

Supplement to the Presolicitation Report for the I-495 and I-270 P3 Program

On December 11, 2018, the Maryland Department of Transportation (MDOT) and Maryland Transportation Authority (MDTA), as the Reporting Agencies, submitted the Presolicitation Report (PSR) for a proposed public-private partnership (P3) for the I-495 & I-270 P3 Program to the budget committees of the General Assembly and the Department of Legislative Services (DLS) in accordance with State Finance and Procurement Article, Section 10A-201(a). Upon review of all comments received and with the continued development of the I-495 & I-270 P3 Program, MDOT and MDTA are submitting this supplement to the PSR to the Board of Public Works (BPW) for consideration. This supplement will provide clarification of certain information and a summary of additional information developed since the December 11, 2018 submission of the PSR.

During the months since the PSR was submitted, certain information has become more developed and is being shared in this supplement and certain additional events have occurred which may be of interest to the BPW in the context of the I-495 & I-270 P3 Program:

- In mid-December 2018, MDOT and MDTA held a second I-495 & I-270 P3 Program industry forum and one-on-one meetings with potential private partners, providing details on the I-495 & I-270 Managed Lanes Study (MLS) National Environmental Policy Act (NEPA) study and a proposed Phase 1 for the I-495 & I-270 P3 Program, from the George Washington Memorial Parkway in Virginia to I-95, including improvement to the serious regional bottleneck of the American Legion Bridge;
- Virginia announced on January 29, 2019 its agreement with its private partner, Capital Beltway Express LLC, for the 2.5-mile extension of the 495 Express Lanes north to the American Legion Bridge (I-495 Express Lanes Northern Extension Study (NEXT)). At no net cost to the Virginia Department of Transportation, the high-occupancy toll (HOT) lanes project will include direct connections from the south with the George Washington Memorial Parkway and the Dulles Toll Road; and
- As part of the MLS, MDOT SHA recommended on February 13, 2019 that Alternatives 1, 5, 8, 9, 10, 13B, and 13C be carried forward for further analysis and environmental evaluation. All alternatives, other than the No Build, include priced managed lanes, either High Occupancy Toll Lanes also known as HOT lanes or Express Toll Lanes also known as ETLs, and incorporate congestion pricing and lane management to control the number of vehicles entering the lane(s) to keep traffic flowing.

The following sections will provide additional details about key aspects of the I-495 & I-270 P3 Program, including:

1. Programmatic Overview and Regional Context
2. Political and Community Support
3. NEPA Status Details
4. Program Phasing
5. Lack of Funding Capacity to Build the I-495 & I-270 P3 Program

Supplement to the Presolicitation Report for the I-495 and I-270 P3 Program
April 12, 2019

Serving as attachments to this supplement are the following documents:

- a. Letter to the Budget Committee Chairs from Secretary Pete K. Rahn, dated February 13, 2019
- b. Letter of support for the I-495 & I-270 P3 Program from the Suburban Maryland Transportation Alliance dated October 29, 2018
- c. Letter of support for the I-495 & I-270 P3 Program from the Mid-Atlantic American Automobile Association dated October 29, 2018
- d. Letter of support for the I-495 & I-270 P3 Program from the Association for the Improvement of American Infrastructure dated November 15, 2018
- e. Letter of support for the I-495 & I-270 Program from the Maryland Transportation Builders and Materials Association dated March 19, 2019
- f. Letter of support for the I-495 & I-270 P3 Program from the Greater Washington Board of Trade dated March 21, 2019
- g. Letter of support for the I-495 & I-270 P3 Program from the Montgomery County Chamber of Commerce dated March 25, 2019
- h. Letter of support for the I-495 & I-270 P3 Program from a coalition of thirty representatives of the vast majority of employers in the Greater Washington region

1. Programmatic Overview and Regional Context

The largest component of Maryland's Traffic Relief Plan is the I-495 & I-270 P3 Program, which will be broken down into five phases with each P3 agreement being individually submitted for approval by the BPW. More details about the phasing approach are including in the Program Phasing section of this document. The vision for this Program is to incorporate innovative traffic management and intelligent transportation systems improvements with more roadway capacity (priced managed lanes) on these critical interstate highways. Pending the outcome of environmental studies, the I-495 & I-270 P3 Program will link Maryland's solution with Virginia's interstate HOT lanes, as well as I-95 and the Baltimore-Washington Parkway to the north and ultimately, I-70 to the west in Frederick.

Early planning estimates indicate that the I-495 & I-270 P3 Program will require more than \$9-\$11 billion in investment to deliver future-ready capacity enhancement solutions on these two interstates. The Program covers more than 70 miles of highway that are crucial to both interstate commerce and regional commuting. In order to determine the best solution to address the transportation need for the Program, environmental studies in compliance with NEPA must be undertaken. More information about the NEPA process are included in the NEPA Status Details section of this document.

Figure 1: I-495 & I-270 P3 Program in the Region



2. Political and Community Support

There are numerous examples of support for the I-495 & I-270 P3 Program from the across the region. These include a range of recommendations, surveys, and letters of support from both public and private sector organization. Key examples of political and community support are highlighted below.

- The **Greater Washington Partnership's** Capital Region Blueprint for Regional Mobility recommends expanding the existing express lanes network, including the I-495 & I-270 P3 Program's facilities.¹
- In recent **community surveys** conducted by MDOT regarding the I-495 & I-270 P3 Program, the findings support moving forward with this Program:
 - 84% of respondents always or usually experience delays due to congestion when using I-495 and I-270;
 - 77% of respondents who reported taking an alternative route to avoid congestion on I-495 or I-270 stated their alternative route took them through or near residential neighborhoods;
 - 47% or respondents indicated that congestion causes extra costs besides just time, such as extra fees at daycare, missed medical appointments, or reduced quality of life;
 - 43% of respondents who own or work for a business indicated they make fewer service calls or deliveries as a direct result of congestion on I-495 and I-270; and
 - 88% of respondents agree that addressing congestion on I-495 and I-270 in Maryland is an important priority.
- The **Suburban Maryland Transportation Alliance** commissioned a survey in 2016, finding that:²
 - 70% of Maryland residents support the concept of adding new express lanes to I-270 from Montgomery County to Frederick County.
 - 71% of Maryland residents support widening the Maryland portion of the Beltway
 - 64% of Maryland residents support the addition of express lanes to the American Legion Bridge.

In addition to these survey findings, the Suburban Maryland Transportation Alliance has also provided a letter of support for the I-495 & I-270 P3 Program, which is attached.

- The **Mid-Atlantic American Automobile Association**, the **Association for the Improvement of American Infrastructure** the **Maryland Transportation Builders and Materials Association**, the **Greater Washington Board of Trade**, the **Montgomery County Chamber of Commerce**, and a coalition of **thirty representatives of the vast majority of employers in the Greater Washington**

¹ Greater Washington Partnership Capital Region Blueprint for Regional Mobility, 2019, <http://www.greaterwashingtonpartnership.com/blueprint/>

² Greater Washington Transportation Survey, 2016, <https://www.mdtransportation.org/>

region have provided letters of support to MDOT SHA for the Program. These letters have been provided as attachments.

- In 2017, the **Metropolitan Washington Council of Governments Transportation Planning Board**, the federally recognized transportation planning agency for the National Capital region, issued a call to action to Maryland, Washington, D.C. and Virginia to fully explore concepts and actions to implement programs that would address transportation congestion. The ultimate outcome of this call to action is *Visualize 2045*, the region's long-range transportation plan. In 2017, one of the Transportation Planning Board's *Program* endorsements was the expansion of the express highway network. *Visualize 2045* includes the following forecasts that are the basis for moving forward with the expansion of the region's highway network:³
 - By 2045, the region's residents will access 909,000 jobs within a 45-minute auto commute of where they live. If no highways are built, the number of jobs in 2045 reduces to 770,000 or 94,000 less than in the region today;
 - Currently, there are 17 million trips per day in Metropolitan Washington on all modes of transportation for many purposes, including work, school, and appointments – of these, 41% are driving alone, 40% are in a vehicle with two or more people, 12% are walking/biking, and 7% are by public transit;
 - Based on the most recent Transportation Planning Board State of the Commute report (2016), commuting travel accounts for 3.5 million trips per day today in Metropolitan Washington. 61% of these work trips were taken in single occupancy vehicles, 5% were in vehicles with two or more people;
 - By 2045, Charles County's population will grow at the fastest rate in the entire region – 44% - with MD 5 already a major commuting route to I-495 and employment centers; Frederick County's population is forecasted to grow by almost 31%; and
 - By 2045, Charles County's employment growth also leads the four Maryland counties in the region at more than 31% with Montgomery County's employment growth expected to be 26%, Frederick County at 25% and Prince George's County's growth at almost 16%.
- TRIP, a private nonprofit organization that researches, evaluates and distributes economic and technical data on surface transportation issues, recently released a report entitled *Keeping Maryland Mobile: Accomplishments and Challenges in Improving Accessibility in Maryland to Support Quality of Life and a Strong Economy*.⁴ This report highlighted the I-495 & I-270 P3 Program as an example of a critical investment that will help to address Maryland's significant traffic congestion challenges.
- **Montgomery County** has advocated for additional HOV or HOT lane capacity on the American Legion Bridge, continuing along I-495 and on I-270 to Frederick County. Coupled with State investment in transit, these HOV or HOT lanes could provide meaningful congestion relief while also expanding the range of transportation options for those who travel these corridors.

