Because demand for the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit program exceeds budgetary resources, the DOT is utilizing periodic fixed-date solicitations to establish a competitive group of projects to be evaluated against the TIFIA program statute, regulation, and objectives. Applicants must prepare a Letter of Interest using the format provided below.

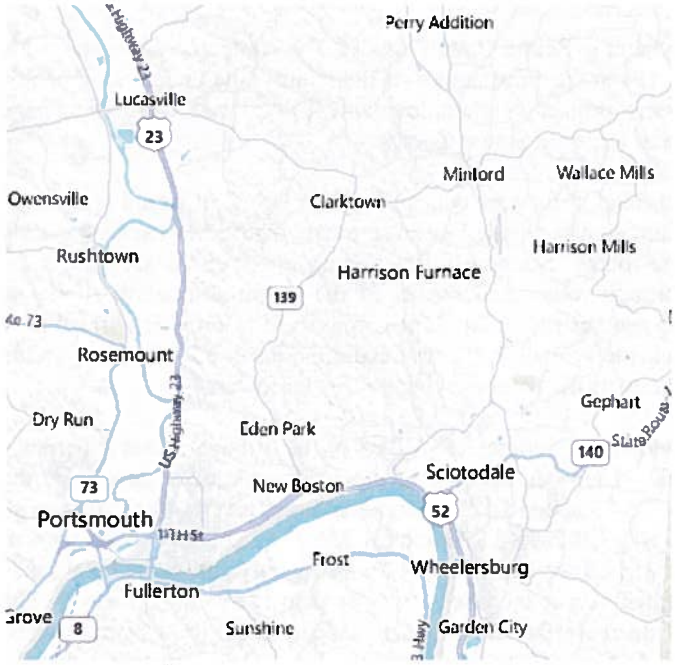
Letters of Interest being submitted for this funding cycle are due by 4:30 p.m. ET on December 30, 2011. Applicants that submitted Letters of Interest for a prior fiscal year must resubmit using the current form to be considered. The total narrative for this letter should not exceed 20 pages, excluding any exhibits.

Applicants for Federal credit assistance for Federal fiscal year 2012 must compete at the Letter of Interest stage to secure an invitation to submit a formal application. As such, this Letter of Interest format incorporates requirements related to satisfying project fundamentals and addressing the statutory TIFIA evaluation criteria, as detailed in the November 2011 Federal Register. Please reference this Notice of Funding Availability and the TIFIA Program Guide for guidance on the TIFIA evaluation criteria and the application process.

After concluding its review of the Letters of Interest, the DOT will invite complete applications (including the Executive Summary, preliminary rating opinion letter and detailed plan of finance). The application due date will be established after consultation between the TIFIA JPO and the applicant. By submitting this Letter of Interest, the applicant certifies that if selected to submit a formal application and enter negotiations, the applicant will pay the required fees.

If you have any questions regarding completing this form, please contact Duane Callender at (202) 366-9644. Please complete all applicable information using this Letter of Interest form and attach this request via email to TIFIACredit@dot.gov by 4:30 p.m. ET on December 30, 2011.

A) Project Description. Describe the project, including its location, purpose, design features, estimated capital cost, and development schedule.



Project:

The project will involve two key elements: (1) the design-construction-financing-operations-and maintenance ("DBFOM") of the Portsmouth Bypass; and (2) long-term responsibility for asphalt paving and potentially other operations and maintenance work on a number of connected and nearby state routes. The project has the potential to serve as a national demonstration for the use of a public-private partnership ("PPP") and a TIFIA loan in a rural context – accelerating the completion of a missing link in the Appalachian Development Highway System by more than eight years, bringing competition to a county where there has been only one bidder for every asphalt contract let by ODOT in the past five years, and creating jobs in a region with 50% higher unemployment than the rest of Ohio, among other benefits.

The concept of a Portsmouth Bypass has been proposed since the creation of the Appalachian Development Highway System in 1964. Various proposals have been presented since that time. The current Portsmouth Transportation Study was initiated in 1999 with the development of the Southeast Ohio Plan. Various alternatives were investigated. The Airport Bypass concept – a 16 mile freeway from U.S. Route 52 east of new

Boston to Minford to U.S. Route 23 north of Lucasville – was recommended. (Please see full size maps of the region, State, and the Appalachian Development Highway System, attached as Exhibits 1, 2 and 3 respectively).

The Portsmouth Bypass will be approximately 90 miles south of Columbus, Ohio and 45 miles northwest of Huntington, West Virginia. Other nearby towns include Wheelersburg and Ironton, Ohio, and Greenup, Kentucky. Existing transportation facilities in the region include US 23, US 52, SR 32, Kentucky's A-A Highway, Norfolk Southern Railway, CSX Railway, Amtrak Service (South Portsmouth-South Shore, KY), Scioto County Airport, and Ohio River barge shipping.

