

**Section 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, operations and maintenance firm, lender, equity investor, etc.)?*

The OHL Group (“OHL”), headquartered in Spain, is one of the largest concession and construction groups in the world, active in over 29 countries on five continents. OHL is truly an international firm, with 82% of its earnings being generated outside of Spain. OHL holds its ownership in its concessions through its wholly owned subsidiary, OHL Concesiones. Development activities in the U.S. are done through OHL Infrastructure.

OHL holds direct management in 17 main concession assets in all modes of transportation – roads, rail, ports and airports. OHL’s portfolio consists of 11 road concessions, 1 airport, 2 rail projects and 3 ports. Currently, OHL is short-listed on four P3 road projects here in the U.S. market, and is awaiting word on two additional projects (one rail, one road) in Canada. OHL holds a 64% interest in OHL Mexico, a listed subsidiary of OHL Concesiones in the Mexican stock market. OHL Mexico manages 6 road concessions, encompassing over 575 miles of road. OHL also holds a 19% interest in Abertis, the world’s leader in toll road concessions, with more than 11,000 miles of roadway under management. OHL’s stake in Abertis is the result of the assets-for-shares swap between the two entities that occurred in 2012. This swap included the transfer of control of 9 road concessions in Brazil and 3 in Chile from OHL to Abertis in exchange for OHL receiving shares in Abertis. More information on our concession activities can be found at [www.ohlconcesiones.com](http://www.ohlconcesiones.com).

OHL Construction, OHL’s construction subsidiary, is presently the world leader in hospital and railway construction, the 10<sup>th</sup> largest international transportation infrastructure contractor, and ranks 23<sup>rd</sup> among the 225 largest international contractors (ENR 2013). Over the past decades, OHL Construction has constructed 9,700 miles of roadway, 135 tunnels, nearly 300,000 ft<sup>2</sup> of bridges, and 97 major dams. OHL Construction is well versed in working with local contractors to optimize the overall benefit to a region, and has repeatedly worked with DBE/SWaMs to provide sufficient opportunities to participate in large projects.

Through another wholly owned subsidiary, OHL USA, OHL has expanded its presence in the U.S. through the acquisition of local companies with expertise in specialized areas within the construction industry. OHL couples the experience of these local companies with the financial strength and international experience of a multinational corporation, providing OHL with the ability to confront new challenges across complex projects. With its diverse group of companies and international experience, OHL can offer a wide array of services and ultimately customize and deliver the best possible project to its clients.

With its wide range of expertise across virtually all sectors within transportation infrastructure, OHL is uniquely positioned to develop, construct, operate and manage complex projects such as I-66. Our interest in this project is both as the contractor and the long-term owner/operator. As the contractor, we will bring both design and construction expertise for both roadway and rail

solutions. As the owner/operator, OHL will bring its best-practices in project development and in the long-term operation and maintenance of roadways and railways, including expertise in traffic and traffic management, and tolling systems, as well as a strong balance sheet to support the required equity investment.

With its extensive assets in the portfolio, OHL also has access to a wide range of financial instruments to meet the needs of the project. Working closely with OTP3, VDOT, and DRPT (collectively the “Client”), and its team of advisors, we will develop the optimal financing plan for the project.

- 2. Are there any particular concerns with any of the information that has been provided in the 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.*

We have reviewed the RFI, the Detailed-Level Project Screening Report and the DEIS. We understand the process that you have undertaken to reach this stage of analysis for this corridor and are in agreement in principle with the seven improvement concepts that you have advanced for further consideration and detailed study in the Tier 2 environmental analysis. We also understand that a significant amount of additional work needs to be undertaken to develop specific alternatives for the corridor.

Our only comment is to recommend that the pursuit of those concepts which do not expand overall capacity be coordinated with those concepts that do actually increase capacity. Progressing both types of concepts in different timeframes could lead to redundant construction, or construction conflicts. Our preference would be to see all the recommended improvements packaged under the one contract.

- 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?*

The benefits of public private partnerships throughout the world have been well documented. Speed to market, access to funding, innovation, and optimal risk transfer and risk management are several of the themes that have received much attention in the delivery of these large infrastructure projects. One would expect the delivery of I-66 through a public private partnership to be no different. The complexity of this project and the potentially large construction cost make it an ideal candidate for a public-private partnership.

When it comes to delivering the managed lanes option on the I-66 corridor, the magnitude of the advantages to the Client will depend on the model chosen. Obviously, under the traffic and revenue model, a significant portion of the risk involved in P3 transactions, in particular traffic and revenue risk, is shifted to the private sector. Under the availability model, some of this risk is retained by Client, and ultimately by the Commonwealth. Under all models, a significant portion of the construction risk, particularly pricing and schedule, can be shifted to the private sector.