³Visualize 2045, https://www.mwcog.org/assets/1/28/Visualize_2045_Plan_2018_10_23_No_Crops_Single.pdf

⁴ Keeping Maryland Mobile: Accomplishments and Challenges in Improving Accessibility in Maryland to Support Quality of Life and a Strong Economy, 2019
http://www.tripnet.org/docs/MD_Progress_and_Challenges_TRIP_Report_March_2019.pdf

3. NEPA Status Details

The first NEPA study currently underway, the I-495 & I-270 MLS, extends from I-495 near the George Washington Memorial Parkway interchange in Virginia, including improvement to the American Legion Bridge, clockwise around I-495 to west of MD 5 and along I-270 from I-495 to I-370, including the I-270 east and west spurs. This first NEPA study includes approximately 48 miles of the more than 70-mile I-495 & I-270 P3 Program.

Additional environmental studies will be undertaken to address I-495 from west of MD 5 to the Woodrow Wilson Bridge in coordination with VDOT, and I-270 from I-370 to I-70. See Figure 1 on page 3 for an illustration of the I-495 & I-270 P3 Program area as well as the MLS area.

In 2018, the purpose and need for the MLS was defined through a public scoping process including coordination with dozens of local, State, and federal agency partners. The Preliminary Range of Alternatives have been narrowed down to seven Screened Alternatives. Please see Figure 2 below for these seven Screened Alternatives. Aside from the no-build alternative, each Screened Alternative includes priced managed lanes (HOT or ETL) alternatives. After additional traffic, financial, and environmental analysis, all of the Screened Alternatives are being recommended as Alternatives Retained for Detailed Study (ARDS) to be carried forward for detailed study in the Environmental Impact Statement.

Figure 2: Screened Alternatives and Alternatives Retailed for Detailed Study

Screened Alternative	Description
1	No Build (Under this alternative, no improvements are planned to I-495 and I-270 to provide congestion relief.)
5	1-Lane, HOT Managed Lane Network on both I-495 & I-270
8	2-Lane, ETL Managed Lanes Network on I-495 and 1-ETL and 1-Lane HOV Managed Lane on I-270
9	2-Lane, HOT Managed Lanes Network on both I-495 & I-270
10	2-Lane, ETL Managed Lanes Network on I-495 & I-270 plus 1-Lane HOV Managed Lane on I-270
13B	2-Lane, HOT Managed Lanes Network on I-495; HOT Managed, Reversible Lane Network on I-270
13C	2-Lane, ETL Managed Lanes Network on I-495; ETL Managed, Reversible Lane Network and 1-Lane HOV Managed Lane on I-270

Preliminary capital costs would roughly correspond to the overall program cost for each Alternative, including long-term operations and maintenance costs. The total preliminary capital costs for the six build alternatives only vary slightly from the lowest at \$8.1 billion with Alternative 5 (one lane on I-495) to the highest at \$9.45 billion with Alternative 10 (two lanes on I-495). This slight variation in preliminary capital costs for the remaining build alternatives addresses the concern expressed in the January 7, 2019 DLS letter to the budget committees that, *“The complexity and capital costs of constructing two lanes in each direction on both roadways would be considerably higher than the*

construction of a single lane in each direction on I-495 and conversion of the HOV lanes on I-270. The difference could lead to different conclusions on the costs and benefits of using a P3 procurement.” The preliminary capital costs for each option do not vary significantly.

MDOT SHA is beginning preliminary planning activities for the I-270 from I-370 to I-70 study in April 2019 using the I-270/US 15 Multimodal Study Draft Environmental Impact Statement as a starting point. Activities that are planned over the first year include establishing the study’s purpose and need, completing survey work to define the environmental features, developing preliminary alternatives, identifying and collaborating with cooperating agencies, and outreaching to the public to gain input on the study’s scope, purpose and need, environmental considerations and alternatives. This study will use previous studies as a foundation to reduce the timeframe for the completion of the NEPA process. Early coordination and information sharing will allow for more effective public engagement and be essential in delivering this element of the I-495 & I-270 P3 Program.

4. I-495 & I-270 P3 Program Phasing

At the industry forum in December 2018, MDOT and MDTA outlined a proposed Phase 1 solicitation scope to the public. The proposed scope for the 50-year concession agreement entails the selected private sector developer to be responsible for:

- Compliance with NEPA decision including requirements and commitments;
- Reconstruction or rehabilitation of the American Legion Bridge;
- Design and construction of new priced managed lanes along the corridor starting just south of the American Legion Bridge moving north east along I-495 to I-95;
- Operations and maintenance responsibilities for the priced managed lanes and associated assets; and
- Designing, building, financing, operating and maintaining the entire phase using private debt financing and equity with repayment from toll revenues collected from the priced managed lanes.

Four additional phases of the I-495 & I-270 P3 Program have been identified. These are:

- Phase 2a: I-270 from I-495 to I-370;
- Phase 2b: I-495 to west of MD 5, including multimodal direct access to Greenbelt, New Carrollton, Largo and Branch Avenue transit-oriented development sites;
- Phase 3a: I-495 west of MD 5 to the Woodrow Wilson Bridge, including high occupancy vehicles lanes integrating with Virginia’s HOV/HOT lanes; and
- Phase 3b: Extension of I-270 from I-370 to I-70, including the I-70 interchange.

It is estimated that the solicitations for Phases 2a and 2b would proceed following a successful selection of a developer for Phase 1. Phases 2a and 2b will be solicited concurrently, as will phases 3a and 3b.

Please see Figure 3 for an illustration of the I-495 & I-270 P3 Program Phasing.

Figure 3: I-495 & I-270 P3 Program Phasing



5. Lack of Funding Capacity to Build I-495 & I-270 P3 Program

In its letter to the budget committees on January 7, 2019, DLS made the following statement:

“If toll revenues are sufficient to cover a concessionaire’s debt service, operating and maintenance costs, and return on investment, they should be sufficient to allow MDTA to procure the project using one or more design-build projects.”

At a cost of \$9-\$11 billion, this Program will be the largest transportation investment the State has ever undertaken, regardless of which build alternatives are retained for detailed study may be selected, and MDTA simply is unable to construct it because MDTA does not have the capacity to borrow sufficient funds to design, construct, operate and maintain a project of this size.

To fund construction of each of the Phases, significant debt would need to be borrowed. This debt would be repaid with future toll revenues collected from users of each Phase, which will also pay for all long-term operations and maintenance expenses. MDTA’s debt capacity does not allow for this level of borrowing. Under current public financing constraints, the State would have to build the project in significantly smaller phases with numerous solicitations that would not be completed until well after 2045. This delay would cause significant inflationary increases in the Program cost, no congestion relief, and no solutions for the citizen and economic impacts identified in Visualize 2045.

Even if MDTA could raise the same amount of debt as a private developer, debt alone is not sufficient to finance each Phase and additional funds will be needed to fill the gap. Recent revenue-risk toll road projects suggest that public sector debt would fund only about 60-70% of construction costs for the improvements described in the PSR.⁵ The remaining approximately 30-40% of construction costs would need to be funded with cash. The State would have to apply programmatic transportation funds to fill that gap, diverting it from other worthwhile projects.

Under the P3 model, the private developer will fill the gap through a separate financing commitment (referred to as “equity”) from private investors seeking a long-term return on their cash investment. This equity is non-recourse to the State and can be invested in addition to debt because equity investors are willing to take a back seat to bondholders and can wait for their return on investment. MDTA does not have a similar source of cash large enough to fill the funding gap on the Program particularly in light of its other capital commitments. During the same time as construction for Phase 1, MDTA expects to be completing the replacement of the Governor Harry W. Nice Memorial/ Senator Thomas “Mac” Middleton Bridge, and work would be underway on the extension of the I-95 ETLs north of Baltimore.