Purpose

The purpose of the project includes addressing multiple documented needs, including those associated with the Portsmouth Bypass and with resurfacing of state routes:

- **Deficiencies of Existing System**. US 23/US 52 through the study area contains several physical limitations. These 24.6 miles of roadway contain three steep grades, seven excessive curves, 88 intersections, 512 driveways, and four field drives. Of the roadways, 10.6 miles have a speed limit of less than 55 mph. Thirty of the intersections are signalized. Because of the large number of access points and traffic signals, US 23/ US 52 is restricted in its ability to serve the intended function of a primary arterial – movement of through traffic. Five other through routes were examined and found to have similar deficiencies to the existing roadway system. Those with fewer conflict points possessed a greater degree of substandard design features, such as steep grades and excessive curves. There is no roadway through the study area that substantially meets design standards without numerous intersections, traffic signals and access points.

- **Regional Mobility.** Appalachian Regional Commission funding of the Appalachian Development Highway System is intended to provide improved transportation infrastructure to impoverished areas. The Portsmouth Bypass comprises one of the only missing links in this system. Access Ohio, ODOT's long range plan, contains similar goals to improve mobility and foster economic development in rural/Appalachian economically depressed areas.

Transportation's influence on economic development hinges on mobility. Poor regional mobility has been identified as a concern within the Study Area due to the "missing link" in the Appalachian Development Highway System.

- **Economic Development.** In March 2011, unemployment in Scioto County was 12.3%, compared to the statewide average of 8.5% (Bureau of Labor Statistics, 2011). Given the rural nature of the county, the undertaking of this project and subsequent development could have a material impact on unemployment. Table 1 on the following page shows the unfavorable, historical employment trends and wages in Scioto County.

- **Traffic Volumes and Levels of Service.** If all the through trips were concentrated on US 23, it would function at Level of Service F, with frequent traffic jams. This situation is avoided because traffic distributes itself over a six route network, including substandard county and state routes Six poorly functioning intersections are on US 23. Based upon observed travel times for alternative through routes and results of the origin-destination survey at Rosemount Road, drivers will not divert to US 23 (or another route) unless it is improved to provide a travel time savings over their present route. The goal of the project is to provide a shorter travel time for through traffic, provide an acceptable level of service on the new facility and draw traffic from existing congested routes.

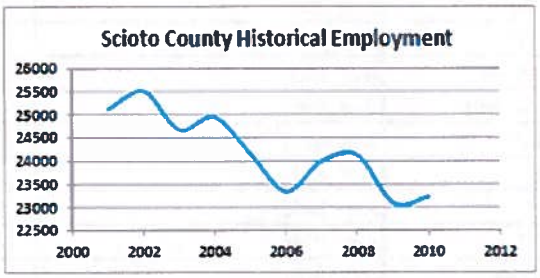
- **Safety.** Safety problems appear to be widespread within the study area. All six of the through routes experience higher than average accident rates in at least one link. The rates in some of these links are more than twice the statewide average for similar facilities. These include US 23 and US 52 in Portsmouth and several rural routes with poor alignments including CR 377 and portions of SR 104, CR 28, SR 728 and SR 335. The goal of the project is to decrease the accident rate of the overall system. This will be accomplished by diverting traffic from the local roads to the new bypass. Inherently, four lane divided limited access facilities are safer than two lane highways. The decrease in volume on the high accident routes will decrease the likelihood of collisions on the existing routes. Therefore, ODOT expects the accident rate of the system overall is likely to decrease. There are many existing county and state routes (containing substandard features) which have shorter travel times than the currently signed US 23 to US 52 route.

Table 1
Employment and Wages in Scioto County

Bureau of Labor Statistics

Quarterly Census of Employment and Wages
Original Data Value

Series Id:	ENU3914510010
State:	Ohio
Area:	Scioto County, Ohio
Industry:	Total, all industries
Owner:	Total Covered
Size:	All establishment sizes
Type:	All Employees
Years:	2001 to 2011



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001	24583	24716	24934	25363	25530	25657	24990	25114	24969	25249	25211	25031	25112
2002	24877	25257	25562	25567	25931	25827	25675	25491	25590	25585	25591	25177	25511
2003	24187	24322	24654	24933	25036	24758	24559	24355	24484	24840	25105	24848	24674
2004	24407	24479	24807	24966	25132	25203	24923	24895	25061	25312	25214	24922	24943
2005	24364	24192	24327	24459	24577	24272	23823	23840	24093	23952	24055	23937	24158
2006	22668	22940	23253	23424	23611	23475	23318	23212	23612	23572	23590	23372	23337
2007	22894	23038	23460	23920	24437	24269	24009	24028	24246	24559	24551	24487	23992
2008	24004	24197	24465	25036	24726	24338	23959	23754	24039	23793	23671	23524	24126
2009	22838	22859	23303	23392	23575	23062	22969	22793	22927	23282	23048	23047	23091
2010	22286	22395	22804	23315	23670	23191	23220	23381	23515	23807	23639	23570	23233
2011	23018	23109	23258										

