

Elizabeth River Tunnels: The Story So Far

Chris Guthkelch, Project Director
Skanska Infrastructure Development



Skanska Overview

- Founded 1887 in Sweden
- Among the world's largest construction and development companies
- 2013 revenues: USD 21 billion
- ENR: 4th largest contractor in the US by revenue (\$6.7 billion)
- Fortune 500 Company
- 57,000 employees
- 10,000 ongoing projects



Recently reached Financial Close on
\$2.3B I-4 Ultimate, FL

Skanska ID

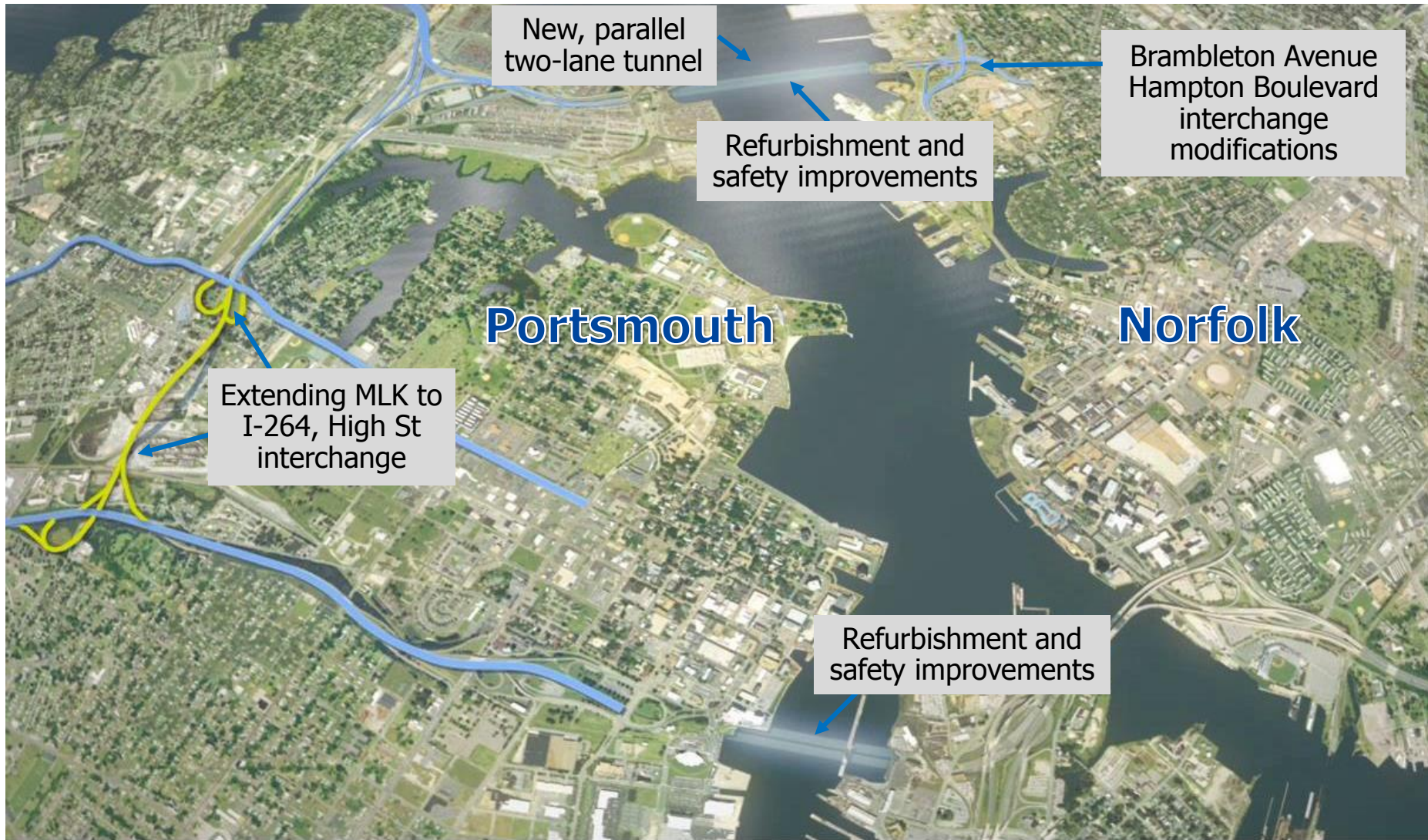
- Develops and delivers P3 projects in Europe & North America
- US HQ in Alexandria, VA
- 30 P3s delivered since 1997
- As of Sept 2014: equity commitments of \$600M in current projects with total construction cost of \$7B
- Chris Guthkelch, Project Director
 - 15 years as P3 Project Developer
 - Transportation and social Infrastructure P3 bids in US, Canada and UK
 - ERT Bid Director 2008-2011



Early History

- Hampton Roads' Need
 - “Midtown Tunnel: the most congested 2-way highway east of the Mississippi”
 - #1 priority project out of 150 in the Hampton Roads' 2034 Constrained Long-Range plan
- PPTA
 - Enacted 1995
 - Facilitates complex transportation project procurement

Project Scope



Project Team

DESIGN, BUILD

SKANSKA



COWI



VOLKERT
& ASSOCIATES, INC.

