take over an hour. Now it takes 25 minutes. I use that time with my family. Family is my priority.”

Luis B., Woodbridge, VA
READY FOR WHAT THE FUTURE HOLDS
New technology is redefining urban mobility, roads are at the center of this revolution
POLICY OUTLOOK FOR P3s
Embracing a modern mix of funding solutions

**Federal landscape**
*Building blocks in 2018 Trump infrastructure proposal were a positive first step forward for P3 industry and Transurban – unknown what Congress can advance*

- New infrastructure grant program focused on leveraging federal funding with state, local and private investments
- Expands the Transportation Infrastructure Finance and Innovation Act (TIFIA) and Private Activity Bond (PABs) programs
- Considers a federal asset recycling program
- Provides states more flexibility to toll existing interstates
- Streamlines and shortens the environmental permitting process

**Virginia**
*New administration in transition*

- Governor Northam administration brings stability on existing deals, with key officials staying on
- Focus on innovation, big data, competition post-66
- Transurban is working with members of the Virginia House of Delegates to educate them on the success of the Express Lanes and the benefits of P3’s

**Maryland**
*Governor champions bold Express Lanes project*

- Plans for new Express Lanes to solve critical and politically sensitive congestion issues
- Transurban supports the initiative shown in introducing this project, which could be the largest P3 highway project proposed in the U.S.
Leasing or selling public assets to raise funds for new infrastructure

Many state governments are sitting on unproductive capital within their own assets. In a system known as asset recycling, state governments lease their existing infrastructure to raise funds for greenfield infrastructure projects, freeing existing capital for infrastructure investments.

“Asset recycling – something that we’re hoping will be included in an infrastructure bill… it gives municipalities an incentive…”

Congressman Lou Barletta, ARTBA P3 Conference 2017
Thank you. Questions?
TRANSURBAN’S ROLE AS PARTNER
Value for state and taxpayers

- Partner with governments to deliver innovative transportation solutions
- Private partner taking the place of a traditional government service
- Currently partnering with the Virginia Department of Transportation to operate the Express Lanes; recently acquired A25 Bridge in Montreal.
- Pioneered the public-private partnership (P3) managed-lanes concept in the U.S.
- Strive to be good neighbors and long-term partners to the Greater Washington community

“The 95 Express Lanes project is a model of how P3 projects should be done.”
Virginia Governor Terry McAuliffe

- No public sector risk of construction cost overruns
- Private partner incurs significant penalties for late completion
- Full apportionment of revenue risk to private partner with revenue sharing opportunities