- **Lack of Competition and Environmentally Friendly Options for Asphalt.** Vendor competition in South-Central Ohio as it relates to asphalt projects is limited. In the nine counties which constitute South-Central Ohio, there are only 10 asphalt plants operated by five unique operators. None of these plants according to 2010 records were environmentally-friendly, warm mix plants. As shown in Table 2 below, in Scioto County and several other counties ODOT has routinely received an average of one bid on asphalt work procurements over the past five years. In additional other counties there have received only two bids on average. A purpose of the project is to use the more intense competitive interest a larger scale project will generate to: (1) ensure competition on the long-term state route paving work included in the PPP; (2) lock-in this long-term paving at a competitive price; and (3) potentially attract the construction of an additional, environmentally-friendly asphalt plant that would bid on other work in the region outside of that included in the PPP. Several aggregate pits in the region do not presently host an asphalt plant, but could. Increasing competition from one vendor to two vendors could have a very significant impact on reducing awarded bid prices. ODOT's use of a PPP to address these issues could provide an important model for other rural regions.

Table 2
Competition for ODOT Asphalt Work In South-Central Ohio (2006-2011)

TOTAL PROJECTS: 106

COUNTY	Average Annual Number of Bidders for Strict Asphalt Work	2006	2007	2008	2009	2010	2011
ADAMS	Avg_Bids	1.00	2.00	2.00	2.00	3.00	2.00
GALLIA	Avg_Bids	2.00	1.00	1.00	1.00	3.00	1.00
JACKSON	Avg_Bids	2.00	2.00	2.00	2.00	2.00	2.00
LAWRENCE	Avg_Bids	1.00	1.00	1.00	1.00	1.00	1.00
MEIGS	Avg_Bids	2.25	1.00	1.00	1.00	1.00	1.00
PIKE	Avg_Bids	2.00	.	.	2.20	2.33	2.00
ROSS	Avg_Bids	2.75	3.00	2.00	2.67	2.80	3.00
SCIOTO	Avg_Bids	1.00	.	1.00	.	1.00	1.00
VINTON	Avg_Bids	2.00	.	.	1.50	2.00	2.00

Design Features

The Portsmouth Bypass will connect US 23 at Lucasville to US 52 east of Portsmouth. The roadway will be 16 miles of limited access, four-lane divided highway. There will be interchanges at US 52/SR 140, Airport Road, CR 28, and US 23. The roadway will have a 60-foot median for 12.8 miles and a 15-foot wide barrier for 3.3 miles. There will be 21 bridges and 27 major culverts. There will be grade-separated railroad crossings with both CSX and Norfolk Southern railroads.

Estimated Capital Cost

A review team (Team) of the Federal Highway Administration (FHWA), the Ohio Department of Transportation (ODOT), and their consultants conducted a Cost Estimate Review (CER) workshop to review the cost and schedule estimates for the SCI- 823, Portsmouth Bypass project. The workshop was held in Columbus, Ohio from March 14 through March 17, 2011.

The objective of the review was to verify the accuracy and reasonableness of the current project total cost estimate and schedule to develop a probability range for the cost estimate that represents the project's current stage of development. The pre-CER estimate was $354.9 million. After including right-of-way acquisition costs and design and engineering costs to the pre-CER estimate, the estimate was adjusted to include the risk of change orders during construction, resulting in a cost of $431.2 million. All amounts are in 2011 dollars. The 90% confidence level included an annual inflation level of approximately 5%, with 3.5% being the likeliest average inflation. However, the CER workshop did not assume an accelerated PPP schedule. For the purposes of this LOI, ODOT has escalated all construction period costs at 5%, based on an s-curve for a four-year construction period. Right of way acquisition is assumed to be completed in 2012 and 2013. This results in total capital costs of approximately $540 million in year-of-expenditure dollars, excluding net interest and other financing costs (see Section B).

Development Schedule

The Portsmouth Bypass was previously envisioned as consisting of three construction phases, with the first scheduled to be let in 2012, the second in 2015 and the third in 2020. The Record of Decision was approved in June 2006. Under a PPP, the entire project will be completed within four years of financial close. The Development Schedule envisioned is as follows:

ACTIVITY	ESTIMATED DATE
Industry Forum	May 2012
Issue RFQ	June 2012
SOQs Due	August 2012
Shortlist Proposers	October 2012
Industry Review of RFP	November 2012 – March 2013
Issue Final RFP Addendum	March 2013
Proposals Due	May 2013
Award	June 2013
Clarifications/Final Negotiations	June 2013 – August 2013
Commercial/Financial Close	September 2013/October 2013
Substantial Completion	2016 – 2017

Should the project be invited to apply for a TIFIA Loan, ODOT will work with the TIFIA Joint Program Office staff to ensure that the procurement schedule and process mesh with required TIFIA activities and practices.