A P3 approach enables MDTA to transfer significant risks to the private developer. The risk of whether traffic and revenue meet (or do not meet) forecasts is transferred to private developers in a P3 structure. Once the priced managed lanes open to traffic and toll revenue is collected, the toll revenue must first be used to pay operating and maintenance costs and if the costs are more than anticipated, they still must be paid. Similarly, as major repairs are required, they must also be paid for with toll revenues. The risks that toll revenues will not be sufficient to cover operating, maintenance, and major repairs is transferred to the private developer in a P3 approach. Furthermore, rather than delay solicitations for the full program by up to 20 years to see if sufficient excess cash flows materialize following completion of the initial phases, a series of phases can be solicited over the course of the next few years, with guaranteed debt and equity commitments from private developers that will be sufficient to fund all construction work – and the

⁵ Note that this amount (well over \$5 billion) would exceed the entire current statutory debt capacity of MDTA.

Supplement to the Presolicitation Report for the I-495 and I-270 P3 Program
April 12, 2019

risk of whether the cash flows to repay both debt and equity ever materialize will be fully transferred to the private developers (with additional protection for the State to receive a portion of the excess cash flows if they exceed forecasts by a pre-determined amount).



Larry Hogan
Governor
Boyd K. Rutherford
Lt. Governor
Pete K. Rahn
Secretary

Office of the Secretary

February 13, 2019

The Honorable Nancy J. King
Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis MD 21401

The Honorable Maggie McIntosh
Chair
House Appropriations Committee
121 House Office Building
6 Bladen Street
Annapolis MD 21401

The Honorable Kumar P. Barve
Chair
House Environment and Transportation Committee
251 House Office Building
6 Bladen Street
Annapolis MD 21401

The Honorable Anne R. Kaiser
Chair
House Ways and Means Committee
131 House Office Building
6 Bladen Street
Annapolis MD 21401

Dear Chairs King, Barve, McIntosh and Kaiser:

As members of the legislature have sought further information on the administration's Traffic Relief Plan, I submit this letter to offer further details on both the need for system-wide traffic relief, as well as the process the Maryland Department of Transportation (MDOT) will undertake to begin construction, while committing to keep stakeholders informed of the work and related solicitations.

As the Secretary of MDOT, Governor Hogan challenged me to deliver relief for Marylanders from the congestion that plagues our State through the implementation of the Traffic Relief Plan. The I-495 and I-270 Public-Private Partnership (P3) Program is the largest component of the Traffic Relief Plan and is being advanced to bring transformative relief to the growing congestion that cripples economic development and diminishes quality of life in the National Capital Region.

Multiple studies over the last decade have shown that the National Capital Region is one of the most congested in the nation, and Marylanders face the second highest commuting times in the country. Today on average, travelers experience 7 hours of congestion daily on I-270. The duration is even worse on I-495 with travelers experiencing 10 hours of congestion daily. With the projected population growth in the National Capital Region, Marylanders will continue to see those numbers grow every day.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Two

Congestion has a dramatic impact on quality of life, business efficiency, and community attractiveness. Being stuck in congestion increases aggravation and stress and keeps people away from their families and doing the things they enjoy most. A key indicator of economic growth is the movement of freight and goods. Movement of freight and goods depends on a system that provides mobility and reliability. Both I-495 and I-270 include many of the worst corridors for truck travel in Maryland. Congestion also reduces the attractiveness of communities. A 2017 Montgomery County Community Livability Report by the National Citizens Survey found that approximately three out of four residents believed traffic flow was a negative aspect of their community characteristics. Traffic applications such as Waze and Google divert traffic from congested roadways that are made for higher volumes and puts travelers onto roads through neighborhoods and in front of parks and schools, endangering the safety of children, walkers, and bicyclists.

It must also be recognized that I-495 and I-270 are not just local highways but are major corridors for the nation's capital and mid-Atlantic region. Corridor performance has significant influence on national security capabilities and national security facilities.

Both the Executive and Legislative branches of our state government as well as local jurisdictions have been studying I-495 and I-270 for nearly thirty years. These studies have found that both highway and transit improvements are needed to address the travel demand on I-495 and I-270. In fact, the Purple Line is only a portion of the overall transportation plan that was developed from an I-495 corridor study. That study concluded highway improvements would still be necessary even with the implementation of the Purple Line.

Even with the multitude of studies on I-495 and I-270 concluding that highway improvements are needed independent of transit improvements, no real progress has been made as the high cost made it impossible for MDOT to deliver improvements under our funding and debt limitations. Travelers on highways in the National Capital Region account for 81 percent of the trips. With our funding shortfalls and lack of debt capacity, we must look at new ways to fund and finance improvements to address the National Capital Region's congestion. The good news is the unrestricted free lanes will remain free while managed lanes will address the crippling congestion in the National Capital Region and are a proven solution in Maryland and across the world in reducing similar serious congestion issues. Two successful projects in the Washington region including managed lanes with congestion pricing are the I-95 express tolls lanes and the Intercounty Connector. The Federal Highway Administration in 2012 even notes that congestion pricing represents the single most viable and sustainable approach to reducing traffic congestion. Similar congestion reduction strategies have been successfully implemented on I-495 and I-95 in Virginia beginning just south of the Potomac River.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Three

This approach has provided a guaranteed reliable and free flow travel experience for those who choose to pay and reductions in travel time for those who continue to use the free lanes. Everyone benefits!

The I-495 and I-270 P3 Program is looking to catch up with our neighbors across the Potomac by removing the serious regional bottleneck at the American Legion Bridge and provide new managed lanes along the full limits of I-495 and I-270 in Maryland. As you know, the Commonwealth of Virginia just announced a continuation of their successful managed lanes up to the American Legion Bridge, it would be devastating to the entire region if we are not able to continue this progress on our side of the Potomac River. The P3 Program will be delivered at no cost to the State through multiple P3 agreements. As envisioned, the combined P3 agreements will be no cost to the State as some phases produce a concession fee to MDOT at financial close to enable MDOT to provide gap funding in other phases as needed. The total of all concession fees for gap funding will be aggregated to zero net cost. The way it is designed, the benefit is to Marylanders and the risk of financing, design, construction and operation is on the private sector. This is known as a "revenue at risk P3". All debt issued by the developer is non-recourse to the State of Maryland. As demonstrated by the very few P3 transportation failures, bondholders step in and operate the facility with no financial exposure to the owner and no interruption of services to travelers.

Not only will these P3 agreements provide new, free-flow capacity and reduced travel times for the free lanes, they will provide new bridges and smoother pavement for Marylanders to enjoy for years. It is expected the developer will fully reconstruct existing free lanes when the managed lanes are being built. This Program will also allow MDOT to address increasing needs on I-495 and I-270, such as the improvement and added capacity on the American Legion Bridge, at no impact to the Transportation Trust Fund. In fact, this P3 will have no negative impact to the rest of the State's transportation capital program. The P3 delivery will allow funding that would have been required to address the growing needs on I-495 and I-270 to be allocated for other vital transportation improvements. The P3 agreements will also provide a guarantee for long-term operations and maintenance of the managed lanes, this ensures funding will not be needed from the Transportation Trust Fund for future maintenance on the managed lanes, further freeing up future funding for other vital transportation improvements across Maryland. Utilizing a P3 delivery will allow MDOT to harness innovation from around the globe to address the significant challenges surrounding the I-495 and I-270 corridors. Innovative methods from around the world will be sought to limit impacts to adjoining properties and deliver a system with a focus on regional congestion relief.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Four

MDOT is developing the first of three environmental studies for the I-495 and I-270 P3 Program concurrently while seeking the designation as a P3 from the Board of Public Works to deliver meaningful congestion relief to the National Capital Region in the most efficient manner possible. Concurrent development of the National Environmental Policy Act (NEPA) environmental study and the solicitation process is allowable under federal regulations. Multiple states including Alabama, Colorado, New York, Texas, and Virginia have solicited P3 or Design-Build projects each exceeding \$500 million concurrently with the development of the environmental study to ensure efficient delivery of needed improvements. This is precisely what MDOT is doing with the I-495 and I-270 P3 Program to ensure maximum value to Marylanders and congestion relief as quickly as possible.

The purpose of the improvements is to provide a solution that improves congestion, improves trip reliability, and enhances existing and planned multimodal mobility and connectivity. MDOT presented a preliminary range of alternatives in Summer 2018, which has been reduced to seven recommended screened alternatives. This initial screening was completed considering how each alternative would address existing and long-term traffic growth and provide for trip reliability, improve the movement of goods and services, provide for homeland security, and provide multimodal connectivity. Environmental effects and financial viability were also considered in the initial screening. Any solution must be self-funded.

