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November 25, 2013

Office of Transportation Public-Private Partnerships
600 E. Main Street, Suite 2120
Richmond, VA 23219
Attention: Morteza Frajian

Re: OTP3 Request for Information Response - Interstate 66

Abertis Infraestructuras S.A. ("Abertis") is pleased to present information related to the Interstate 66 Corridor Improvements from US Route 15 in Prince William County to Interstate 495 in Fairfax County. Abertis has performed initial due diligence based on publicly available information and a tour of the facility and is confident that it can proceed efficiently as the project advances.

Abertis senior leadership is highly motivated and believes the project is of strategic importance to the company as it grows its operations and continues to diversify in stable and mature markets like the United States. Virginia is an important leader for public-private partnerships and we are eager to actively participate in the market.

Please find below our answers to the questions outlined in the Request for Information. We look forward to the opportunity to meet with you and discuss.

A. GENERAL:

1. Please describe your firm, its experience in relation to public-private partnership projects, and its potential interest in relation to the Project (e.g., design/engineering firm, construction firm, operation and maintenance firm, lender, equity investor, etc.?)

Abertis is the world's leading toll road concessionaire. With its acquisition of OHL's toll road concessions in Chile and Brazil in 2012, Abertis now controls well over 4,500 miles of roadways worldwide and operates in 10 countries, making the company the global industry standard. This transaction follows the \$1.4bn PPP deal Abertis closed for Puerto Rico's PR-22 and PR-5 toll roads, the largest such investment in the US in 2011.

Please find additional information on Abertis' reach below:

- **France:** Sanef is one of the company's major assets. Sanef manages five of the seven



toll road access routes to Ile de France (Paris region) and also the approximate 1,100 miles of roadways connecting Germany, Belgium and Luxembourg with the north of France and the United Kingdom. The company is working on extending these existing concession agreements.

- **Spain:** Abertis manages approximately 950 miles of toll roads via several operators and the company is working on extending these existing concession agreements.
- **UK:** Abertis manages two shadow toll roads in central and western England through operator Road Management Group.

Abertis is interested in serving as the concessionaire to a self-sustaining project on I-66. It would be an equity investor that provides operations and maintenance and manages project delivery with private sector construction partners.

2. Are there any particular concerns with any of the information that has been provided in this RFI, the Detail-level Project Screening Report or the DEIS? Please explain any concerns and provide any proposed solutions or mitigations to address those concerns.

Abertis believes that the time between the issuance of the RFQ and RFP being almost one year apart is too long, which complicates and unnecessarily lengthens the time for project delivery. We would propose a shortened schedule so the project can reach commercial close under one governor and the traveling public can benefit from improvements as soon as possible. It is important to have an ambitious, but realistic timeline to ensure the optimal outcome and best bids. Slowed or delayed procurements risk compromising the bidding pool because the market may begin to focus efforts on other investment jurisdictions.

We would suggest that the time between the RFQ and RFP should be no longer than 4 months and that the Tier 2 Draft Environmental Impact Report be finished no later than a month or two after the RFQ is released. The time between the RFQ and financial close should be no more than 15 months. Once the timing has been set, it is essential to stick to the dates so as to provide the process with credibility.

While there are a few options that are being considered, Abertis believes it is imperative to define the project as much as possible before releasing the RFP. The company also would like to better understand the following issues as soon as possible: the amount of land available for the project, the funding ability of VDOT for the project, and if VDOT will take lead on financing, or if VDOT prefers for the private sector to fully finance it. Abertis is



keen to fully finance a self-sustainable project where the revenue from the managed lanes covers all the capex and opex on a concession basis with no Commonwealth subsidy.

3. What, if any, advantages will the Commonwealth potentially gain by entering into an agreement in which operations and maintenance, lifecycle responsibility, and/or traffic and revenue risk are transferred to the private sector? How do you assess the likely magnitude of such advantages? What are the potentially offsetting disadvantages?

Abertis believes the project can best be delivered through a concession or long-term lease agreement. This arrangement will enable the Commonwealth to maintain ownership of the asset and still deliver the project without increasing taxes or debt. If the project is defined properly, it can be fully self-sustainable to a point where the private sector takes over all financing, construction, operations, and maintenance.