B) Project Participants. Describe the overall organizational structure for the project. What entity (i.e., public-sector agency/authority or private-sector company) will serve as the applicant? Will the applicant and the borrower be the same entity? Who are the members of the project team?

Name of Applicant/Borrower:

Applicant: Ohio Department of Transportation ("ODOT") or a private partner to be identified through a contemplated public-private partnership ("PPP") procurement process (the identity of the applicant will depend on the timing of a procurement and subsequent discussions with the TIFIA Joint Program Office).

Borrower: Anticipated at this time to be a private partner to ODOT, who will be identified through a PPP procurement for an availability payment-based design-build-finance-operate-maintain ("DBFOM") contract.

Organizational Structure:

ODOT, the State Transportation Agency, is the project owner. Under the currently contemplated PPP approach, ODOT will enter into a long term DBFOM contract with a private partner who will be the end borrower of the TIFIA loan.

It is anticipated that the private partner will enter into back-to-back subcontracts with a design-builder and an operations and maintenance provider. Additional information about the legal structure of, subcontractors to, investors in and lenders to the selected private partner will be available as the procurement process advances.

Ohio has recently enacted PPP-enabling legislation. ODOT is currently establishing related policies, procedures and management structures. It is anticipated that prior to the launch of a PPP procurement, ODOT will have established an Innovative Program office or role to directly manage efforts as well as a related policy committee comprised of senior ODOT executives.

ODOT has retained a team of technical, legal and financial advisors to support its PPP program, including the advancement of this project. That team presently consists of the following firms: Halcrow Inc. (prime contractor) in association with Parsons Brinkerhoff, Mayer Brown LLP, Jeffrey A. Parker & Associates, Inc., and Jim Ray Strategies.

Project Website or Applicant/Borrower Website:

Applicant website: www.dot.state.oh.us

Website for project: www.portsmouthbypass.com
Note that project website does not reflect an accelerated PPP approach.

C) Proposed Financing. Describe the plan of finance. State the proposed sources and uses of funds for the project, including the type and the amount of credit assistance sought from DOT. Identify the source(s) of revenue or other security that would be pledged to the TIFIA credit instrument. Address the status of any revenue feasibility study.

Sources and Uses of Funds:

ODOT anticipates that the project will be delivered through an availability payment-based public private partnership under which the private partner will design, build, finance, operate and maintain the project for approximately 30 years after substantial completion in exchange for a milestone payment(s) and availability payments from ODOT.

Table 3.
Estimated Sources and Uses of Funds
(Millions of Year of Expenditure Dollars)

Sources of Funds	Amount	%
Private Partner		
Private Activity Bonds or other Debt	$235	39%
TIFIA	$200	33%
Equity	$60	10%
Subtotal	**$495**	**82%**
Ohio DOT (work program funds)	$110	18%
TOTAL	**$605**	**100%**

Uses of Funds	Amount	%
Construction (includes contingencies)	$450	74%
Planning & Engineering	$35	6%
Other Project Costs	$55	9%
Net Interest & Financing Costs	$65	11%
TOTAL	**$605**	**100%**

Type of Credit Assistance:

Secured (direct) loan.

Amount: $200M (representing 33% of Eligible Project Costs)

Description of Revenue Source(s) Pledged to Repayment:

The revenue source pledged to repayment will be availability payments from ODOT to the private partner (the milestone payment(s) is not anticipated to be used to repay the TIFIA loan). The availability payments will commence upon substantial completion of the project, subject to deductions for failure to achieve performance standards. The portion of the availability payment which will be used to repay the TIFIA loan will be funded from State Motor Fuel Tax Revenue. Other sources of ODOT funding for the availability payments will include federal grants for the Appalachian Development Highway System to the extent reauthorized.

D) Satisfaction of TIFIA Selection Criteria. Summarize the potential benefits to be achieved through the use of a TIFIA credit instrument with respect to the TIFIA selection criteria. A project that has a negative effect on safety or environmental sustainability needs to demonstrate significant merits in other components to be selected for funding.

Significance (also address issues related to the project's impact on: livability (providing transportation options linked with housing and commercial development to improve the economic opportunities/quality of life in U.S. communities); economic competitiveness (improving the long-term efficiency and reliability in the movement of

people and goods); and safety (improving the safety of U.S. transportation facilities and systems and the communities and populations they impact.);