The screened alternatives include the no-build, as a baseline, and six alternatives that all include managed lanes using congestion pricing. Information on the screening process and the alternatives is being distributed publicly through newsletters, emails, and the P3 Program website. Public workshops are planned in early Spring 2019 to present the traffic and environmental effects of the screened alternatives and to present recommended alternatives to be studied and presented in the Draft Environmental Impact Statement (DEIS). MDOT recommended preferred alternative will be identified by Summer 2019 and included in the DEIS, which will be released by the end of 2019 with formal public hearings in early 2020. This first of three NEPA based environmental studies will include input on the continuing collaboration which involves local and regional stakeholders including all three benefiting counties of Frederick, Montgomery and Prince George's. They along with many other stakeholders are or will be involved in our process for these environmental studies and part of our official inter-agency working group.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Five

Continuing down a concurrent development of the first environmental study and the solicitation of the first P3 agreement is critical to bringing meaningful congestion relief to the National Capital Region. Doing otherwise would result in a significant cost of delay to both travelers in the region and to the cost of the P3 Program. The cost of congestion in National Capital Region in Maryland alone was \$1.3 billion in 2016, which is a 33 percent increase from just 2013. This cost of congestion considers delay costs to automobiles and trucks, wasted fuel costs, and the cost of air emissions. A one-year delay would have significant capital cost increases to the I-495 and I-270 P3 Program. Based on the 2018 Engineering News Record construction cost index of three percent, the cost of the P3 Program will increase by approximately \$300 million. Considering a possible one-quarter percent interest rate increase, the P3 Program's costs will increase by \$350 million. A one-year delay with a potential rise in interest rates could erode \$650 million in value from the I-495 and I-270 P3 Program, reducing its ability to be self-sufficient and to provide other improvements within the I-495 and I-270 corridors.

Moving forward with the I-495 and I-270 P3 Program as currently envisioned by MDOT will maximize flexibility for developers to provide the greatest value and return to the State. It will accelerate delivery of the P3 Program, bringing meaningful congestion relief to the National Capital Region decades sooner than a traditional project delivery. Running the environmental and solicitation processes concurrently will strengthen the results of the environmental document while reducing future delays of the implementation of improvements by a developer. MDOT will also utilize a selection process that will create a fair playing field for proposers, and to reach beyond the typical MDOT solicitation process, we will incorporate an outside independent transportation expert and a local stakeholder into the actual solicitation process. Participation of the members will ensure the evaluation of the final proposers is sensitive to local concerns and are appropriate solutions to the corridor conditions.

We recognize the concerns raised by the General Assembly and are committed to a phased implementation of the P3 program. Once we receive Board of Public Works approval for the P3 designation, MDOT will report to the Board of Public Works and the General Assembly the details of the first phase of the program along I-495 from the George Washington Parkway in Virginia to I-95, including improvement and additional capacity for the American Legion Bridge, before seeking approval of the P3 agreement for the first phase. Furthermore, MDOT will report to the Board of Public Works and the General Assembly the details of each individual subsequent phase before seeking approval of each individual P3 agreement. We are also committing to provide a "value for money" analysis, comparing any private sector proposals for delivery to a public sector option, prior to seeking approval of a P3 agreement. This analysis will give the Department, Governor, Board of Public Works, and the Maryland General Assembly a thorough financial cost/benefit analysis.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Six

MDOT is also committed to further and continuing engagement with the public above what was previously outlined in this letter. Over the course of the last week or so, we have contacted over 700 community and civic associations in the Maryland-National Capital Region and are actively confirming meetings to present this transformative program and hear support and concerns from citizens over the next several months. We will also provide updates to the General Assembly at critical junctures in the NEPA process for each study (alternatives retained for detailed study, draft environmental document with a preferred alternative, and record of decision) as well as the solicitation process for each phase (request for qualifications, short listing, request for proposal and selection) and submittal to the Board of Public Works for contract approval. Per our instructions from the Governor, MDOT will continue to strive to avoid displacing any residence. We have begun this analysis in the environmental study, going into greater detail than typical environmental impact statements, and will continue to look at innovative methods of avoidance, including incentivizing the potential P3 developers to avoid displacement of any residence in its proposals and its design.

Regional studies by the National Capital Region Transportation Planning Board have shown that citizens want solutions that yield both highway and transit improvements. Phase one of the I-495 and I-270 P3 Program will provide improvements and additional capacity on the American Legion Bridge, breaking this long-standing regional bottleneck and is expected to provide, at a minimum, cost recovery for upfront MDOT expenditures. Because this phase was originally linked to the Purple Line in previous studies, it has a tangible multi-modal connection. The second phase of the P3 Program (2a) will include I-270 from I-495 to I-370 and will anticipate an investment into the Corridor Cities Transit-way. Phase 2b will include I-495 from I-95 to west of MD 5 and include multimodal network connectivity and investment in direct access to Prince George's County Transit Oriented Development (TOD) sites such as Greenbelt, New Carrollton, Largo and Branch Avenue. These improvements will increase access to the Metro Orange Line and Maryland Area Regional Commuter (MARC) Camden Line in Greenbelt, Metro Orange Line, MARC Penn Line, and the Purple Line in New Carrollton, Metro Blue Line in Largo, and the Metro Green Line and future bus-rapid transit terminus at Branch Avenue. This creates a true foundation for sustainable transportation land use connections and expands opportunity within the capital region through multimodal connections and the free-flowing commerce needs that cannot be addressed by transit solutions. MDOT is continuing to implement smart traffic signal corridors to improve traffic flow on adjacent arterial roadways.

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Seven

Phase 3a of the I-495 and I-270 P3 Program will extend lanes from west of MD 5 and include high occupancy vehicle travel across the Woodrow Wilson Bridge and integration with the Virginia high occupancy toll lanes. Phase 3b will include the extension along I-270 from I-370 to I-70 including improvements to the I-70 interchange. Phases 2a and 2b will be solicited concurrently as will phases 3a and 3b. It is estimated 2a and 2b solicitation would proceed following a successful selection of a developer for phase 1.

We will commit to working with all developers on the usage scenarios of the new managed lanes by all public agency transit. This conforms with the National Capital Region Transportation Planning Board initiative to expand the region's express highway network to provide for a new network of express buses that would connect jobs and people who rely on transit throughout the region. This is also supported by the Greater Washington Partnership's Blueprint for Regional Mobility and the Suburban Maryland Transportation Alliance.

As outlined in this letter, the I-495 and I-270 P3 Program is more than simply highway improvements. It will provide significant multimodal improvement and opportunities for the Marylanders traveling around and living within the National Capital Region. This program will be truly transformative for the region and will change Maryland for the better.

If you have any questions or concerns, please contact me directly or contact Gregory Slater, MDOT SHA Administrator, at 410-545-0400 or via email at gslater@sha.state.md.us. We would be happy to discuss with you further at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Pete K. Rahn". The signature is written in a cursive, slightly slanted style.

Pete K. Rahn
Secretary

The Honorable Kumar P. Barve
The Honorable Anne R. Kaiser
The Honorable Nancy J. King
The Honorable Maggie McIntosh
Page Eight

cc: The Honorable Peter Franchot, Comptroller, State of Maryland
The Honorable Michael A. Jackson, House Chair, Prince George's County
Delegation
The Honorable Carol L. Krimm, House Chair, Frederick County Delegation
The Honorable Nancy K. Kopp, Treasurer, State of Maryland
The Honorable Marc Korman, House Chair, Montgomery County Delegation
The Honorable Jim Rosapepe, Senate Chair, Prince George's County Delegation
The Honorable Craig J. Zucker, Senate Chair, Montgomery County Delegation
Ms. Alexandra Hughes, Chief of Staff, Speaker of the House
Mr. Jake Weissmann, Chief of Staff, Office of the Senate President
Mr. Gregory Slater, Administrator, MDOT SHA



Mr. Greg Slater, Administrator
Maryland State Highway Administration
707 N. Calvert Street
Baltimore, MD 21202

October 29, 2018

Dear Mr. Slater,

On behalf of the Suburban Maryland Transportation Alliance (SMTA), I am writing to support the use of a Public Private Partnership (P3) in order to finance the Traffic Relief Plan for I-270 and I-495, as proposed by the Maryland Department of Transportation (MDOT).

SMTA is a 501(c)4 organization whose mission is to advocate for road and transit improvements that will make a meaningful difference in the regional transportation network. Our Board of Directors and Advisory Board include transportation professionals, business owners, developers and individuals interested in advancing projects that have been planned long ago.

Adding capacity to I-270 and the Beltway have been on SMTA's list of priority projects since its inception in 2009. In addition, we created a separate group in 2016 called "Fix -270 Now" which also has an education and advocacy mission. SMTA has worked to highlight the need for the Price Managed Lanes solution – and is very supportive of the Traffic Relief Plan and the Public Private Partnership (P3) proposed to implement it.

Congestion across the National Capital Region results in the longest commute times in the country and harms the residents and businesses in the four counties represented by SMTA (Montgomery, Frederick, Charles and Prince George). Some 67,000 hours are wasted every day on our highways. Delays and unreliable travel times affect our quality of life and our economy.