DEVELOP, FINANCE, OPERATE

SKANSKA



Local technical
expertise



Operational
excellence



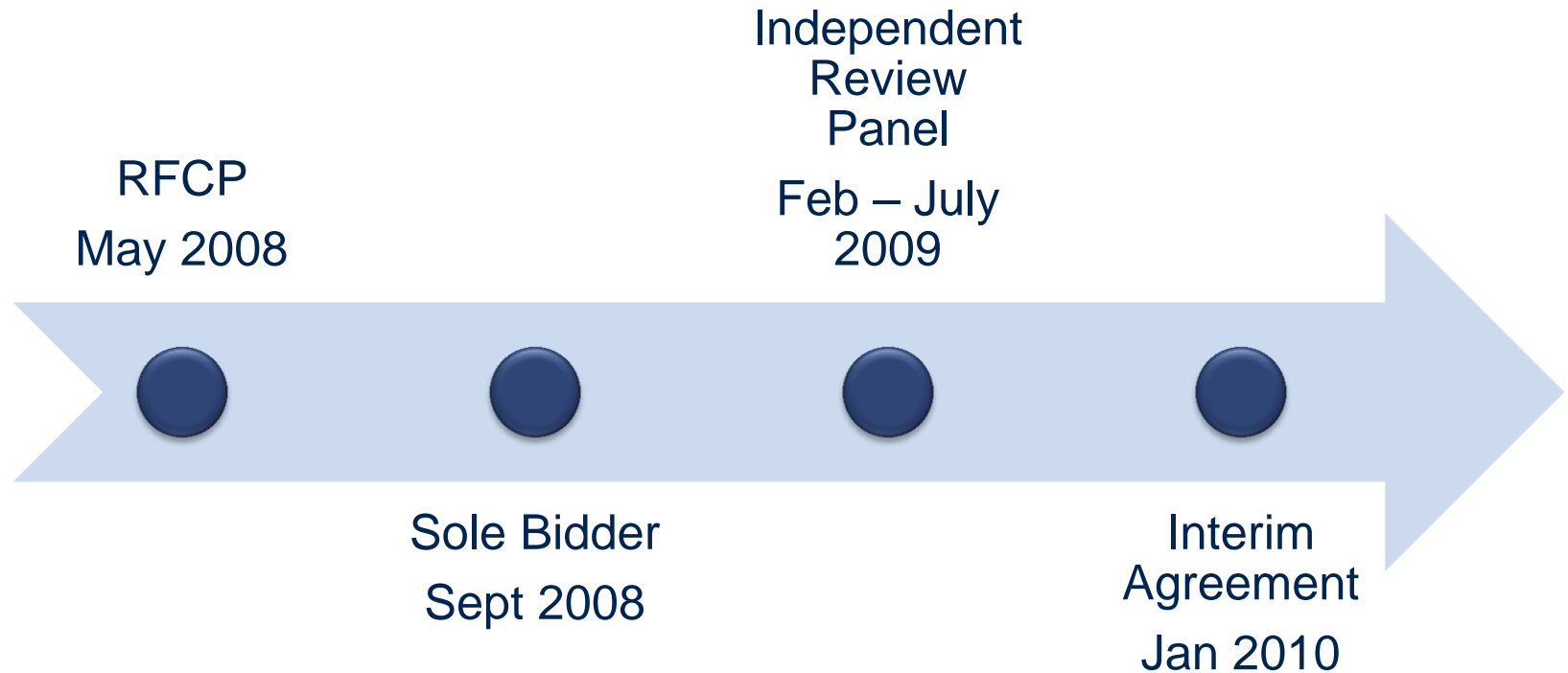
Financial
strength



Proven PPP
experience



Pre-Development Stage



The Team

3 tier management structure



Phase 1: Feasibility

January – April 2010

Assessment of the major underlying technical, operational, financial, market, organizational aspects contributing to project feasibility

Key deliveries include:

- Assessment response
- Project Risk Matrix
- Scope of Project Development work
- Work plan and budget

Phase 2: Development

April – December 2010

Key deliveries

- Executed Comprehensive Agreement
- Date certain, fixed price project
- Due diligence
- Investment grade rating
- Committed finance