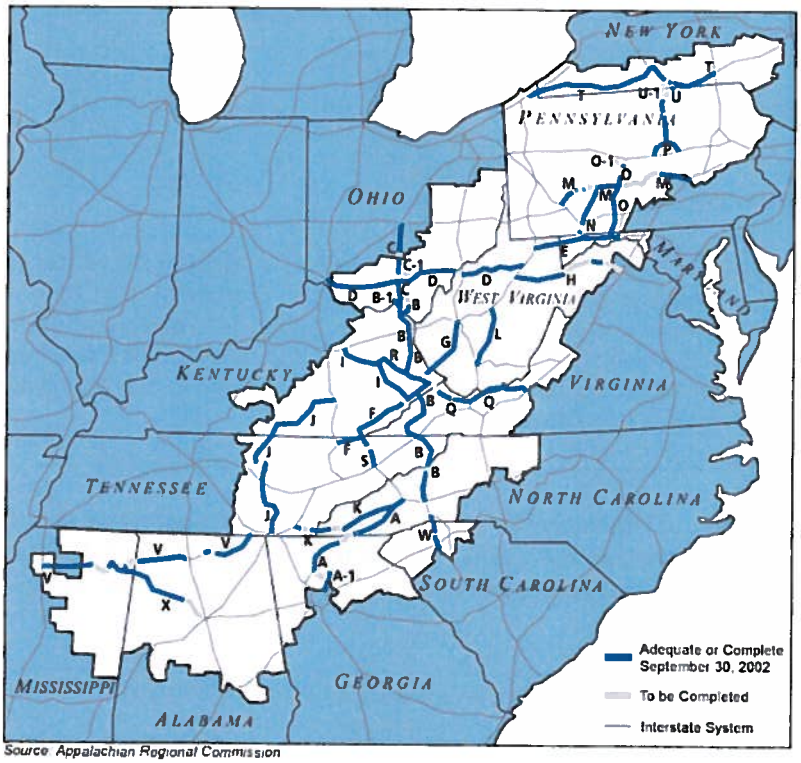
National / Regional Significance

The State of Ohio is strategically located with 68 percent of the U.S. population within a 500 mile radius, or 8 hour drive. Additionally, Ohio has extensive maritime activity with three of the state's four sides surrounded by waterways. These logistical strengths make Ohio's international trade and movement of domestic goods highly competitive. In Portsmouth, Ohio the roadway system via U.S. Route 23 and waterway routes along the Ohio River serve as integral connectors in this infrastructure and promote business development, not only for Ohio but for the surrounding states. The Portsmouth Bypass will increase economic development competitiveness by reducing the transportation time and costs to move goods and services to market.

The project could become an important national model for the use of public-private partnerships and TIFIA loans in a rural context. It will accelerate completion of a missing link in the Appalachian Development Highway System by more than [8] years, bring new competition to a market that routinely receives only one bid for asphalt paving, and increase economic development and provide immediate jobs in a county with an unemployment rate that is 50% higher than state average.

The Appalachian Development Highway System is a dedicated mileage network with dedicated funding through the Appalachian Regional Commission (ARC). The project will improve travel and regional mobility, avoiding 30 traffic signals, 80 intersections, and 512 driveways over the current 26 mile route. The new route will be 16 miles in length and will provide a time savings of 16 minutes per trip (off peak). The large number of access points and traffic signals compromise US 23/US 52's ability to safely and efficiently serve its intended function of a primary arterial. The goal of the project is to close this gap in the multi-state corridor and thereby provide a nearly complete controlled-access alternative to I-77 and I-75 between Orlando, Florida and Columbus, Ohio, saving over 70 miles. (See full size map attached as Exhibit 1)

Appalachian Development Highway System Corridors



Source: Appalachian Regional Commission

In addition to the transportation benefits, this project will provide access to suitable property (relatively flat compared to the surrounding Appalachian terrain) for economic development in the economically depressed region surrounding Portsmouth, Ohio. See Exhibit 1 for terrain view of project. This area experiences a poverty rate of approximately 150% the state average.

Livability and Economic Competiveness

Scioto County is economically distressed with above average unemployment rates and below average per capita income compared to Ohio overall. In March 2011, unemployment in Scioto County was 12.3%, compared to the statewide average of 8.5% (Bureau of Labor Statistics, 2011 – see Table 1). This condition results from a comparatively low share of manufacturing within the County. Citizens and local economic development officials, supported by surveys of site selection criteria, have found that inadequate transportation infrastructure impedes the area's ability to attract industrial investment. The need for basic mobility and access is defined in one of the five major goals established by the Appalachian Regional Commission (ARC). It states, "Appalachian communities will have the physical infrastructure necessary for self-sustaining economic development and improved quality of life." (Setting a Regional Agenda: ARC Strategic Plan).

In order to enhance the region's competitive advantage for new and expanding businesses, the goal of the project is to provide improved highway access within the region. While the construction of a new roadway does not guarantee that this business investment will occur, the goal is to meet the intent of the Appalachian Development Highway System by providing Scioto County with the necessary transportation infrastructure to achieve development. In the FEIS for the project, it was identified that Portsmouth, is one of only two cities along the entire 930-mile US-23 Appalachian Corridor (between Asheville, North Carolina and Columbus, Ohio) which does not have a bypass or controlled access facility through town.