Concessionaires, like Abertis, provide new money and frees government dollars for allocation to other transportation issues and areas of the economy. Abertis would provide global best practices, experience and innovation in design, finance, construction, operation and maintenance, which enables the company to bring greater efficiencies at a lower cost.

Concessionaires, like Abertis, also have incentives to maintain high quality infrastructure assets and thereby provide the end user with a safer and improved quality of service over the useful life of the roadway or contract. Under traditional government procurement, in some instances, the party that builds the facility does not always take into full account the future cost of maintaining what gets built.

B. PROCURMENT PROCESS

MAY WANT TO PUT IN A CASE STUDY ABOUT PUERTO RICO PROCUREMENT

4. Do you have any particular concerns with or major observations about the milestone schedule provided in this RFI? Please provide your views on proposed solutions to address these concerns.

As stated earlier, Abertis believes that the milestones outlined in the RFI are unnecessarily long. Abertis suggests a contracted period between the issuance of the RFQ and the financial close that lasts no more than 15 months.

5. What are the critical path items for the procurement of this Project and why?

Abertis believes that the timing should be confirmed by the RFQ and that VDOT should stick to those dates without delays. Again, the total process from RFQ to financial close should not take more than 15 months. If the project kick-off is in March 2014, the Commonwealth will be able to realize the results under one governor. In less than 4 years time the whole process could be finished.

Critical to moving forward will be how long it will take to confirm and secure the right of way that is needed. A careful detailed design could maximize the use of the existing right of way in the near term to immediately help relieve congestion, yet allow flexibility for future corridor needs.

6. Looking ahead over the next two to three years, do you believe your firm will be interested in submitting a committed proposal for the development of the Project (any or all of the build concepts)? Are there any particular concerns that may prevent your firm from getting engaged in the project development? How might those concerns be resolved?

Abertis will be interested in submitting a committed proposal for developing and financing the project should it move forward as a Public Private Partnership or PPP. The company's concerns relate to how the project is ultimately defined as well as what the parameters for the deal term sheet.

Concerning the project, Abertis will not be interested if it consists of building non-tolled general-purpose lanes or focused only on a mass transit solution because the company is a concessionaire that likes to take on the revenue risk of tolled facilities. In the case of the deal term sheet, Abertis would be concerned about how the tolling schedule is implemented and to make sure that it justifies the project and the length of a potential lease. This can be resolved through conversations with VDOT about the project during the course of the procurement.

7. What is the minimum amount of time that your firm requires to develop and submit a committed detailed proposal for the Project after issuance of potential RFP?

The minimum amount of time that Abertis requires to develop and submit a committed detailed proposal for the project after the issuance of the **RFP is five months.**

C. TECHNICAL CHALLENGES AND ALTERNATIVE SOLUTIONS:

8. Based on your experience in the development of similar projects and characteristics of the I-66 corridor, please explain the technical challenges that

may be encountered with the highway and transit improvement concepts described in the Tier 1 DEIS. Please provide recommendations for mitigating or overcoming those challenges.

Based on Abertis' experience in similar projects, technical challenges would arise from the extension of rail transit at this time due to the associated costs, as well as the amount of right of way available to relieve congestion. While bus rapid transit is far more simple and flexible, technical challenges may also arise related to the interconnectivity with the existing rail system. It could be difficult to create a transfer station given the lack of space in the median. However, one solution would be to have the station users connect with busses at the current commuter parking lot and have the buses off to the side where the Metro is currently located and to build ramps leading down to managed lanes in the roadway for those buses, if this financially feasible. Further technical issues could arise from the availability of land for expanding the right of way, as well as from the location of bridges, overpasses, and their abutments. This can be resolved through a clear project definition.

9. Do you believe a bifurcated highway system along the I-66 corridor is technically feasible? Please provide any experience and supportive information that you may be able to share from similar projects.