Phase 2: Development

Joint Working Groups

- Environmental, Utilities, ROW
- Commercial, Legal, Risk
- O&M, Traffic Ops, Security
- Design-Build
- Public Affairs, Communications, Civil Rights

Work plan

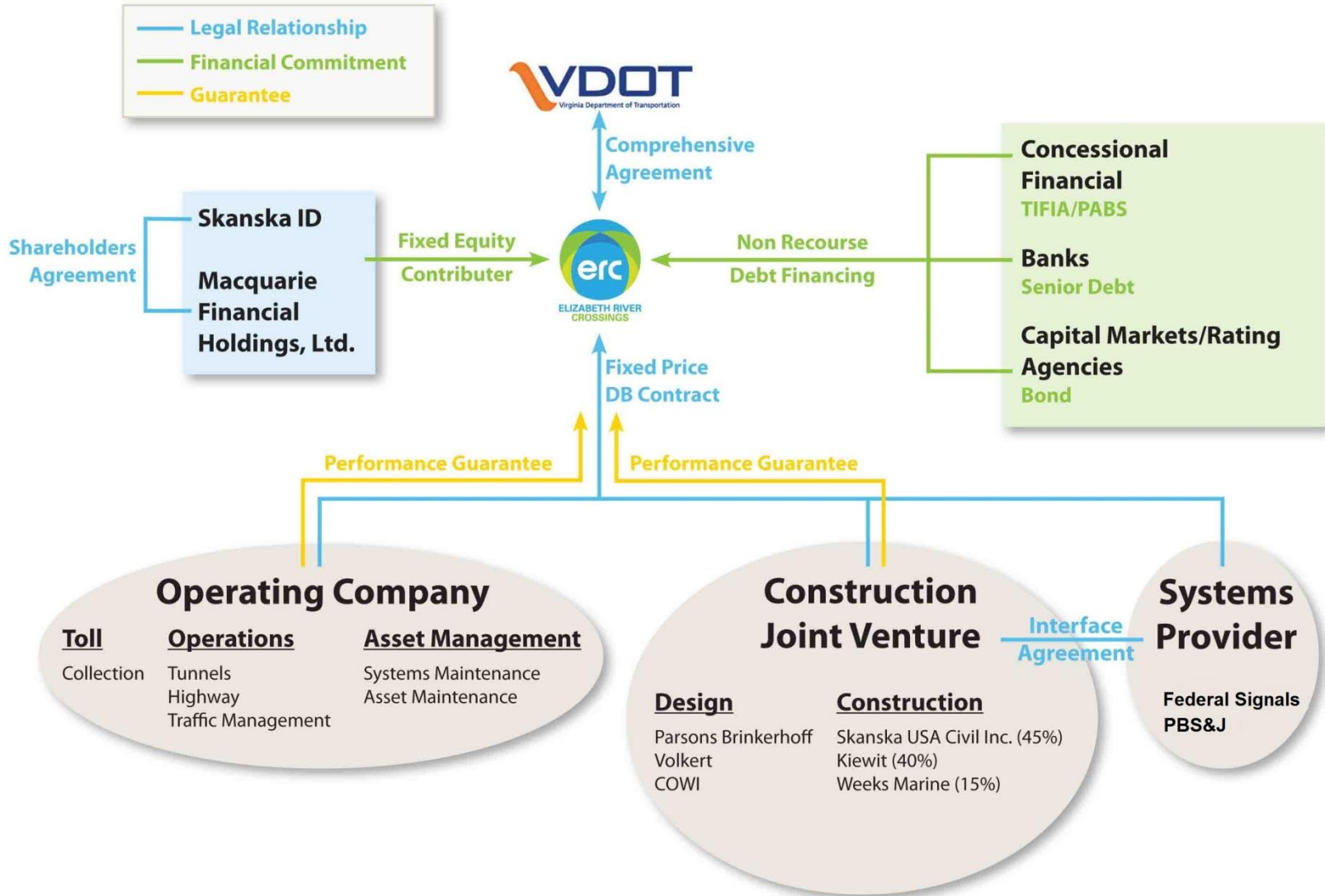
- Over 200 work packages
- \$32M budget

Phase 2: Development



- Technical Solution
 - Design-Build
 - New Midtown Tunnel
 - Fabrication & Immersion
 - Rehabilitation of existing tunnels
 - MLK Extension
 - All Electronic Tolling
 - Operations and Maintenance
 - Transfer of existing tunnel staff
 - ERC OpCO

ERC Contractual Structure



Closure

Commercial Close

- Contractual Structure
- Key Terms
 - Payment Mechanism
 - Concession Length
 - Performance Regime
- Termination
- Indexation

Financial Close

- Financial Plan
 - Total Value: \$2.1B
 - \$272M private equity
 - \$463M TIFIA loan
 - \$421M VDOT subsidy
 - \$675M PABs
 - Tolling revenue
- Working with TIFIA