The project will significantly enhance mobility in the region and avoid future congestion. By design year 2025, two links in the FEIS corridor will be operating below LOS C and one unsignalized and 9 signalized intersections will operate at LOS D or worse. Six of these poorly functioning intersections are on US 23. Based upon observed travel times for alternative through routes and results of the origin-destination survey, drivers will not divert to US 23 (or another route) unless it is improved to provide a travel time savings over their present route. As discussed previously, a goal of the project is to provide a shorter travel time for through traffic, provide an acceptable level of service on the new facility and draw traffic from existing congested routes. By introducing the new, 16 mile Portsmouth bypass, travel times along the current 26 mile route will be reduced by 16 minutes. The Portsmouth Bypass will improve the quality of life on the many routes where through traffic was being diverted. It will limit the exposure of traffic, crashes, and preserve the rural character of the communities.

Safety

An accident analysis for the period of 1996-1998 was conducted for several state and local routes within the limits of the Study Area. These routes were broken down into 14 links, further subdivided into a total of 31 sub-links. Accident data for these sub-links, along with statewide crash statistics, were obtained from the Ohio Department of Public Safety. The analysis examined the accident experience of each sub-link in terms of accident frequency, crash type, light condition, pavement condition (wet, dry, snow/ice) and accident severity and compared the results to statewide averages.

As was noted in the FEIS, safety problems appear to be widespread within the study area. All six of the through routes experience higher than average accident rates in at least one link. The rates in some of these links are more than twice the statewide average for similar facilities. These include US 23 and US 52 in Portsmouth and several rural routes with poor alignments including CR 377 and portions of SR 104, CR 28, SR 728 and SR 335. A goal of the project is to decrease the accident rate of the overall system. This will be accomplished be diverting traffic from the local roads to the new bypass. The decrease in volume on the high accident routes will decrease the likelihood of collisions on the existing routes. Therefore, ODOT expects the accident rate of the system overall is likely to decrease.

Private Participation:

The project will feature significant and innovative private participation and could become an important national model for the use of public-private partnerships and TIFIA loans in a rural context. The project is anticipated at this time to be competitively procured as an availability-payment based contract including private design-build-finance-

operation-maintenance responsibilities, accelerating completion by over [8] years. In addition, the private partner's maintenance responsibilities will encompass certain responsibilities for state roads outside of the project's initial construction limits, particularly for paving. Key areas of innovation include:

- **Availability Payment-based PPP in a Rural Context.** The PPP and TIFIA loan will allow the Department to leverage a relatively small but consistent stream of annual funding from state and federal sources to deliver a large program on an accelerated basis. As discussed throughout this LOI, this in turn will provide for accelerated completion of the program by almost a decade, gaining economies of scale and scope at a time of favorable pricing while amplifying economic impact, minimizing prolonged maintenance of traffic, delivering all benefits sooner and creating jobs at a time of very high rural unemployment. ODOT will be able to commit to this approach in part because it will be using a project delivery method that includes a guaranteed fixed price for construction, operations and maintenance and thus can be assured from the outset that the project can be realized within the limited envelope of funding. (A TIFIA loan is a key to staying within this cost envelope so that ODOT will not face a financing cost "penalty" for using a PPP.)

- **Using a PPP to Attract Increased Competition for Rural Paving.** On many asphalt work procurements over the past five years in the counties near the project, ODOT has received only <u>one</u> bid. In several additional counties there have been only two or at most three bids on average. Of 106 asphalt work procurements in total, there was an average of less than two bids between 2006-2011 (see Table 2 above). The PPP will include responsibility for a significant portion of the regional paving work, leveraging the intense competitive interest in the PPP to (1) ensure competition on the paving work included in the PPP; (2) lock-in long-term paving at an attractive price; and (3) potentially attract the construction of an additional asphalt plant that would bid on other work in the region outside of that included in the PPP.

- **Development of Precedent O&M PPP Standards for Rural Facilities.** Undertaking the project will require ODOT to consider and develop long-term performance and standards, and performance monitoring approaches for rural facilities that will be included in the PPP contract. There are thousands of similar facilities in the US and these contractual provisions will provide important precedents for both public and private maintenance.

- **Encouraging Innovation and Providing for Benchmarking of PPP Lifecycle Maintenance versus Traditional Approaches in a Rural Context.** By including responsibility for certain lifecycle maintenance aspects of a number of regional facilities as well as the newly constructed project in the PPP contract, there will be important opportunities for ODOT and national researchers to benchmark the costs, practices and performance of a private partner against rural facilities maintained using traditional contracting methods. In addition, the facility constructed by the private partner can be benchmarked against the facilities maintained but not constructed by the private partner. Because of the scale of the project, breadth of activities, long-term duration of the contract, and competitive process, there will be significant incentives for them to bring innovation, management, construction and/or maintenance approaches to bear.