Further, with significant population growth expected over the next few decades, congestion on I-495 and I-270 will continue to worsen – bringing suburban counties to a standstill if we don't address it. Priced managed lanes on I-495 and I-270 will reduce the extreme congestion and allow for an express bus system on those lanes.

SMTA fully supports the use of tolls and a Public Private Partnership to deliver price managed lanes on I-495 and I-270. Funding these improvements using tolls and transferring appropriate risks to the private sector through a P3, is the right solution for taxpayers.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Russel". The signature is written in a cursive style with a large initial "J" and "R".

Jennifer Russel, Chair
Suburban Maryland Transportation Alliance (SMTA)

cc: SMTA Board of Directors
SMTA Advisory Board



October 29, 2018

Mr. Gregory Slater
Administrator
Maryland Department of Transportation (MDOT)
State Highway Administration's (SHA)
707 North Calvert Street
Baltimore, Maryland 21202

RE: MDOT SHA P3 Program to address congestion along the I-495 & I-270 corridors

Dear Administrator Slater:

With an improving economy and growing populace, Annual Vehicle Miles of Travel (AVMT) is steadily increasing in the state of Maryland. So too is traffic congestion and additional wear and tear to the state's infrastructure. VMT in Maryland increased from 56.5 billion miles in 2013 to 59.8 billion miles in 2017. Most of that occurred between the two Beltways in the Baltimore-Washington region. Congestion is also impacting the rural areas of the state, including on the Eastern Shore, and in Southern and Western Maryland.

Drivers in the Baltimore-Washington region are coping with the most congested roads in the nation, a 2015 study by the Texas A&M Transportation Institute (TTI) found. During 2015, for example, "motorists traveling on the state's freeways experienced 47.9 hours of total delay and burned 22.6 million gallons of additional fuel due to congestion." Commuters and users of the highway and public transportation systems in the area are crying out for relief.

Study after study show what drivers, commuters, highway users, and parents with school children already know, traffic congestion continues to worsen in the state. Marylanders suffer from the second longest commuting times in the nation. Trips take longer, wasting our time and burning our money. Trip travel times are unreliable. Congestion in Maryland has limited economic growth and the quality of life for Maryland citizens for far too long.

Congestion is spreading across the state and reaching into our weekends. The Capital Beltway and Interstate 270 in the national capital area offer proof that congestion even affects "weekend travel" in Maryland. With each passing year, area travelers experience clearly noticeable longer trip times at much slower highway speeds.

Further, with Maryland expected to see significant population growth over the next few decades, congestion on I-495 and I-270 will continue to worsen and has the potential to bring our region to a standstill if we do not address it.

AAA Mid-Atlantic, 1405 G Street N.W., Washington, District of Columbia 20005
Office: 202-481-6820 (Fax): 202-393-5430

The commuting public is demanding solutions. We concur with the TTI that “there is ‘no magic’ technology or solution on the horizon because there is no single cause of congestion.” However, we believe that Public-Private Partnerships (P3s) can deliver crucial infrastructure projects. Accordingly, AAA Mid-Atlantic supports the Maryland Department of Transportation (MDOT) State Highway Administration’s (SHA) Public-Private Partnerships (P3) program addressing congestion along the I-495 and I-270 corridors, two of the most congested freeway segments in the national capital area.

Priced managed lanes on I-495 and I-270 will solve major congestion challenges felt acutely by commuters and businesses across suburban Maryland. We must all work together to reduce travel delays and improve the travel experience and commute times for the commuting public. By integrating technologies, improving procedures and planning, and providing more accurate and timely information to the public, regional transportation agencies are working together to make travel smoother and safer on area freeways and all our roadways.

Many motorists are diametrically opposed to tolling and to imposing tolls to drive on main roads during peak travel times, previous AAA Mid-Atlantic public opinion polls on key transportation issues have shown. We recognize this, and respect their point of view and remain sensitive to their perspective. AAA, as a general principle, believes that while a toll-free system is preferred by many, tolls can be used with appropriate and necessary consumer protections in certain circumstances.

These circumstances include paying for needed new capacity and improving existing capacity. The priced managed lanes on I-495 and I-270 meet this criteria. Maryland’s Baltimore-Washington corridors are the most congested in the nation based on annual delay and congestion per auto-commuter. It is imperative to find the right solution.

AAA represents 59 million members nationwide, and more than 975,000 members residing in Maryland. In light of the worst-in-the nation traffic congestion challenges, the scope and severity of the congestion problem, and the lost hours stuck in traffic afflicting area commuters, we support the use of a P3 to deliver priced managed lanes on I-495 and I-270 – transferring appropriate risks to the private sector and funding these improvements using tolls is the right solution. If you have any questions or would further like to discuss our commitment to this project, please do not hesitate to contact us.

Sincerely,

John B. Townsend II
Manager of Public and Government Affairs
AAA Mid-Atlantic



Together, we move P3s forward >

November 15, 2018

Mr. Greg Slater, Administrator
Maryland State Highway Administration
707 N. Calvert Street
Baltimore, MD 21202

Dear Mr. Slater,

We write today in support of the State of Maryland's use of Public-Private Partnerships (P3s) to help solve its infrastructure challenges, and in particular for P3 applications for the state's Traffic Relief Plan.

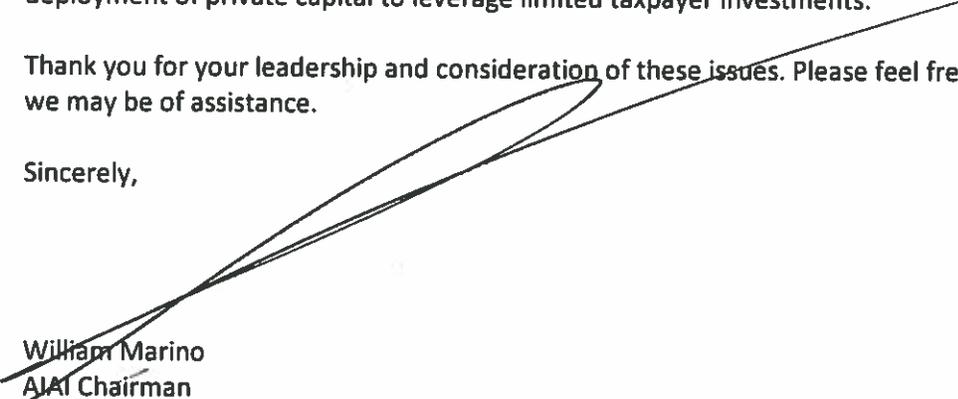
The Association for the Improvement of American Infrastructure (AIAI) is one of the nation's leading industry advocates for the use of Public-Private Partnerships across all infrastructure sectors. Our members have been involved in almost all of the P3 procurements across the nation, including many in Maryland.

We note that the State has recently begun construction on the P3 Purple Line transit project in suburban Washington, DC. This project alone is groundbreaking and demonstrates the willingness of State leaders to embrace the taxpayer-protecting features that P3 procurements provide.

The Traffic Relief Plan, as envisioned by the state, would help bring additional innovative solutions to address the transportation challenges on some of Maryland's most congested roads. With its goal of easing congestion, reducing travel times and improving the quality of life for the citizens of Maryland, AIAI encourages MSHA to consider the use of P3s to help achieve the Plan's goals. P3s for infrastructure projects offer significant benefits and protections for taxpayers, including the transfer of risks to the private sector, the ability of projects to be built more quickly and cost effectively, and the efficient deployment of private capital to leverage limited taxpayer investments.

Thank you for your leadership and consideration of these issues. Please feel free to contact us directly if we may be of assistance.

Sincerely,


William Marino
AIAI Chairman



MTBMA
MARYLAND TRANSPORTATION BUILDERS
AND MATERIALS ASSOCIATION

March 19, 2019

Mr. Greg Slater, Administrator
Maryland State Highway Administration
707 N. Calvert Street
Baltimore, MD 21202

Dear Administrator Slater:

The Maryland Transportation Builders and Materials Association (MTBMA) strongly supports the use of a Public Private Partnership (P3) in order to finance the Maryland Traffic Relief Plan for I-270 and I-495, as proposed by the Maryland Department of Transportation (MDOT) and the State Highway Administration (SHA). MTBMA represents a broad range of Maryland companies in the transportation construction and materials industries and has long been a strong advocate for increased investment and best practices in transportation infrastructure.

The I-495 & I-270 P3 Program is a historic effort to reduce congestion for millions of Maryland drivers by engaging the knowledge and investment resources of the private sector to design, build, finance, operate, and maintain major improvements on both I-495 and I-270. These improvements will transform these overloaded interstates and allow people to reach their destinations faster and more safely, reduce vehicle emissions resulting from lengthy traffic delays, and remove overflow traffic from the local roads not designed to handle the cut-through traffic they currently experience in too many of our neighborhoods.