Mobilization

- Project Development Plans
- Notice to Proceed
 - Tolling
 - CJV
 - O&M
 - Staff transfer
 - ERC OpCo



Highlights from Operations



- CJV
 - Managing dispersed operations
- Federal Signals' acquisition
- O&M
 - Stakeholder Management
 - Staff Transfer
 - All electronic tolling

Lessons Learned



Don't underestimate Stakeholders; relationships matter



Deep Complexity; everything's connected

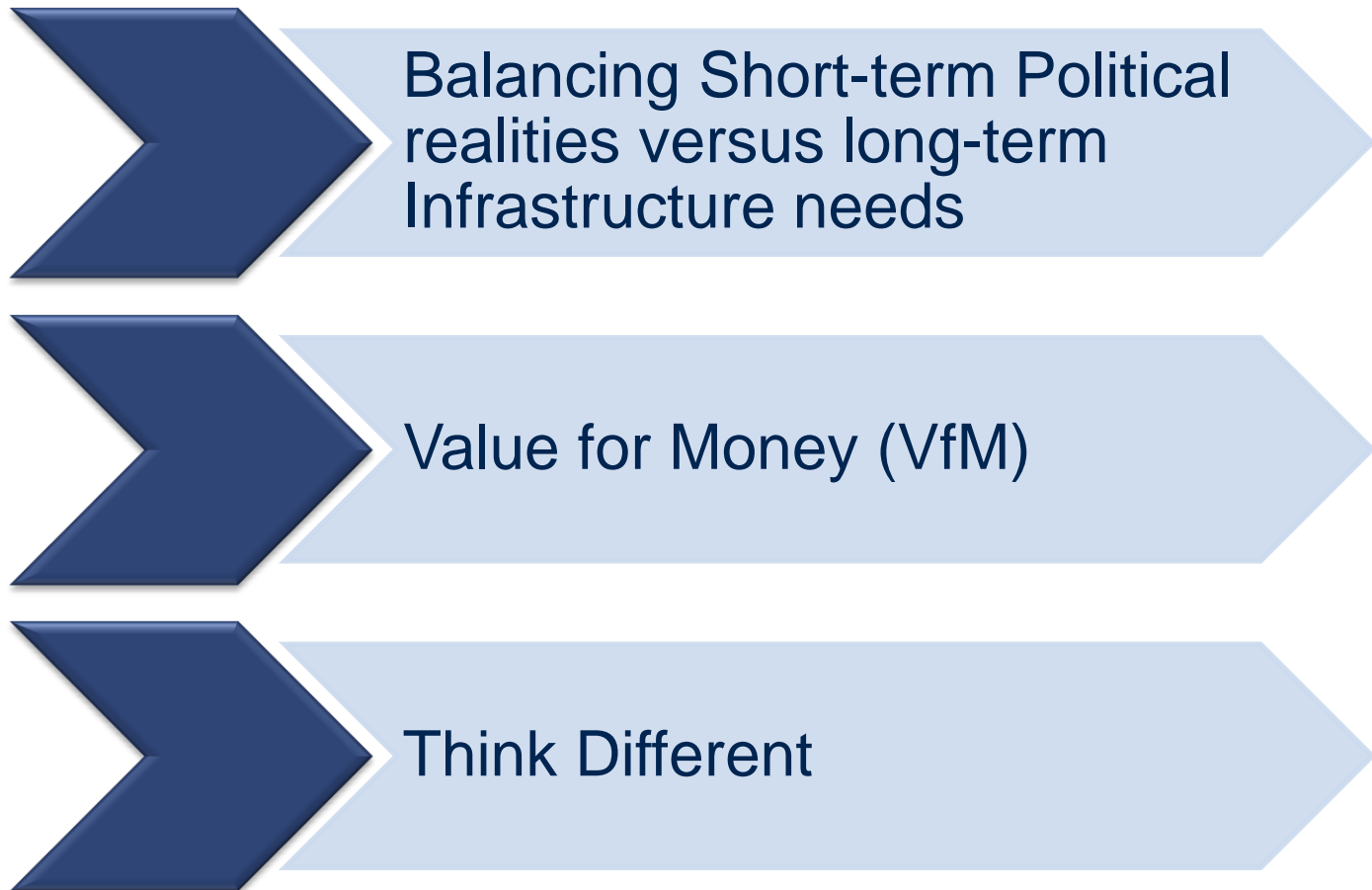


Partnering Works; collaboration is vital



Prepare for the long haul; personal development and succession planning

Implications for Policy Makers



Further Details

- www.DriveERT.com
- Draft Virginia PPTA Implementation Manual and Guidelines (Nov 7, 2014)
 - <http://www.vappta.org/>