Environment (also address issues related to <u>sustainability</u> (improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions and reducing other transportation-related impacts on ecosystems, including the use of tolling or pricing structures to reduce or manage high levels of congestion on highway facilities and encourage the use of alternative transportation options); and <u>state of good repair</u> (improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize lifecycle costs and use environmentally sustainable practices and materials):

The project has received a Record of Decision has described in Section E below.

Sustainability

A sustainability goal for the project will be the introduction of warm mix asphalt (WMA) production into the region. In the nine counties which constitute South-Central Ohio, there are only 10 asphalt plants operated by five unique operators. None of these plants according to 2010 records were environmentally-friendly, warm mix plants. The project will seek WMA for the Portsmouth Bypass and subsequent paving. Warm mix asphalt is a relatively new technology to the United States' paving industry that shows great promise to reduce both the amount of energy used

in constructing hot mix asphalt (HMA) pavements and the air emissions associated with pavement construction. WMA is commonly used in Europe, where non-renewable resources are strictly regulated and often heat and fuel energy required for conventional hot mix asphalt (HMA) are cost prohibitive. Recent field and laboratory studies conducted in the U.S. have produced positive results, indicating that WMA is a viable option to reduce the potential environmental and societal impacts associated with paving and construction.

Fossil fuel derivations, such as coal, diesel fuel, and gasoline are major inputs to all processes in the production of asphalt pavements. These fuels are used in many types of paving equipment during aggregate excavation, truck and rail transportation, manufacturing equipment (such as burners and crushers), paving construction (and deconstruction), and in disposal at landfills. Also, electricity and heat at the plant are generated using mostly non-renewable fossil fuel sources in most U.S. locations. An additional benefit of WMA is the reduction in lifecycle air emissions from the mix production and placement processes by encouraging reduced fuel use at the plant through use of a temperature lowering warm mix additive.

State of Good Repair

The project will provide a precedent-setting approach to maintaining the state of good repair for a rural region. Availability payment projects by their nature encourage the optimization of design, construction and lifecycle costs—and provide strong incentives to maintain consistently high levels of service. However, the Portsmouth Bypass O&M scope alone might have been too small and remote to justify long-term O&M responsibilities. By combining it with responsibilities for paving and other O&M work on a number of other state routes throughout the region, the project will achieve economies of scale and scope for O&M – minimizing lifecycle costs throughout the region.

Further, by attracting new competition to the region, the project will likely indirectly lower the lifecycle cost of paving state routes across the nine-county South-Central Ohio area (see Table 2). Likewise, the encouraged introduction of Warm Mix Asphalt for this project will increase the use of environmentally sustainable practices and materials throughout the area as there is currently no source of WMA.

Please see additional discussion under Sustainability and Private Participation above (particularly with respect to the development of O&M PPP standards for rural facilities and the encouragement of innovation in lifecycle maintenance in a rural context.)

Finally, by providing an improved bypass the project will indirectly reduce the wear-and-tear arising from unnecessarily diverted truck and through traffic that currently uses other routes. Without the project it is anticipated that by design year 2025, two links in the study area will be operating below LOS C and one unsignalized and 9 signalized intersections will operate at LOS D or worse.

Project Acceleration:

The availability of a TIFIA loan will facilitate significant acceleration of this project, creating job and delivering benefits years sooner than otherwise would be possible. A traditional approach to procurement of the project was estimated to take approximately 13 years of construction from Phase 1 to Phase 3. This timeframe was based in part on ODOT acquiring limited Appalachian Development Highway Funds over a prolonged timeframe. However, it is anticipated that access to TIFIA funds will leverage private sector finance and competitive interest in the project enabling an accelerated schedule that could reduce the timeframe to 4 years with completion by 2017 or sooner, without excessive financing costs.

The project is ready for development with many activities already in progress or completed from before a PPP was contemplated: In June 2006, ODOT selected a consultant to design Phase 1 and Phase 3 of the project. Final tracings for Phase 1 are scheduled to be delivered to ODOT in September 2011. Right of way acquisition commenced in March 2005 and is scheduled to be completed in September 2011 for Phase 1. ODOT let a separate contract for building demolition on 15 properties, which was completed in November 2008. Utility relocations will begin as soon as the properties become available. ODOT has also contracted with a consultant for what will be the preliminary design of Phases 2 and 3. The consultant has completed a cursory review of the Stage 1 plans. The

consultant has re-evaluated the vertical profile and submitted a preliminary Value Engineering Study with proposed revisions. Design exceptions have been approved. Right of way plans are yet to be completed for this phase but ODOT expects to acquire 40 right of way parcels for the project. Finally, construction plans all also underway for Phase 3. Right of way plans have yet to be produced for this phase but at this time, ODOT anticipates acquiring 70 parcels.

As Phase 1 is ready for development it is anticipated that interest in a DBFOM procurement would be greatly enhanced. The opportunity for the private sector to commence construction on the overall project upon award is considered an incentive that will attract significant market interest and lead to an accelerated procurement and project implementation.