The size of the Client's investment will also be a function of the model chosen. Your investment through the design-build finance model, the traffic risk model, and the availability model can vary greatly. Obviously the choice of delivery model is a function of how much capital is available to be invested by the Client and the relative demands on that limited resource by other projects and maintenance requirements throughout the state.

OHL prides itself in making sure the commercial arrangements in its concessions throughout the world are suitable for both the public and private parties involved. We would expect nothing less for a transaction here in Virginia.

## **Section B: Procurement Process**

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

Given the discussion in the RFI, the milestone schedule seems appropriate. We would highlight two potential activities that are not addressed specifically, and that could potentially cause the milestone schedule in the RFI to change.

- A. Innovation is one of the benefits that public private partnerships have brought to these complex transactions, not only here in the U.S. but internationally. Often times, the innovation comes in the form of an entirely new design or a modification of an existing design – subject of course to review and approval of the Client. Given the natural concern for confidentiality for new, innovative ideas, it is likely that these new ideas will only surface after the “Potential Final RFP” is issued in February 2015. This date is after the expected date of NEPA clearance, also assumed to be February 2015. The schedule does not contemplate any additional time needed for an additional NEPA review, should any significant modifications occur to the original scope of work.
- B. Having to modify the approved NEPA documentation may also require the Client to revisit the approval from the National Capital Region Transportation Planning Board. We recognize that there are several paths this approval can take. Regardless, there may be additional time required prior to reaching financial close.

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

In addition to the milestone schedule provided in the RFI, we would identify the following activities as potentially reaching the critical path for the project:

- A. Inclusion of the project in the regional Constrained Long-range Plan;
- B. Agreement between the preferred bidder and the Client of the final project scope;
- C. Depending on the timing between the final project scope and the current NEPA process, the project may be required to pursue a supplemental NEPA decision to reconcile the final scope to the previous scope in the NEPA process;

- D. Negotiation of the Comprehensive Agreement between the preferred bidder and the Client;
- E. Securing of the financing, particularly TIFIA, given the strong demand for these limited resources.

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 these concerns be resolved?*

OHL remains interested in submitting a committed proposal to the Client at the appropriate time – for whatever is the agreed scope of work and under whichever structure the project moves forward. OHL is uniquely positioned to respond to the range of options the Client has available to pursue this transaction, including a structure using either the traffic and revenue risk model or the availability payment model, a traditional design-build structure, a design-build finance structure, or design-build finance/operate and maintain structure. OHL is also uniquely positioned as one of a very few strong, long-term equity players that can deliver not only the road project (in its various forms), but can also deliver an extension of the existing MTA system, whether it be some form of light rail, or matching the existing heavy rail.

OHL also has the background and experience to commit to a long-term partnering arrangement with the Client, if the Client were to decide this is the best path forward for the Project. Under such an agreement, OHL would be the development partner under a Development Agreement and would work side-by-side with the Client to determine the best options for the corridor over a specified period of time. Several other jurisdictions around the country are examining this approach, for example LA Metro for the development of the Sepulveda Pass Corridor. This option may work well under the scenario whereby the Client would like to pursue different commercial structures for different modes of transportation. It would also afford the Client the maximum level of coordination for various projects going on at the same time throughout the corridor.

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 the potential RFP?*

That will be a function of the delivery model that is selected. OHL would welcome the opportunity to discuss our experience on complex transactions and assist the Client in defining a fair timetable that continues to move the project forward, but at the same time, provides the Client the best opportunity to create a timetable that results in a successful procurement.

In general terms, we are used to participating in P3 procurements in the U.S., so we find the typical timeframes for projects as defined by the DOTs to be suitable for OHL.

## **Section 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.*

At the risk of identifying obvious or reoccurring issues on large infrastructure projects, two of the most significant challenges will be management of traffic during construction (particularly during the peak hours), and completing the construction in close proximity to the residential homes along the corridor. OHL has extensive experience on such projects and would be very happy to meet with the Client to explore different approaches that we have taken in past projects.

Local ordinances and the Client's standards also need to be vetted prior to the bid so that their impact can be properly assessed. Compliance with these ordinances and standards is clearly a risk that will be assumed by the private contractor and equity partners. Understanding this risk will ensure that the Client gets the most efficient pricing for the work.

