



## Frequently Asked Questions (FAQs)

### Funding/Business Requirements

#### **Why couldn't the Commonwealth just finance this project on its own?**

With all the transportation needs, the Commonwealth does not have sufficient funding to dedicate to this project. This one project would consume more than a year of all construction funding available statewide.

#### **Was there a competitive procurement process for the project?**

VDOT conducted a formal solicitation for competing proposals and an independent review process before moving this project forward. In addition, VDOT commissioned an independent consulting firm to verify all construction cost estimates.

#### **Was the General Assembly involved in selecting Fluor-Transurban for the contract?**

No. Fluor-Transurban went through a formal procurement process with VDOT, including review by an independent advisory panel. The procurement did, however, follow the guidelines established by the General Assembly under the Public Private Transportation Act of 1995.

#### **Under the agreement, can Fluor-Transurban veto further expansion of the Beltway or improvements to surrounding roads?**

No. The private partners have no ability to restrict the Commonwealth from making improvements or expansions to the region's roadways. VDOT has agreed to provide the private partners the opportunity to propose to build additional tolled lanes on the Capital Beltway if congestion would ever warrant them.

#### **What is the cost estimate for the Capital Beltway HOT lanes project and from where is the funding?**

The current cost estimate for the Capital Beltway HOT lanes is \$1.9 billion. The Commonwealth of Virginia is contributing \$409 million; \$349 million is being provided

by private equity funded by Transurban and Fluor; \$1.2 billion is funded by loans and bonds backed by Transurban and Fluor.

#### **What will happen if the HOT lanes fail financially? Will taxpayers be left to pay the debt on the project?**

We are confident the project will be a success. Transurban and Fluor are both highly respected and strong global companies with a wealth of experience in these kinds of projects. One of the benefits of the public-private partnership is that risk is shifted to the private sector. In the event that the project was not a success, Virginia would still own the new lanes, but would not be responsible for the debt. The banks would restructure the debt and a new partner would likely take on the project, with Virginia's approval.

#### **Why is the length of the term on the agreement so long?**

The 80-year contract term (5 years construction / 75 years operation) makes the project work financially – allowing for sufficient time for tolls to generate the revenue necessary to operate the road, pay back debt and allow for a fair rate of return on equity invested.

#### **Will the Commonwealth have to pay Fluor-Transurban if carpooling increases on the Beltway?**

To ensure HOV-3 will always be free and that there is no disincentive for carpool and transit use on the HOT lanes, the Commonwealth will make partial payments to the Concessionaire in the unlikely event that HOV use exceeds mutually agreed upon numbers. This provision is intended to ensure that unforeseeable changes in travel patterns don't restrict HOT lanes ability to generate enough revenue to pay for the operations and maintenance of the lanes, as well as paying back construction debt. We believe, at this time, it is unlikely that HOV will increase at a rate significant enough to impact the project and trigger this arrangement.

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### What kind of profit will the private companies make on this project?

At this stage it is too early to make profit projections. It all depends on how successful the project is and how well the private partners manage the project. Under the partnership agreement if the project is a financial success, the Commonwealth will share in that success based upon agreed terms. If the project fails, the private sector will bear the financial loss alone.

### How will toll revenues be spent?

Toll revenues will first be used to maintain and operate the HOT lanes, then to pay back the debt on the road. The private partners will also fund all the maintenance replacement needed to keep the road up to VDOT standards throughout the life of the agreement. If the private partners are successful in managing the project, additional revenue will go back to their investors. Revenue above agreed benchmarks will be shared with the Commonwealth to fund transportation programs and projects in the corridor.