

Understanding Public-Private Partnership

Delivering an Efficient, Connected Transportation Network | Operated by 



Elizabeth River Tunnels

For more information about the Project, including the Comprehensive Agreement and other Project documents and to sign up for Project updates, please visit www.DriveERT.com

To report an incident or maintenance issue at the Elizabeth River Tunnels, call our 24-hour hotline: **1-855-ERT-ROAD (1-855-378-7623)**

For inquiries about tolls or billing issues related to the Elizabeth River Tunnels Project, contact the ERT Customer Service Center directly at **1-855-ERT-ROAD or customerservice@DriveERT.biz**

Providing a Region-Wide Transportation Solution

Public-Private Partnership (P3) – how it works

The Elizabeth River Tunnels Project is being delivered as a public-private partnership (P3). A public-private transportation project is one in which a public agency partners with a private firm in planning, financing, constructing and/or operating a road, bridge or other facility to help offset the need for public allocations to fund the work.

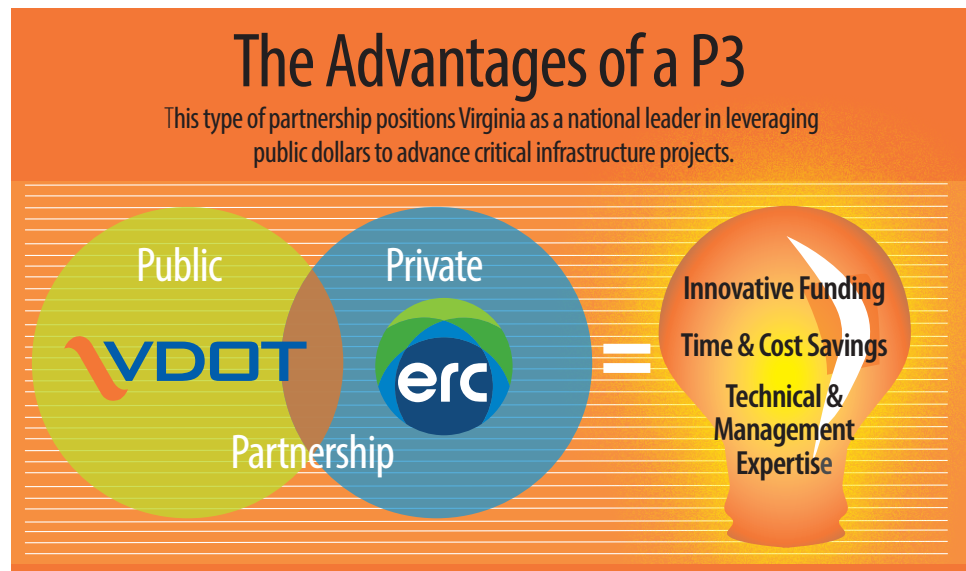
In Virginia, the Public-Private Transportation Act (PPTA) of 1995 authorizes state agencies and local governments to execute agreements with private firms to develop, construct and/or operate transportation facilities. The PPTA is not for all projects—only for ones that provide an innovative method of construction or financing that can deliver a project in a faster or less costly manner. Typically, these projects involve tolling or some other method for the private entity to recoup investment costs.

Why create a P3 for this Project?

The planned infrastructure improvements are funded, in part, by Virginia Department of Transportation (VDOT)'s Six-Year Improvement Program. Forming a P3 allows VDOT to utilize private sector technical, management and additional financial resources to help achieve the Project's objectives. It also provides a process for generating the funds necessary to make costly, but critical, improvements to Hampton Roads' regional transportation system in a more efficient manner.

Comprehensive Agreement – what it all means

Elizabeth River Crossings (ERC) will finance, design, construct, operate and maintain the Elizabeth River Tunnels Project for a term of 58 years, through 2070.



About the Project

The Elizabeth River Tunnels Project is a public-private partnership of the Virginia Department of Transportation and Elizabeth River Crossings, OpCo LLC. Located in Norfolk and Portsmouth, Virginia, the Project includes:

- A new two-lane tunnel under the Elizabeth River adjacent to the existing Midtown Tunnel
- Significant rehabilitation, fire, life and safety improvements to the existing Midtown and Downtown tunnels
- Extension of the U.S. 58 Martin Luther King Freeway from London Boulevard to Interstate 264 (I-264), with an interchange at High Street, creating an efficient, connected transportation network
- Modifications to the interchange at Brambleton Avenue/Hampton Boulevard in Norfolk
- Complete operations and maintenance responsibilities of the Elizabeth River Tunnels and associated roadways
- An annual subsidy to Hampton Roads Transit to increase bus service between Portsmouth and Norfolk to the highest levels of service, creating a cost-efficient alternative to driving

The Project will be partially financed using tolls charged at the Midtown and Downtown tunnels. ERC will also assume risk of delivering the project, protecting users and the Commonwealth of Virginia from cost overruns and delays.

P3 advantages

- **More efficient.** P3s usually can be completed more quickly than traditional design-bid-build or design-build projects. The time savings is realized primarily because of the funding component. The Elizabeth River Tunnels Project would not be possible at this time or in the foreseeable future without the P3 structure and its innovative funding feature. PPTA guidelines also allow projects to be accelerated by compressing and overlapping activities, which need to be sequenced in a traditional project delivery method.
- **Cost savings and improved quality.** Developers proposing PPTA projects usually take full financial, technical, revenue and other risks. Developers might be required to raise capital or find alternative sources of funding, as opposed to using government funds if project costs are higher and actual revenues are lower than expected.
- **Innovative strategies.** PPTA guidelines promote the creation of multimodal and intermodal solutions to transportation challenges.

Other successful P3 projects

The Commonwealth of Virginia has a strong and successful track record using P3 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. Other projects using similar innovative financing components include:

- **The Pocahontas State Parkway (State Route 895) across the James River south of Richmond;** a 17.5-mile stretch of Route 288 west of Richmond
- **The 495 Interstate (I-495) express lanes in Northern Virginia;** fourteen miles of new express lanes (two in each direction) on I-495 between the Springfield Interchange and just north of the Dulles Toll Road