Abertis believes a bifurcated highway system along I-66 is not technically feasible because it will take up the space that is needed for additional lanes. Abertis also finds that in many instances a bifurcated system is undesirable because it creates confusion with signage related to the exits and hurts the free-flow of traffic. As we have seen with I-495, the bifurcated system requires drivers to be fully educated on how the express lanes work and to plan their trip before leaving rather than naturally moving to the new lanes once the general purpose lanes fill. The only instance where it may make sense to have a bifurcated system is if each of the two existing ramps serves as an exit point for buses from the managed lanes. The buses should stay only in the managed lanes rather than enter into the General Purpose lanes to limit disruptions.

10. What are the most significant cost drivers in the development and operation for the ML and BRT concepts along the I-66 corridor? How can these concepts be implemented in such a way as to preserve the potential for rail extension?

The most significant cost driver in the operation of the managed lanes are the right of way, and how much land is available or needs to be bought, as well as how many bridges / overpasses must be demolished / rebuilt to make way for the new lanes. The most significant cost driver of BRT is creating an efficient connection to orange line rail and integrating all related systems. At this time, we do not believe rail is a feasible option due

to the anticipated costs of the development. That said, a raised rail system above the lanes could always be put in place in the future. As mentioned previously, Abertis would prefer a bus system with limited exit points where they travel only in the managed lanes. One exit point could be the final Orange Line station or the Beltway, and the other three could be the two existing bifurcated ramps and the western end of the managed lanes. This scheme would be very similar to the existing BRT/DTL lanes on PR-22 in Puerto Rico that Abertis manages.

11. What, if any interoperability issues do you foresee with the current tolling system on I-495 Express Lanes?

Abertis does not believe there will be any interoperability issues with the current tolling system on I-495 express lanes. One of the managed lanes must connect with 495 express lanes through existing connections and only one of the managed lanes crosses the beltway to following I-66 inside the Beltway.

12. What suggestions do you have for better coordination between this Project and other projects currently under design or construction along the I-66 corridor?

To be discussed in person.

13. What challenges are associated with managing the lifecycle costs for the improvement concepts as described in the Tier 1 DEIS? What measures would you suggest to mitigate these risks?

The major challenge associated with managing the lifecycle costs for the improvement concepts as described in the Tier 1 DEIS is who is responsible for the new lanes and sections verses the old lanes. The existing lanes are at a different point in their lifecycle and may require rehabilitation that is outside of the project scope. Abertis believes there should be a clear detachment of responsibilities for the managed lanes and the rest of the facility, and that the managed lanes be fully self-sustainable.

14. What adjustments to the Project scope, or development strategies (including potential phasing of project elements) would you consider/recommend to reduce the upfront capital costs and/or the lifecycle costs of the overall project costs?

In order to reduce the upfront capital costs and/or the lifecycle costs of the overall project costs, Abertis believes that the project should be simple and straightforward to deal with the issue of congestion as it stands today. The Project does not have to be complex and expensive. It is still to be determined if the traffic demand will be as robust as anticipated in Tier 1, so the Project should move forward with minimal elements so as to take care of



issues that will arise in the next 10-15 years. We can then consider further expansion in 10 years once we know more about population / employment projections. The old pattern of forecasting traffic for a target year 30 years in the future is no longer reasonable because the assumed attachment between GDP evolution and traffic growth seems no longer accurate. In other words, it is essential to plan for targets located 10-15 years ahead, and keep all the flexibility for adjustments along the way. Creating flexibility in the project now will allow for immediate congestion relief with minimal cost and inconvenience at the early stages, and allow for more customized improvements in the future.

Abertis suggests a project that first turns the existing HOV lanes to HOT lanes. This would provide immediate relief before or during construction and expansion. Abertis also proposes adding an additional non-reversible lane in each direction, though, as mentioned earlier, the availability of right of way could be a concern with this plan. One way to mitigate right of way needs is to shrink the width of the lanes from 12 feet to 11 feet, and to subsequently reduce the speed limit from 55 to 45 for safety reasons. This solution will save space and money, and a guarantee of 45 mph should be sweet enough to entice toll payers. From our experience, trip time reliability is more important than speed to most drivers.