We also feel this project is critical to our State's economic future, and the P3 approach is not only the best way to finance this key infrastructure investment, it is also our only realistic option. Major transportation infrastructure projects like this create thousands of new jobs in our state – and these are good paying jobs in the construction industry – with comprehensive training opportunities that our member companies provide.

We fully support the use of managed toll lanes and a Public Private Partnership to deliver these benefits on I-495 and I-270. Funding these improvements using tolls and transferring appropriate risks to the private sector through a P3 is the right solution for taxpayers as well as residents and business owners in Maryland. Thank you.

Sincerely,

Michael Sakata
Executive Director
Maryland Transportation Builders and Materials
Association



March 21, 2019

Mr. Greg Slater, Administrator
Maryland State Highway Administration
707 N. Calvert Street
Baltimore, MD 21202

RE: MDOT SHA P3 Program to address congestion along the I-495 & I-270 corridors

Dear Administrator Slater:

The Greater Washington Board of Trade is the region's premier business organization and has represented all industry sectors in Greater Washington for 130 years. We strongly support the use of a Public Private Partnership (P3) to finance the Maryland Traffic Relief Plan for I-270 and I-495, as proposed by the Maryland Department of Transportation (MDOT).

Our regional transportation network should be safe, reliable, affordable, and convenient, and this project would help us achieve these goals. The difficulty with which people and cargo move around the region has a large impact on quality of life and economic productivity. Unfortunately, commute times are a major source of stress and productivity loss in Greater Washington. According to INRIX's 2018 Global Traffic Scorecard, our region is currently the world's 19th most congested metropolis, with commuters spending 155 hours lost in congestion.

We need a mix of safe, convenient, and clean transportation options and we feel this project is critical to the region's economic future and quality of life and needs to be part of any comprehensive solution. Priced managed lanes on I-495 and I-270 will reduce congestion delays and allow for an extensive, region-wide, express-bus system on those lanes, as called for in the Metropolitan Washington Council of Governments' approved "Visualize 2045" long-range plan. The P3 approach appears to be the only viable way to finance an investment of this magnitude.

In closing, we fully support the use of tolls and a Public Private Partnership to deliver priced managed lanes on I-495 and I-270 and will continue to advocate for innovative solutions like this to the daunting transportation challenges facing our region.

Sincerely,

A handwritten signature in blue ink that reads "Jack McDougale".

Jack McDougale
President and CEO



Montgomery County Chamber of Commerce
51 Monroe Street, Suite 1800, Rockville, MD 20850
301-738-0015 phone | 301-738-8792 fax | www.mccc.md.com

March 25, 2019

Mr. Pete Rahn
Secretary
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, Maryland 21076

Mr. Gregory Slater
Administrator
State Highway Administration
707 North Calvert Street
Baltimore, Maryland 21202-3601

Dear Secretary Rahn and Administrator Slater:

The Montgomery County Chamber of Commerce (MCCC) appreciated your presentation and the robust discussion that took place at the Montgomery County Council on March 19, 2019 about the ongoing public-private partnership (P3) process under the Governor's Traffic Relief Plan. MCCC supports the use of a P3 to deliver these benefits to the American Legion Bridge and I-270.

For many years, MCCC has been a leading voice for transportation investments in our region -- across all modes -- including Metro funding, the Purple Line, the Intercounty Connector, the Corridor Cities Transitway, and other key projects that keep our members moving, expand economic opportunity, and protect our environment. That is why we write to express our support for the Maryland Department of Transportation's efforts to move forward with Phase 1 of the Governor's Traffic Relief Plan.

Two of the key elements of the State's Maryland Traffic Relief Plan, widening I-270 to Frederick, and relieving congestion on the American Legion Bridge, have been listed as Montgomery County's top transportation priorities for decades. For this reason, we encourage State and local leaders to work with the Maryland Department of Transportation (MDOT) and its State Highway Administration (SHA) to move this ongoing initiative forward as swiftly as possible so that our members can take full advantage of the improvements this project will make to our region's economy and quality of life.

We appreciate the continuing engagement on this matter and look forward to being a continued partner in this and future projects.

Sincerely,

A handwritten signature in blue ink, appearing to read "Georgette Godwin".

Georgette Godwin
President and CEO

cc: Governor Lawrence Hogan, Jr.
Montgomery County Executive Marc Elrich
Montgomery County Council President Navarro and members of the County Council
Montgomery County Delegation Chairs Senator Craig Zucker and Delegate Marc Korman and members of the Delegation

To Lead, Advocate and Connect as the Voice of Business



March 29, 2019

Secretary Pete Rahn
Maryland Department of Transportation
707 N. Calvert Street
Baltimore, MD 21202

RE: MDOT/SHA P3 for Maryland Traffic Relief Plan along the I-495 & I-270 corridors

Dear Secretary Rahn:

As representatives of the vast majority of employers in the Greater Washington region, we are writing to express our support for the Maryland Department of Transportation's efforts to move forward with Phase 1 of the Governor's Traffic Relief Plan.

This project represents a once-in-a-lifetime opportunity and longstanding need to address one of our region's worst bottlenecks – the American Legion Bridge – while implementing a I-495/I-270 managed lane network that will produce tremendous regional benefits while minimizing risk to taxpayers through an innovative P3 approach.

Of the Maryland Department of Transportation's recently released screened alternatives, we believe that Option 9 adding two managed lanes in each direction on the American Legion Bridge, I-495, and I-270, combined with improved regional transit and HOV connectivity on the managed lanes represents Maryland's and the region's smartest investment.

By creating choices and relieving congestion on existing lanes, managed lanes are clearly the best way to provide a reliable trip for Maryland, Virginia, and Washington D.C. travelers during rush hour and throughout the day.

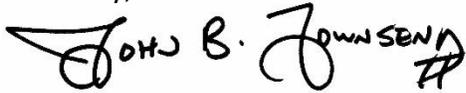
In addition, allowing high occupancy vehicles - including transit vehicles - free use of the managed lanes, creates a seamless managed lane network between Maryland and Virginia.

We also applaud your efforts to improve regional transit service by ensuring managed lane access, where practicable, to current transit routes and your commitment to other corridor transit enhancements such as the Purple Line and Corridor City Transitway.

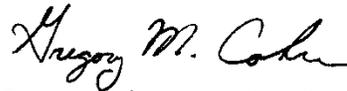
The need for and benefits of the American Legion Bridge, I-270 and I-495 improvements have been extensively studied and documented. Further delay only increases the cost and jeopardizes Maryland's ability to provide long-overdue, cost-effective congestion relief.

Thank you for undertaking pivotal regional transportation improvements that will significantly improve travel, quality of life and economic opportunities for Maryland residents and the region as a whole.

Sincerely,



John B. Townsend II, Public & Government Affairs
AAA Mid-Atlantic



Greg M. Cohen, Executive Director
American Highway Users Alliance



Brian M. Gordon, MPA, VP of Government Affairs
Apartment and Office Building Association



Ann Myers, President
Clarksburg Chamber of Commerce



Dennis Drinkard, President
Committee for Dulles



Doug Pickford, Executive Director/CEO
Dulles Area Transportation Association



John Boylan, President & CEO
Dulles Regional Chamber of Commerce



Rick Weldon, President & CEO
Frederick County Chamber of Commerce



Marilyn Balcombe, President & CEO
Gaithersburg-Germantown Chamber of Commerce



Ginanne M. Italiano, IOM, President & CEO
Greater Bethesda Chamber of Commerce



Mark S. Ingrao, President & CEO
Greater Reston Chamber of Commerce



Jane Redicker, IOM, President & CEO
Greater Silver Spring Chamber of Commerce



Kimberly Clarke, President & CEO
Greater Springfield Chamber of Commerce



Ken Garrison, Executive Director
Heavy Construction Contractors Association



Anthony Howard, President & CEO
Loudoun County Chamber of Commerce



Paul Kohlenberger, President
Greater McLean Chamber of Commerce



Martha D. Marks, President
NAIOP-Northern Virginia: The Commercial
Real Estate Development Assoc.



Holly Hicks Dougherty, Executive Director
Mount Vernon Lee Chamber of Commerce



Steven Marku, Director Government Relations
Northern Virginia Building Industry Assoc.