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.*

It is not exactly clear what the Client has in mind with this question. As I-66 could be considered bifurcated in the traditional sense, perhaps the Client is seeking input on the prospects of providing a managed lane system that is elevated above the general purpose lanes. While we are not in a position to comment on the financial or technical feasibility of completing such a project in this particular corridor, OHL has constructed a bifurcated roadway in Mexico where the toll road has been elevated over the general purposes lanes. We would welcome the opportunity to discuss this concept in general and our Mexican Project in detail once we have more clarity around the question.

10. *What are the most significant cost drivers in the development and operation of 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 dialogue regarding this project over the past several years has referenced the need to retain the right of way for the future extension of the rail line. Obviously, to preserve the ROW for rail may potentially require the need for additional ROW along the outside border for the facility, thereby potentially creating a public relations issue. From a technical perspective, preserving options for the future are easily accommodated. From a development/bidding perspective, it is imperative to have a clear understanding of what the Client and the local community want early in the process.

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

Assuming that the I-66 will require the same “interoperability” requirements as defined in Section 5 of the Comprehensive Agreement for the 495 Express Lanes Project, OHL does not foresee any interoperability issues with the current tolling system on that project. OHL operates under the expectation that any interface between adjacent projects, or projects within close proximity, should be seamless to the end-users.

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?*

As suggested in our response to Question #6 and based on our experience, only the preferred bidder should be responsible for the range of activities occurring during the development, procurement and implementation stages of this particular project. The Client would be responsible for specific activities, such as NEPA and working with the National Capital Region Transportation Planning Board, with responsibility for the overall corridor remaining with the Client. OHL would like to see language in its agreement with the Client which compels the various contractors in the corridor to communicate and agree appropriate procedures for progressing their respective projects. Obviously, the Client would potentially need to provide schedule and pricing relief in the event that no suitable resolution could be found between parties. Any uncertainty regarding how this coordination would occur will increase the perceived risk and could result in less favorable pricing for the project and the Client.

After a broad review of potential conflicting projects already in progress in this corridor, the project of biggest concern is the planned I-66/Vienna Metrorail Access Project. It is not clear from the RFI whether or not this project would be incorporated into the overall design for the I-66 corridor, or would progress in parallel. Based on the information that is available, there is little doubt that progressing this Metrorail Access project outside of the I-66 procurement would impact the design and most likely the construction scheduling of the I-66 Project. The obvious step will be to clarify how the Client plans to progress this project.

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?*

OHL would plan to conduct a full life cycle analysis of the asset as part of its proposal. Obviously, this life cycle maintenance plan would adhere to both state and federal standards at a minimum, and would look to capitalize on state-of-the-art techniques for optimizing asset life. OHL would also look to engage the Client on the prospects of maintaining the entire corridor as part of its long term agreement. Coordinating the overall operation and maintenance between contractors for the new facility and the existing general purpose lanes will be a challenge given the close proximity.

The other challenge to be addressed is in the design of the facility. One key difference between the long-term equity investor and those that look to exit the asset following construction or shortly thereafter is the attention given to how design will impact the long-term maintenance

program. The project design needs to address the ease of conducting maintenance and look to balance the short-term benefits of lower costs with the economic impact of having to conduct major maintenance activities very early in an assets life.

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 projected costs?*

There are several issues to address with this question. We would first address opportunities to reduce the up-front development costs. DOT's around the country are challenged with managing the costs of administering a major procurement and the cost of overseeing their public private partnership process. As more and more of these projects become a reality, it will be even more critical for all parties to control costs. One such strategy would involve the DOT admitting ATCs and improvements to the basic project design, and deferring to the design expertise of the bidders. The bulk of the DOT's cost will then be wrapped up in the overall review of the proposed design and pricing, rather than completing a parallel activity. Of course, this requires that the advisors utilized by the DOT are well versed in dealing with the private sector and have sufficient commercial experience to properly validate the associated pricing from the proposer.

With regard to managing life cycle costs, a reasonableness measure must be incorporated in the review of the initial design and cost estimates to make sure the future of the asset is not sacrificed at the expense of getting the "cheapest" construction price. This is the value of private entities that are looking to be long-term operators, versus those entities that will leave a project once the construction is completed, either through a buy-out scheme in the shareholders agreement or through the termination of the design-build agreement (upon finishing the work).

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 cost of each technical solution.*

We have no comments at this time.

## **Section 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?*

The scope of the project (managed lanes, rail, BRT) as well as the approach taken (availability vs. traffic risk) will define the proposed financing plan for the project. OHL has extensive experience in structuring complex infrastructure projects across the various infrastructure sectors. Any solution will likely rely on federal funding being available for the project, plus a combination of equity, and bank debt or bonds. The optimal financing structure will be determined during the procurement process.