All splits in the roadway and non-conventional interchanges should be streamlined to simplify traffic patterns. For example, adjusting the center off-ramp at Monument Drive and removing columns within the roadway from the Vaden Drive and Chain Bridge Road overpasses will help reduce collisions and congestion. Should VDOT decide to keep the center off-ramp it could be used as an exit solely for busses as mentioned earlier. Again, the busses should only have 1 or 2 opportunities to exit in and should not be able to get out in the general-purpose lanes.

Access points to the HOT lanes should also be limited. The lanes should be separated from the road so that drivers cannot just switch between tolled and untolled lanes at will. Still, it is important not to make it too difficult for drivers to enter. Creating access points separate from the road or bifurcated roadways as on 495 would be a deterrent to potential toll-paying drivers.

15. Please explain in detail any alternative technical solutions that may enhance the development of the Project. Identify the risks associated with the alternative technical solutions and discuss the potential costs of each technical solution.

To be discussed in person.

D. COMMERCIAL AND FINANCIAL STRUCTURE:

16. Please explain your firm's interest in the improvement concepts discussed in the Tier 1 DEIS. What is your recommended approach for financing the capital cost of each concept?

Abertis' recommended approach for financing is a concession contract with long-term equity and debt that would be initially short-term (6-7 years) and would be refinanced once performance of the roadway meets or exceeds expectations.

17. Please discuss your firm's interest in: a. Accepting traffic and revenue risk in a toll concession; b. Accepting performance risk in an availability structure.

Abertis always prefers to take on the traffic and revenue risk in a toll concession. Abertis could be interested in an availability structure should it have a scheduled turn into a revenue risk structure at some point in the future.

18. What is a reasonable concession term for a ML or BRT concept? Why?

Abertis believes that a concession of 30 to 40 years for a managed lanes project is the best because it provides time for refinancing during the course of the lease.

E. ADDITIONAL CONSIDERATIONS:

19. If your firm is a Disadvantaged Business Enterprise ("DBE") or a Small, Women-owned, and Minority-owned Business ("SWaM"), please provide any suggestions or comments on how OTP3, VDOT or DRPT can help to develop teaming opportunities with prime contractors.

N/A

20. Based on characteristics of the I-66 corridor, suggest the number of persons per vehicle that should be required to qualify as a high-occupant vehicle. Explain why selecting this number may be in the public interest and beneficial to comply with the federal Clean Air Act of 1990? Please provide quantitative and qualitative evidence to support your argument.

Abertis is not convinced that HOV at any level provides optimal and practical benefits due to the limited incentive for people to car pool, and prefers HOT and tolling for congestion relief. As a benchmark, Florida has a firm policy not allowing any level of HOVs on managed lanes within the state.

21. What additional challenges or risks should OTP3, VDOT, DRPT or CTB be aware of in regard to the Project's scope, procurement process, delivery method, term of contract, technical and financial feasibility, etc.?

Abertis does not foresee additional challenges, other than those mentioned before. The company believes this to be an attractive PPP project and is able to deliver it fully. As the project advances, some additional issues may arise, as they always do, but they can be mitigated.

Abertis is the most experienced operator in the world. VDOT can be assured that Abertis will handle 100% of every aspect of the development, financing, operation and management of the road should it proceed as a PPP. In Abertis' 46-year history, it has experienced every potential issue and problem on multiple continents and has always found solutions quickly and easily. With almost 18,000 employees globally, Abertis has the resources and depth of talent to ensure VDOT will have nothing to worry about other than realizing the project. This work ranges from back office support, to financials, to liaising with VDOT, to interfacing with subcontractors, to legal support, to commercial and public relations.

22. Other than the answers that you have already provided, what information would help your firm to make the business decision to engage in the development of the project?

Abertis would like to sit down with you to talk about the project and to view a map of the existing and potentially available right of way on the I-66 Corridor which is, in our opinion, the most critical element of the Project. Abertis looks forward to discuss all of these issues further in person at your convenience.

Sincerely,



Jordi Graells
President, Abertis USA Corp.