Christine Richardson, Chairman of the Board
Northern Virginia Association of Realtors®



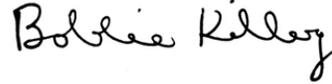
Deborah Jones, President & CEO
Prince William Chamber of Commerce
Commerce



Julie Coons, President & CEO
Northern Virginia Chamber of Chamber



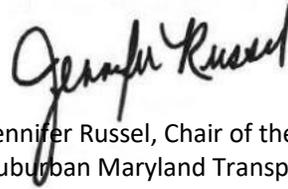
Susana Marino, President
Northern Virginia Hispanic Chamber of Commerce



Bobbie Kilberg, President & CEO
Northern Virginia Technology Council



G. Evan Pritchard, Chairman of the Board
Northern Virginia Transportation Alliance



Jennifer Russel, Chair of the Board
Suburban Maryland Transportation Alliance



Tucker R. Gladhill, Chairman of the Board
Tysons Regional Chamber of Commerce



Lori Graf, CEO
Maryland Building Industry Association



Keith Merlin, President
Washington Airports Task Force



Michael Sakata, Executive Director
MD Transportation Builders & Materials Assn

Key Terms of the proposed P3 Agreement

MDOT, MDOT SHA, and MDTA are developing a form of public-private partnership agreement ("**Agreement**") for use in connection with the solicitation of each phase of the I-495 & I-270 P3 Program, with variations to reflect the unique needs and challenges of each phase as appropriate. After selection of the preferred proposer for each phase, an Agreement would be entered with respect to each phase with a special purpose company formed by that preferred proposer (the "**Developer**"). A detailed term sheet describing the contractual requirements that will be reflected in each Agreement will be included in the Request for Qualifications that will be issued for the first phase of the I-495 & I-270 P3 Program. A full form of Agreement will be released to short-listed proposers in the subsequent Request for Proposals for each phase. Below is a description of the key areas that will be addressed in greater detail in the term sheet and the Agreement.

Part A - Preliminary	
Parties	The Parties to the Agreement will be: the Maryland Department of Transportation (" MDOT "), including the State Highway Administration (" SHA "), the Maryland Transportation Authority, an agency of the State (" MDTA "); and the entity formed by the successful proposer for each phase to enter into the Agreement (the " Developer ").
Scope of Work	<p>The Developer's scope of work under the Agreement will include the design and construction of new priced managed lanes as well as rehabilitated general purpose lanes, the operation and maintenance of the priced managed lanes following completion thereof, routine maintenance of the general purpose lanes during construction, and financing of the full scope of work.</p> <p>The Agreement for each phase of the P3 Program (each, a "Project") will contain a detailed description of the scope of work and technical requirements for its delivery.</p> <p>MDTA will provide certain tolling related services, including toll collection (and enforcement of collections), account management and back office support for the Project. All roadside equipment will be supplied, tested, commissioned, operated and maintained by the Developer.</p>
Reference Information Documents	MDOT and MDTA will provide certain documents for the Developer's reference purposes only, and the Developer will have no right to rely on them unless the Agreement otherwise expressly permits reliance in certain limited circumstances.
Term	The term of the Agreement will be 50 years.
MDTA Note Purchase by Developer	<p>In order to segregate the revenues of the P3 Program from the revenues generated by MDTA's other assets, for each phase, MDTA will issue debt to the Developer (the "MDTA Notes"). The MDTA Notes will be purchased directly by the Developer at financial close in a private placement that is exempt from registration with the Securities and Exchange Commission, and will bear interest at a fixed rate until their final maturity. The interest income earned by the Developer is expected to be subject to federal income tax.</p> <p>The MDTA Notes will be repaid from and secured solely by the toll revenues generated by the applicable phase in accordance with a trust indenture to be entered into by MDTA. The principal amount of the MDTA Notes will be specified in the Request for Proposals.</p>
Work Product Purchase	At the time of financial closing, the Developer will purchase certain intellectual property rights from each of the unsuccessful proposers. The Developer will receive a license to use the intellectual property in connection with the Project (which will be assigned to MDOT and MDTA). As consideration for the license, the Developer will pay an aggregate amount to be specified in the Agreement. If there is one unsuccessful

	proposer, the full amount will be paid to that unsuccessful proposer. If there are two unsuccessful proposers, then the full amount will be split equally between the two.
Representations and Warranties	MDOT, MDTA and Developer will make representations and warranties to each other that are customary for transactions of this type.
Designation of Representatives	MDOT, MDTA and Developer will each designate an individual who will be authorized to make decisions and bind the Parties. MDOT SHA will provide personnel and resources in support of the obligations of MDOT and MDTA associated with the solicitation and delivery of the P3 Program.
Part B – Project Site and Other General Requirements	
Right of Way	MDOT and MDTA will grant to the Developer a permit to perform the Work on the Project Site, subject to the requirements of the Agreement. The Developer will not have any leasehold or other real property interest in the Project right of way. The Agreement will contain provisions governing the acquisition of any right of way not yet owned by MDOT or MDTA.
Surrounding Infrastructure and Adjacent Contractors	The Agreement will contain customary obligations of the Developer to coordinate with contractors performing work adjacent to the project site, as well as certain specified obligations arising from interface between the phases.
Governmental Approvals	The Agreement will require the Developer to obtain all necessary permits for the performance of the work at its own cost, risk and expense, with limited exceptions, such as environmental approvals from FHWA under NEPA, which will be the responsibility of MDOT to obtain.
Wetland and Stream Mitigation	In order to promote early consideration of environmental effects of the Project, MDOT is procuring a series of contracts for the creation of wetland and stream mitigation credits. A portion of these contracts will be identified in the Agreement and assigned to the Developer, and the Developer will have the right to direct the performance of the work by the contractors thereunder in accordance with procedures to be set forth in the Agreement.
Utilities and Third Parties	The Agreement will contain procedures governing the Developer's interaction with utilities that must be relocated or protected in place in connection with the work, as well as other third parties with significant interests affected by the Project.
Hazardous Materials	The Agreement will contain customary provisions associated with the management, treatment, handling, storage, monitoring, remediation, removal, transport and disposal of hazardous materials, including assigning of generate and arranger status with respect thereto.
Part C – Design and Construction	
Early Works	It is anticipated that the Developer may enter into an early works agreement with MDOT governing the performance of a limited scope of work prior to financial close. The precise scope will be defined in the Request for Proposals, but in any event will not include construction work.
Design & Construction – General Obligations	The Developer will perform the design and construction work in accordance with: <ul style="list-style-type: none"> a) good industry practice; b) all applicable laws; c) the requirements of all governmental approvals; d) the technical requirements and all other requirements of the Agreement; and e) with respect to the construction work, the released for construction documents.
Nonconforming and Defective Work; General Purpose Lanes Warranty	The Developer will correct all nonconforming work and defects. With respect to the design and construction work performed on the general purpose lanes, the Developer will provide to MDOT a robust warranty to promote high quality and good workmanship.
Lane Closure	The Developer may only close existing general purpose lanes in order to

Damages	perform construction work in accordance with procedures and timeframes to be specified in the Agreement. If the Developer otherwise closes the lanes, the Developer will pay liquidated damages according to a schedule to be set out in the Agreement.
Interim Completion of Project Elements	The Developer will have the right to open certain portions of the Project to traffic before substantial completion of the entire project, subject to satisfaction of certain conditions to be set forth in the Agreement. Upon satisfaction of such conditions, the Developer will turn over the applicable portion of the general purpose lanes to MDOT for long-term operations and maintenance, and will begin to perform the operations and maintenance work on, and have the right to receive toll revenue from, the applicable portion of the priced managed lanes.
Project Substantial Completion	Except where interim completion has already occurred for a portion of the Project, upon the achievement of substantial completion of the entire Project, the Developer will have the right to receive toll revenue from the users of the priced managed lanes and must thereafter perform all operations and maintenance work for the priced managed lanes. The conditions to achievement of Project Substantial Completion will be customary for similar projects. The Developer will be required to achieve substantial completion of the entire Project by a specified deadline to be set forth in the Agreement.
Project Final Completion	The Developer will be required to achieve final completion by the scheduled final completion date. The conditions to achievement of final completion will be customary for similar projects.
Delay Liquidated Damages	The Agreement will require the Developer to pay liquidated damages to MDTA and MDOT in the event of an unexcused delay in completing the construction work, in each case in an amount to be specified in the Agreement.
Part D – Operation and Maintenance	
General Obligations	The Developer will carry out O&M Work in accordance with: a) good industry practice; b) all applicable laws; c) the requirements of all governmental approvals; and d) the technical requirements and all other requirements of the Agreement.
Utility Accommodation	The Developer will provide reasonable and customary assistance to MDOT with respect to utility permit applications submitted after construction completion.
Law Enforcement Services	The Agreement will set forth the responsibility of each Party for law enforcement and emergency response coordination.
Handback Obligations	The Agreement will specify the condition that the Project must be in at the end of the Term, and require annual inspections to verify its condition in the final years.
Handback Reserve Account	The Developer will post security prior to the end of the Term to cover the cost of putting the Project into the required condition. The amounts may be used to perform work to achieve the required condition.
Part E – Subcontracting and Key Personnel	
Subcontracting	The Developer will retain only contractors that are qualified, experienced and capable. MDOT will not impose a minimum self-performance requirement on the Developer's design and construction contractor.
Prompt Payment to Contractors; No Retainage	The Agreement will require prompt payment to subcontractors, and prohibit retainage.
Key Personnel	The Developer and its primary contractors will appoint and retain certain key personnel identified in the proposal throughout the term, subject to customary procedures for their replacement from time to time as may be approved by MDOT.