17. *Please describe your firm's interest in:*

OHL is amenable with either approach to structuring a managed lane project, with no strong preference. OHL also has the background and experience to commit to a long-term partnering arrangement with the Client as a development partner for a period of time (as mentioned in Question #6 above). The added benefit for this type of arrangement is that it allows the Client to complete each element of the corridor in a manner best suited for that particular element (i.e., managed lanes under a traffic and revenue structure, the rail project as availability, etc.)

a. *Accepting traffic and revenue risk in a toll concession;*

Please see the response above.

b. *Accepting performance risk in an availability structure.*

Please see the response above.

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

The term of a traffic & revenue risk transaction will be a function of several important factors including: A) the improvement concept(s) selected; B) the scope work for each of the items embedded within the concept(s); C) the projected revenue stream (either traffic revenue or size of the availability payments); and D) the terms and conditions defined in the financing plan. Looking at the current market, a minimum of 40 to 50 years seems to be reasonable.

## **Section 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.*

OHL recognizes the importance of hiring local, women-owned, minority, disabled- or veteran-owned businesses in the communities in which we conduct business. To that end, we typically create a plan and work to ensure that all disadvantaged business goals for a particular project are closely monitored and attained as a testament to our commitment to inclusion and community engagement in the project.

Our construction team will typically meet with DBE/SWaM firms to discuss the work and their capabilities. Our selection of DBE/SWaM firms will reflect a thoughtful approach that marries the DBE/SWaM capabilities with the project needs. OHL will also work with our design and majority contractors to ensure that they prepare and implement a DBE/SWaM plan with regards to their scope of work. Our goal is to provide DBE/SWaM opportunities across the entire spectrum of a project.



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 arguments.*

The Client has communicated the desire to stay within the existing right of way, given the potential impact to local communities in the area. This desire would lead one to move toward an HOV+3 policy in that it provides greater capacity in the facility. We have no quantitative information to share at this point. However, what is clear is that whatever the Client does on I-66 west of the Capital Beltway, it needs to be compatible with the HOV criteria for vehicles proceeding inside the Capital Beltway on I-66 during the morning rush hour period.

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.?*

As with most major roadway construction projects, a considerable amount of time is required to get the project from the planning phase to its operating phase. In the interim, there are other opportunities to improve that roadway which benefit the local users. As mentioned previously, the challenge comes when these on-going improvements prove to be inconsistent with the larger project, or require some of the interim work to be prematurely replaced as a function of the construction sequencing for the major project or due to the fact that the interim solution is no longer the optimal configuration. One such example cited was the I-66/Vienna Metrorail Project. OHL would suggest that such projects be incorporated into the larger solution for the corridor, even at the risk of delaying such a project. This will alleviate the inherent conflicts and pricing inefficiency that comes with doing such a project independently. It will also assist the Client in coordinating all the activities on-going in this corridor through one contractor.

The other challenge faced by the Client will be how to incorporate innovation into the proposals. If the RFP is too prescriptive, the DOT does not benefit from the potential upsides brought by the private sector. This challenge is further complicated by the fact that most bidders will be reluctant to disclose too much prior to the formal submittal. As mentioned previously, one such strategy would involve the DOT admitting ATCs and improvements to the basic project design by putting less investment in the overall design of the project, and deferring to the design expertise of the preferred bidders during the procurement process.

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?*

Given the slow start to traffic volumes on the 495 Express Project, and the similarities in the magnitude of the construction effort between I-66 and the 495 Express Project (both duration and complexity), it would be helpful for the potential bidders to see how the traffic in the 495 corridor has developed after 5 years of construction and significant upgrades to the general purposes lanes. We recognize that the controlling entity for the 495 Express Project may not be in a

position to share the historical traffic data (in particular, not revenue), but perhaps the Client will be in a better position to assist the market in learning from the past.

We would also request any Traffic & Revenue studies that the Client has completed in the corridor and could share to give potential bidders an initial review of the revenues expected for the corridor during the term of the project, particularly as it relates to this project being a tolled management lane facility. The traffic levels would also assist in the development of a suitable operations and maintenance plan for the various concepts.

Additionally, all the bidders will have a view of any future plans that the Client may have for this corridor through their respective representatives at the National Capital Region Transportation Planning Board. These plans can be accommodated either through the planned design or addressed in the final comprehensive agreement. What is less visible to the market are any future plans for the I-66 interchange with the Capital Beltway that are being contemplated by the owners of the 495 Express Project. Providing the potential bidders with any information about future expansion at that interchange would be appreciated.