Creditworthiness (to the extent information is available at this stage):

The project will be creditworthy, particularly because it will be availability-payment based and thus the borrower will not be subject to demand risk. ODOT will be using a two-step RFQ/RFP process to ensure that all responsive proposers include the financial capacity and experience to undertake and guarantee the delivery on the project. Further, ODOT will ensure that there is a clear basis for budgeting and paying the availability payments.

Like Florida DOT, in whose availability-payment based projects TIFIA has participated, Ohio has pre-existing appropriation-risk debt for its State Infrastructure Bank (SIB). That SIB debt pledge is a reasonable proxy for the anticipated availability payment pledge from ODOT and is rated AA+ by Fitch and AAA by the Standard & Poor's.

Use of Technology:

Please see discussion of Warm Mix Asphalt under Sustainability above.

Budget Authority (to the extent information is available at this stage):

The availability payment-based approach will reduce the impact of the project on TIFIA budget authority. If necessary, some or the entire credit subsidy could be paid by the borrower, although this would reduce the benefit of a TIFIA loan to the project and its overall feasibility. Assuming a roughly 5% credit subsidy cost, the project will have a budget authority impact of less than $10 million.

Reduced Federal Grant Assistance:

While the use of a TIFIA loan will not directly reduce the amount of Federal Grant Assistance incorporated in the project, it significantly increases the impact of those funds. Pending reauthorization, it is anticipated that the project will benefit from small, annual Appalachian Development Highway System grants. These small annual grants will be used to fund portions of the availability payments that will not repay the TIFIA loan. With no change in federal grant profile, ODOT will be able to deliver the entire Portsmouth Bypass project in four years, rather than over more than a decade.

E) <u>Environmental Review.</u> Summarize the status of the project's environmental review. Specifically, discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision or whether a draft Environmental Impact Statement has been circulated.

The Record of Decision for the three Phases of the SCI-823 project was approved June 2006. The Notice of Availability of the FEIS was published in the Federal Register on August 19, 2005. The Record of Decision (ROD) complies with NEPA, regulations implementing NEPA (40 CFR 1505.2), and FHWA requirements (23 CFR 771).

F) Other Information. Briefly discuss any other issues that may affect the development and financing of the project, such as community support, pending legislation or litigation.

The Ohio Department of Transportation is estimating the Phase 1 plans and plans to award the project in 2012. The public is aware of ODOT's intent to build all of three phases. ODOT will start on the public involvement process, if selected, to inform the Portsmouth region of the delivery option being pursued.

G) Is the project consistent with the State Transportation Plan and, if applicable, the metropolitan plan?

☐ *No* ***X*** *Yes* ☐ *Not applicable*

Please briefly elaborate. This project is consistent with the future STP. The STP will be modified to enable the advancement of the entire corridor, if P3 venture is successful.

H) Is the project prepared to submit an application for TIFIA assistance within a short timeframe after receiving an invitation from the TIFIA JPO? What factors could impact this timetable?

Yes, ODOT is prepared to submit an application within a short timeframe after receiving an invitation and will closely coordinate future PPP procurement actions and status with the TIFIA JPO.

I) Please provide any additional information necessary.

J) Identify a key contact person with whom all communication should flow.

Name: James Young
Title: Deputy Director, Division of Engineering
Street Address: 1980 West Broad Street
City/State: Columbus, Ohio
Phone: 614-387-1622
Fax: 614-752-8646
E-mail: james.young@dot.state.oh.us

K) Additional information requested.

DUNS: 809174402
Project Location: Southern Ohio (near Portsmouth)
State: Ohio *County:* Scioto *City:* Portsmouth
Congressional Districts Impacted by the Project: Ohio 6th District, Representative Bill Johnson
Type of Jurisdiction (e.g., rural, urban): Rural

Fees. The undersigned certifies that, if invited to submit a formal application, payment of a non-refundable $50,000 application fee will be made to the DOT concurrent with the application submission. For projects that enter credit negotiations, the undersigned further certifies a transaction fee will be paid at closing or, in the event no final credit agreement is reached, upon invoicing by the DOT, in the amount equal to the actual costs incurred by the DOT in procuring the assistance of outside financial advisors and legal counsel. This fee is due whether or not the loan closes.

Debarment. The undersigned certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 49 C.F.R. Part 29).

Default/Delinquency. The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.

Signature: By submitting this Letter of Interest, the undersigned certifies that the facts stated herein are true, to the best of the applicant's knowledge and belief after due inquiry, and that the applicant has not omitted any material facts. The undersigned is an authorized representative of the applicant.

Submitted by: s/s James Young

Applicant/Borrower Name: Ohio Department of Transportation

Title: Deputy Director, Division of Engineering

Organization: Ohio Department of Transportation

Date: December 30, 2011

Please attach any relevant documents (e.g., maps, organization charts, etc.).