Non-Discrimination; Equal Employment Opportunity	The Agreement will prohibit discrimination and require the Developer to comply with the Civil Rights Act, and MDOT's affirmative action requirements and EEO requirements.
DBE Compliance and Opportunity MDOT	The Developer will be required to make good faith efforts to achieve DBE participation goals that will be set by MDOT. The Agreement will include customary protections for DBE firms, as well as customary monitoring and reporting regimes. The Developer will be required to perform certain obligations in connection with the Opportunity MDOT program, details of which will be summarized in the Request for Qualifications.
Prevailing Wages for Construction	The Developer will be responsible for abiding by the minimum wage rates (in compliance with the Davis-Bacon Act, SFP Section 17-201 et seq. and COMAR 21.11.11) and will bear the risk of any change in the wage requirements.
Part F - Noncompliance	
Noncompliance Events	The Agreement will specify certain noncompliance events during both the D&C period and the O&M period, including applicable cure periods, noncompliance points and corresponding liquidated damages. If the accumulated noncompliance points during the term exceed certain thresholds set forth in the Agreement, MDOT will have the right to increase monitoring of the Developer's performance at the Developer's cost and expense or terminate the Agreement.
Part G - Delays and Supervening Events	
Notice of Delays	The Agreement will require the Developer to notify MDOT of all delays in the progress of the work.
Compensation Events and Relief Events	Except where the Agreement specifically provides otherwise, the Developer will perform the work at its own cost, risk and expense. In certain circumstances, however, the State will receive superior value for money in exchange for retaining certain risks. The Agreement will contain a detailed list of the specific events for which Developer may seek relief from performance of its obligations, additional time and/or monetary compensation. In general, the party best able to manage a risk or mitigate its impacts will be allocated the risk and responsibility for doing so.
Mitigation and Burden of Proof	The Developer will be required use reasonable efforts to mitigate delay and other consequences of an event for which relief is available under the Agreement. The Developer's right to relief in respect of any such event will be subject to a satisfactory demonstration of the cost and schedule impact associated with the claimed event in accordance with a rigorous process to be set forth in the Agreement.
Competing Facilities	MDOT's or MDTA's construction or expansion of additional general purpose lanes within or immediately adjacent to the Project will be the sole circumstance in which the Developer is entitled to relief arising from the State's construction of other transportation improvements. The Developer's right to relief will be subject in all cases to limitations to be set forth in the Agreement and those limitations set forth in Section 10A-401 of the State Finance and Procurement Article of the Maryland Code, including the prohibition on compensation in the case of the State's implementation of improvements that are contained in the State's Capital Improvement Program or Consolidated Transportation Program at the time of closing, safety improvements, infrastructure improvements with minimal capacity increases, or construction or expansion of other modes of transportation (e.g. transit).
Developer Financing of	If requested by MDOT, the Developer will use commercially reasonable efforts to obtain financing for a portion or the full amount of the financial

Developer Damages	impact of a compensatory event, subject to procedures to be set forth in the Agreement.
Force Majeure Events	The Agreement will contain a customary list of force majeure events, the occurrence of which will excuse a party from noncompliance with its obligations to the extent affected. If a force majeure event persists for an extended period to be defined in the Agreement, either party may terminate the Agreement (subject to the right of the other party to veto termination at its own cost and expense).
Change in Law	The Developer will at all times perform the work in accordance with applicable law, including after any change in law.
Change Orders	The Agreement will contain customary provisions governing the right of MDOT and MDTA to issue change orders and directive letters, as well as the right of the Developer to propose changes.
Part H – Indemnities, Insurance and Reinstatement, Performance and Payment Security	
Indemnity from Developer	The Agreement will include customary indemnities from the Developer, as well as certain limited exclusions thereto.
Insurance	The Developer and its contractors and subcontractors will, at their sole cost and expense, procure and maintain insurance policies for the provision of the work throughout the term. The details of the required insurance program will be set forth in the RFP.
Uninsurable Risks and Unavailable Insurance Terms	The Agreement will contain procedures for how to address the unavailability of certain insurance terms or the uninsurability of certain risks that are otherwise required to be insured against.
Performance and Payment Security	The Developer will be required to provide payment and performance security in compliance with Maryland law.
Part I – Principal Developer Documents, Financing, Refinancing, Financial Model, Tolling	
Financing	The Developer is responsible for financing the Project at its own cost and risk without recourse to MDOT or MDTA. The repayment of any debt or equity arranged by the Developer to finance the Project will be the sole responsibility of the Developer using toll revenues generated by the Project.
Financial Risk Sharing	MDOT will provide certain assumptions around interest rates, TIFIA terms and certain other matters in the interest of promoting a fair competition. MDOT may bear some financial risk arising from changes to these assumptions between the date when proposals are received and the date of financial close, all in accordance with customary mechanisms to be set forth in the Agreement.
Upfront Payment	On financial close for certain Phases, the Developer may be required to make an upfront payment to MDOT.
Windfall Revenue Sharing	The Developer will be required to make payments to MDOT if revenues exceed thresholds set out in the Agreement.
Refinancing	MDOT will be entitled to receive a portion of the proceeds generated by certain refinancing the Developer's debt.
TOLLING	The Developer will take all traffic and revenue risk for the Project. The State will take all collection, enforcement and leakage risk for the Project, as well as perform account management services. The toll rates charged to users will be subject to limitations contained in the Agreement. None of MDOT, MDTA or the State of Maryland will provide a revenue guarantee to the Developer, and the Developer will be fully at risk if traffic or revenue are below the Developer's estimates.
Part J – Termination and Step-In	
Termination for Convenience	MDOT may terminate the Agreement for convenience, subject to an obligation to pay termination compensation to the Developer in an amount to be specified in the Agreement.
Termination for Owner Default	If MDOT or MDTA are in default under the Agreement and do not cure the default within the applicable cure period, the Developer will have the right to terminate the Agreement and receive compensation in an amount to be set forth in the Agreement.

Termination for Developer Default	If the Developer is in default under the Agreement and does not cure the default within the applicable cure period, MDOT will have the right to terminate the Agreement and will pay partial compensation to the Developer's lenders in an amount to be set forth in the Agreement.
Termination for Extended Force Majeure	The Agreement may be terminated by either Party for extended force majeure, in which case the Developer will be entitled compensation in an amount to be set forth in the Agreement.
Termination for Uninsurability	The Agreement may be terminated by either Party if a risk is uninsurable and they cannot agree on how to manage it going forward. Upon termination, the Developer will be entitled to compensation in an amount to be set forth in the Agreement.
Termination by Court Ruling	The Agreement may be terminated by either Party if a court issues a ruling that voids the Agreement or renders performance impossible. Upon termination the Developer will be entitled to compensation in an amount to be set forth in the Agreement.
Termination for Failure to Achieve Financial Close	Developer or MDOT may terminate the agreement if Financial Close does not occur by the Financial Closing Deadline due to certain reasons to be set forth in the Agreement. If the Developer is at fault for the failure, MDOT will have the right to draw on closing security that will be provided by the Developer.
MDOT Step-In	MDOT will have the right to step in and direct the work in certain circumstances to be defined in the Agreement.
Part K – Miscellaneous	
Intellectual Property	The Agreement will contain customary provisions granting MDOT and MDTA access to intellectual property rights as necessary for the Project.
Assignment and Transfer	The Agreement will contain restrictions on the right of the Parties to assign their rights/obligations under the Agreement to another person.
Change in Ownership	The Agreement will contain restrictions on the right of the Developer's shareholders to sell their ownership interest in the Developer.
Governing Law and Jurisdiction	The Agreement will be governed in accordance with the laws of Maryland.
Other	Customary provisions will be included in the Agreement with respect to record keeping and audits, confidentiality and public disclosure, sole remedy and waiver of consequential damages, dispute resolution, amendments, waivers, independent contractor status, agency, personal liability, taxes, successors and assigns, survival, limitation on third party beneficiaries, notices, integration and severability, and counterparts.
Appropriations	The Agreement will prohibit the Developer from making claims against the other assets of MDTA and subject all payment obligations of MDOT to appropriations made by the Maryland General Assembly.